



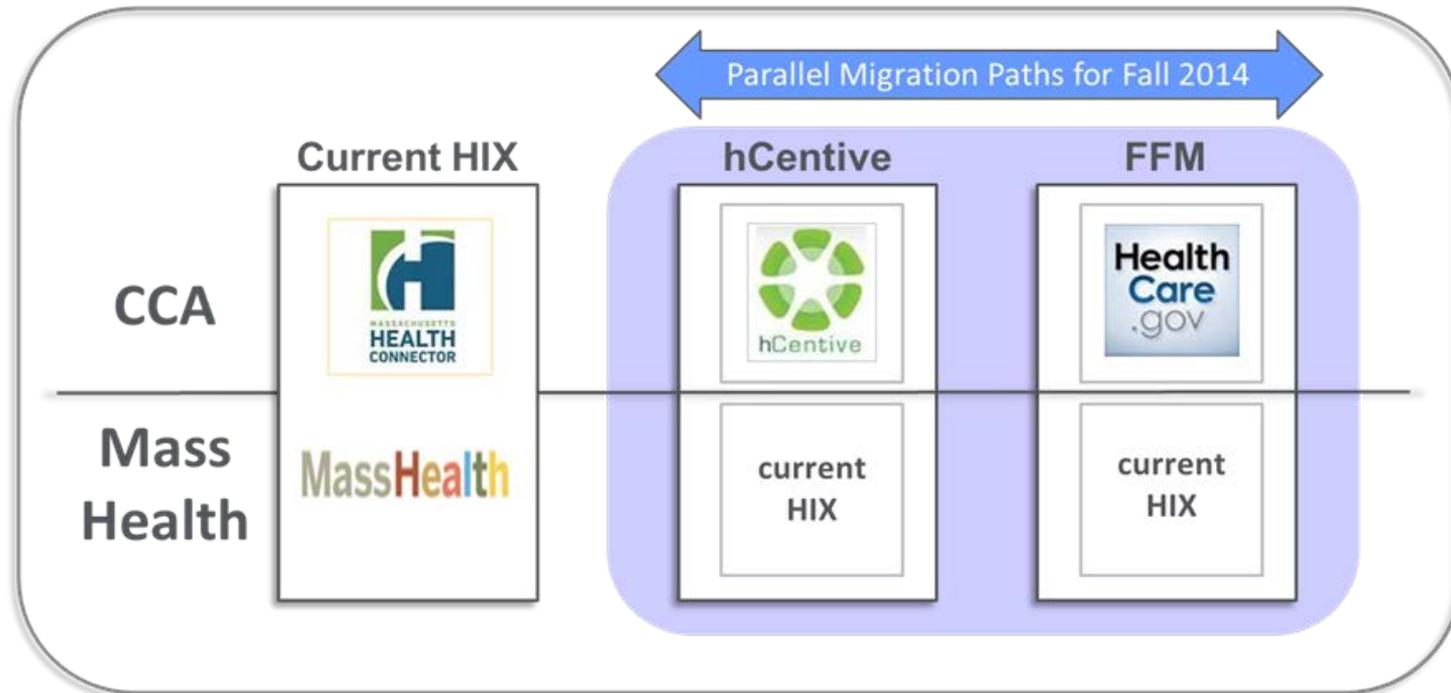
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# **HIX Project Update**

Board of Directors Meeting, May 8, 2014

\*Slide 10 of this presentation was amended on May 30, 2014

# Summary of Path to Fall 2014



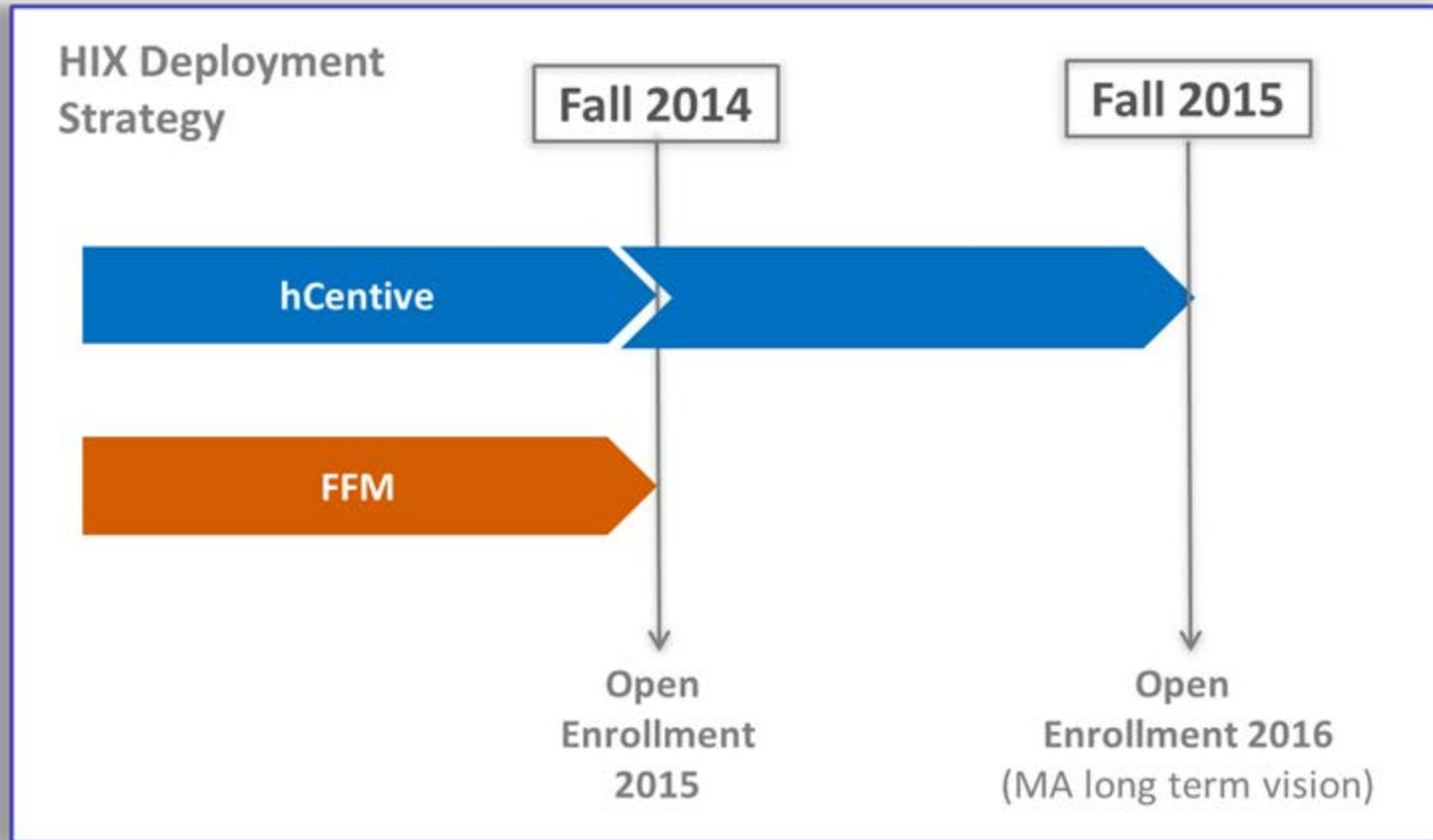
- Top priority: Standing up a functional HIX for Fall 2014
- Pursue dual tracks: Implement hCentive and FFM concurrently, while leveraging current HIX for MassHealth
- Dual track strategy reduces technology delivery risk and is the only responsible choice to achieve our top priority

# Summary of Path to Fall 2014 (cont'd)



- The assessment conducted by the state and Optum has determined that rebuilding the existing website is the most costly and time-consuming option on the table for Fall 2014 open enrollment and beyond
- Instead, based on advice from Optum and analysis of other Marketplace models, we have decided to simultaneously pursue two alternative paths to ensure we have a working website:
  - A commercial off-the-shelf solution successfully implemented in other states
  - Joining the federal marketplace
- If the commercial off-the-shelf solution proves ready for the Fall, it will be launched; otherwise, the state will join the federal Marketplace for this open enrollment. We would subsequently move to the commercial off-the-shelf solution when ready in 2015
- Our focus has immediately turned to developing implementation work plans, collaborating with stakeholders and seeking customization and accommodations to support MA consumers and health plans regardless of our final path

# Dual Track: Timing



# History of Options for Fall 2014

Feb 27 BOD  
Meeting

Mar 17 BOD  
Meeting

May 8 BOD  
Meeting

## *Identified the universe of 4 long term options*

- Stay the course
- Partial rebuild of components
- Leverage state or federal Marketplace functionality
- Start over

## *Narrowed down to 2 options for assessment*

- Partner with new vendor to rebuild key components
- Migrate to external HIX
  - Leverage (in whole or in part) another state's HIX or the Federally Facilitated Marketplace

## *Recommendation*

- Dual track plan
- Collaborate with CMS, carriers, consumers
- Develop implementation work plans for both tracks

# Solution Selection Criteria

- Timeline
- Risks
- HIX requirements as defined by the capability model which includes CMS and Massachusetts-specific requirements
- Costs
- Size and complexity
- Consumer experience
- Member management tools
- Business operations impact
- Technology
- Long term flexibility
- Fit with long-term plan

# Rebuild Current HIX

***Rebuilding the current HIX is not a viable path to Fall 2014 open enrollment due to cost and timeline barriers.***

- Assessment
  - High level of defects and missing functionality for core functional HIX features
  - Critical dependencies on knowledge transfer from previous vendor to successfully address defects, functional gaps and new development tasks
  - Insufficient time to fully address functionality in an integrated manner, resulting in many manual processes, temporary utilities and workarounds which present further rebuild challenges in 2015
  - Rebuilding is projected to be nearly 30-40% more costly to build and support over 2014 and 2015 than leveraging an external HIX; a majority of rebuild costs focus on areas that would need to be replaced with easier-to-maintain systems
  - In the near term, it is necessary to leverage some functionality of current HIX to support the MassHealth program; additional development needed for MAGI eligibility rules for Medicaid

# Rebuild Current HIX (cont'd)

***Rebuilding the current HIX is not a viable path to Fall 2014 open enrollment due to cost and timeline barriers (cont'd).***

- Reusable components
  - We believe at this preliminary stage we can use the Deloitte-built rules for the next open enrollment and in the long term:
    - 2014: Focus on leveraging MassHealth functionality for intake, program determination, notices and MMIS interfaces
    - 2015: QHP & Medicaid program determination rules and notices integration with state-based solution

# Migrate to External HIX: hCentive



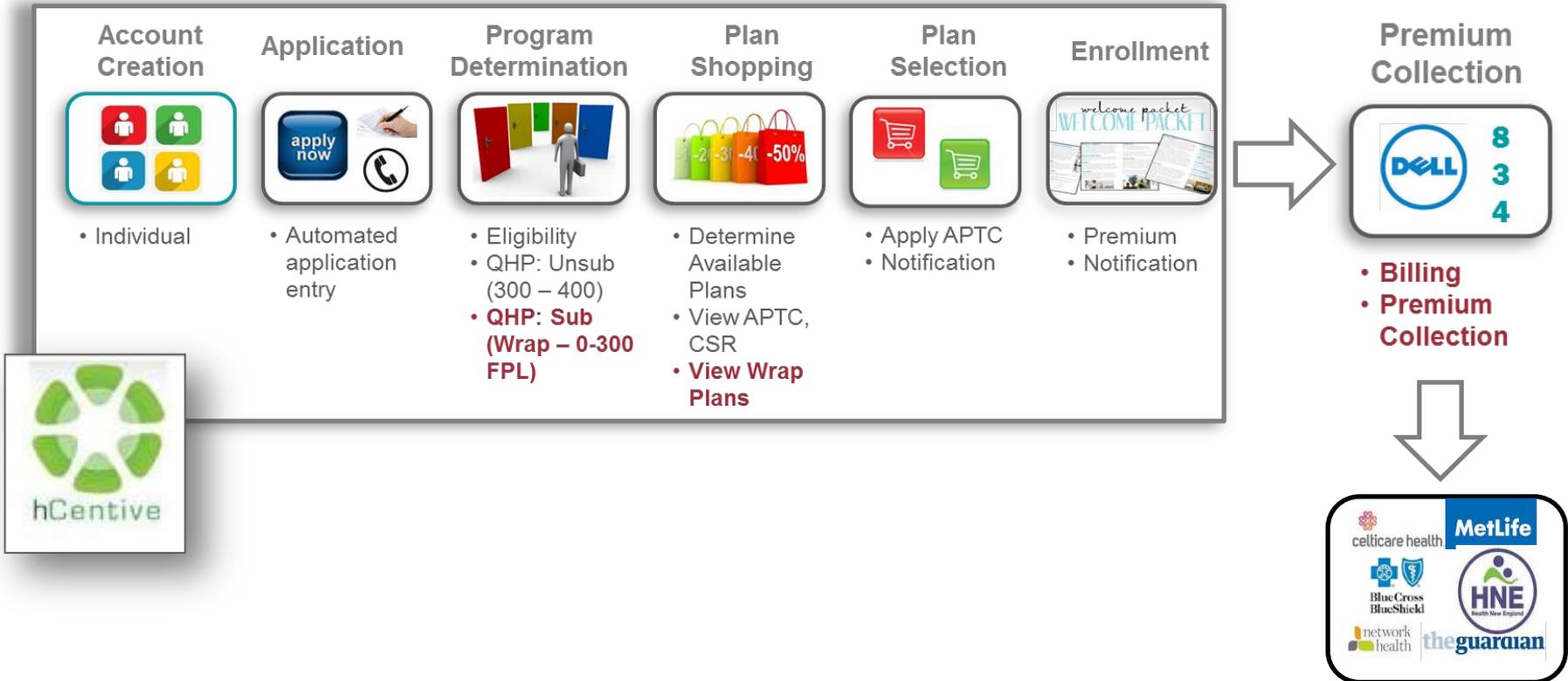
- A commercial off-the-shelf solution
- CO, KY and NY successfully using hCentive solution for their State-based Marketplace (SBM)
- Gives Massachusetts a proven and ultimately flexible HIX platform
- Positions Massachusetts to deliver an integrated solution for the unique state wrap program
- Best enables Massachusetts to realize long-term vision for SBM, including integrated eligibility

## *However...*

- Less customizable than HIX rebuild in the near-term
- Timeframe to deliver is extremely aggressive – a function of how much customization is required for Fall 2014

# Off-the-shelf Capabilities

*Target functionality beyond the standard product is being assessed.*



\*Customization and/or manual workaround

# Migrate to External HIX: FFM

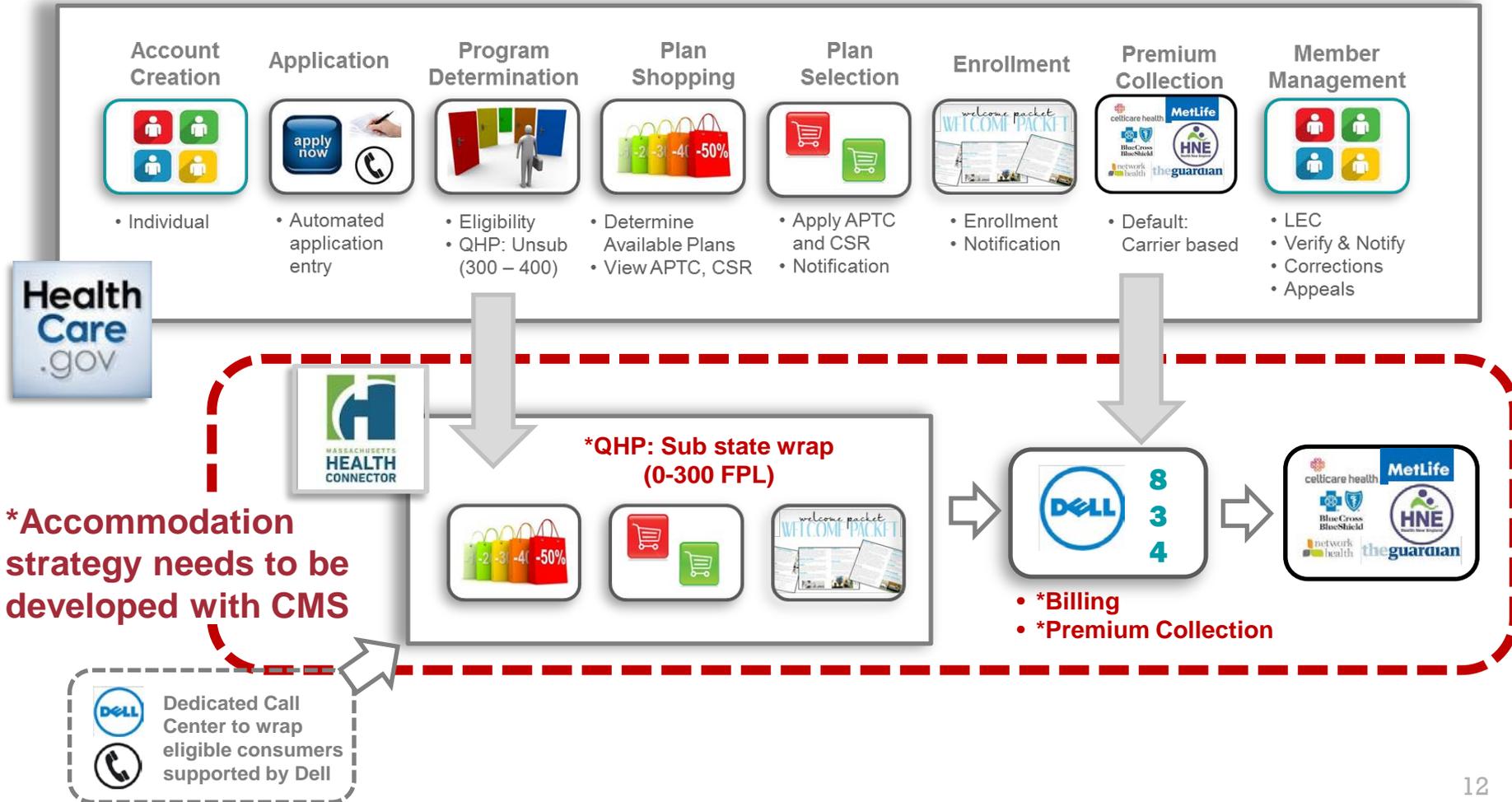
- Proven, scalable and in production in 30+ states
- Least risky technology development
- Potentially lowest cost option for state
- Can be used as a one-year option while hCentive is developed

## *However...*

- The least customizable to meet unique state needs and requires heavy workaround (e.g., to support state wrap)
- The least favorable to carriers; some may not be able to accommodate changes by Fall 2014

# FFM Capabilities

*Proposed functionality customizations are under discussion with CMS.*



# Dual Track: Key Considerations

- Having a path that comes with the lowest-possible IT risk for Fall 2014 is essential
  - FFM is a solution already in production, whereas hCentive requires configuration and customization
- At the same time, there are significant challenges associated with the FFM path
  - Customization is subject to CMS ability to accommodate MA priorities
  - More work/risk for carriers, who have varying levels of infrastructure to support FFM participation
    - Turns exchange/health plan business model upside down
    - Potentially unrealistic timeline to operationalize change

# Dual Track: CMS Support is Critical for FFM



*For the FFM path, we intend to closely collaborate with CMS to protect affordability and the consumer experience to the best extent possible.*

Key Areas	Background	Gaps/Risks	CMS Support Desired
Support for State Wrap (ConnectorCare)	The successor of Commonwealth Care, with state subsidies on top of federal APTC/CSR for 0-300% FPL members	<ul style="list-style-type: none"> <li>FFM standard rules do not identify “wrap-eligible” individuals</li> <li>FFM standard shopping experience does not accommodate wrap plans</li> </ul>	<ul style="list-style-type: none"> <li>Provide data and build necessary interface to enable wrap shopping, possibly through call center or static web page</li> </ul>
Plan Management	MA issuers do not use SERFF for plan loading	<ul style="list-style-type: none"> <li>Some MA QHPs are not SERFF-compliant and would be rejected</li> <li>Not all issuers offer Silver Variation Plans</li> </ul>	<ul style="list-style-type: none"> <li>Support health plans in achieving SERFF compliance</li> <li>Seek flexibility from certain built-in SERFF “rules”</li> </ul>
Billing and Enrollment Interface	MA Health Connector aggregates premium on behalf of all issuers	<ul style="list-style-type: none"> <li>Some issuers (Medicaid MCOs) do not have billing capability</li> <li>Some issuers are not able to accept standard 834s</li> </ul>	<ul style="list-style-type: none"> <li>FFM to set up interface with Connector’s billing vendor, who will continue to aggregate premium and produce 834s</li> </ul>

# Dual Track: Minimize hCentive Launch Risk



***For the hCentive path, the near-term focus must be on standing up the base product first, followed by high-priority customizations only.***

- The hCentive platform provides end-to-end core functionality required to support an ACA-compliant Marketplace
  - Even with minimal customization, the hCentive solution, if up and running for the Fall, would already put us on par with the FFM in terms of functionality
- Minimize customization for the initial launch and gradually build upon the system with enhancements
  - Limit customization to the highest priority items – e.g., state wrap, billing interface
  - Pursue the simplest solution possible – e.g., wrap will likely leverage static-page shopping
- To the extent possible, leverage commonality between the FFM track and the hCentive track
  - Work with carriers to migrate to SERFF
- Reserve sufficient time for testing and stabilization vs. over-loading with new functionality

# MassHealth Solution

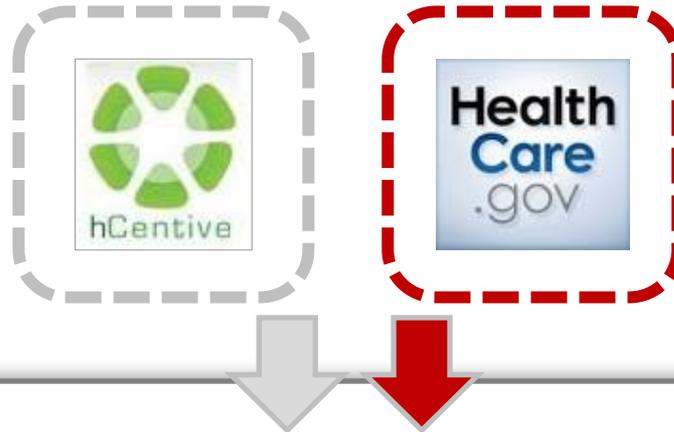


***Success for MassHealth hinges on Massachusetts' ability to support MAGI-based eligibility rules mandated by the ACA. The current HIX provides the best solution to meet this need for Fall 2014.***

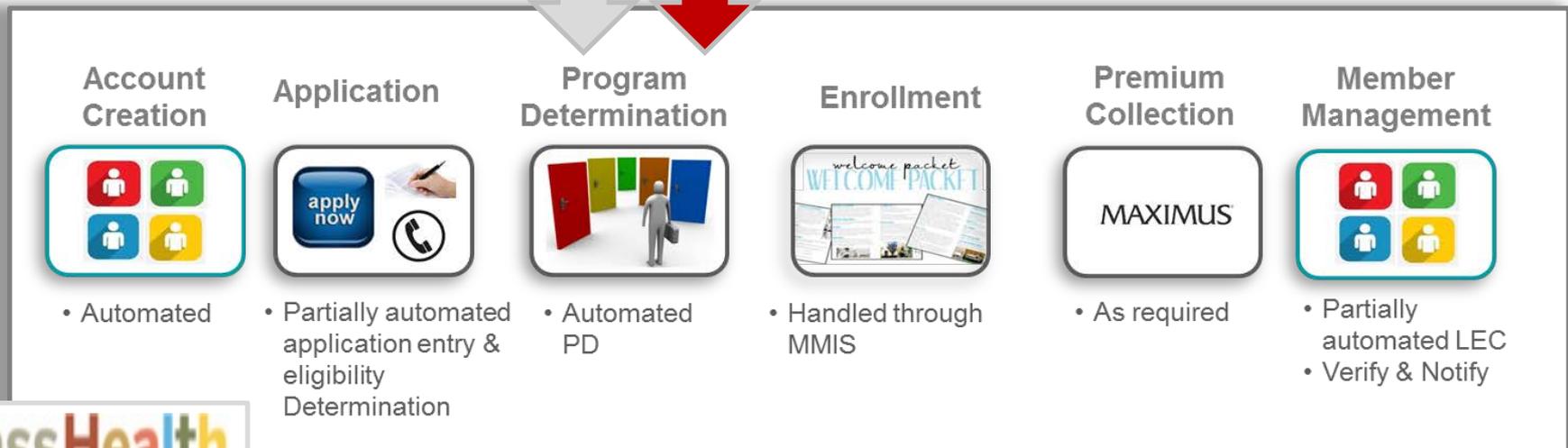
- Today's current HIX already contains the MAGI-based eligibility rules required for MassHealth. Neither hCentive nor FFM contain this logic nor could they solve for it in 2014
- Solving for MassHealth and Health Connector separately reduces complexity of solution required and keeps Massachusetts on track to meet Fall 2014 timeline
- Existing gaps in current HIX still need to be closed (e.g., case management and provisional coverage management)
- Dependency on CGI transition for effective defect remediation and missing functionality build-out in order to support MassHealth processing within existing HIX

# Medicaid Capabilities

## Account Transfer to MassHealth



\*Accommodation  
strategy needs to be  
developed with CMS



MassHealth

Note: Shopping and Plan Selection are not core processes for Medicaid

# Dual Track: Implementation Approach

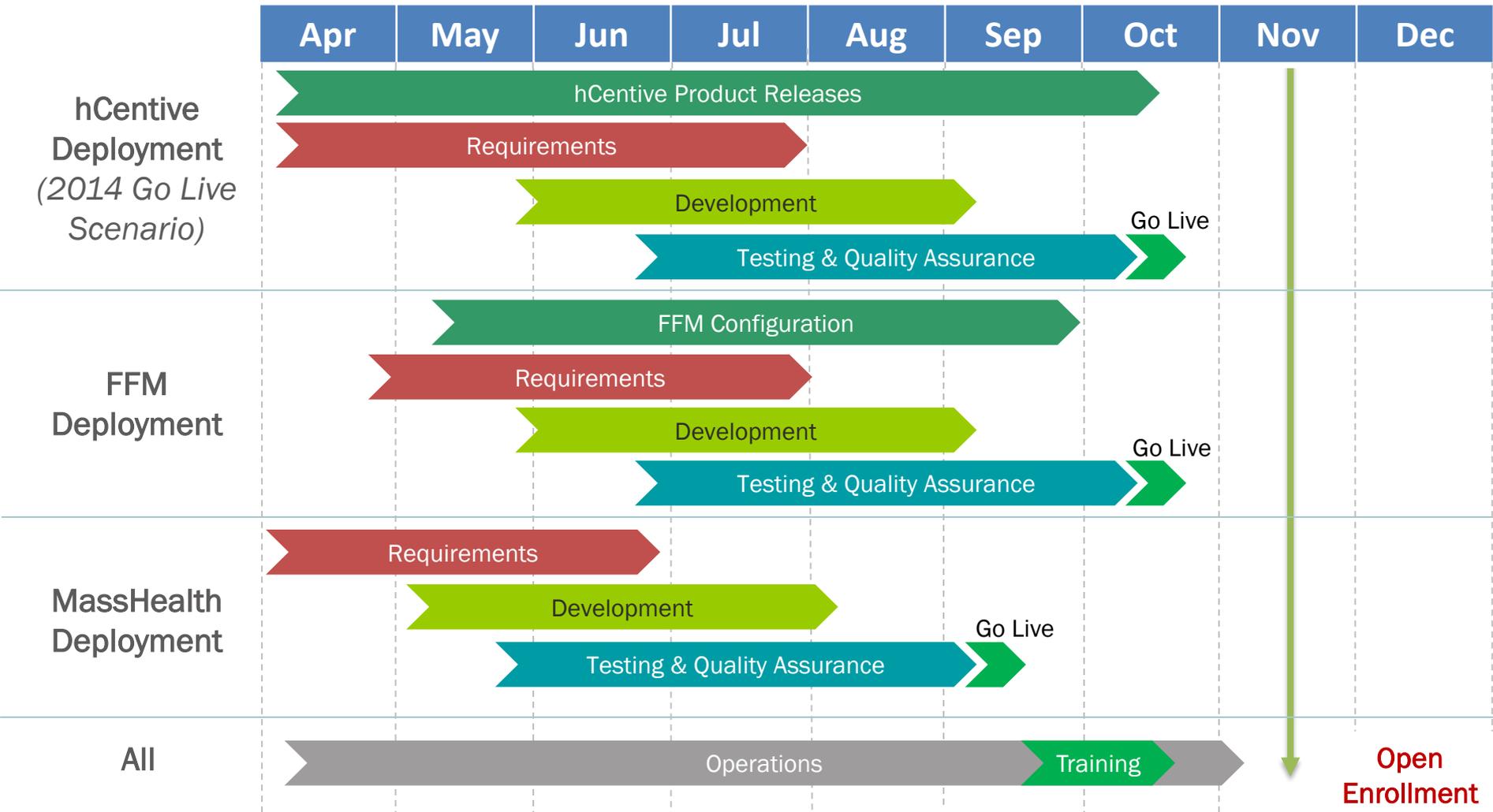
- Vendor & contract overview
- Project timeline
- Team structure
- Coordination plan
- Budget

# Vendor & Contract Overview

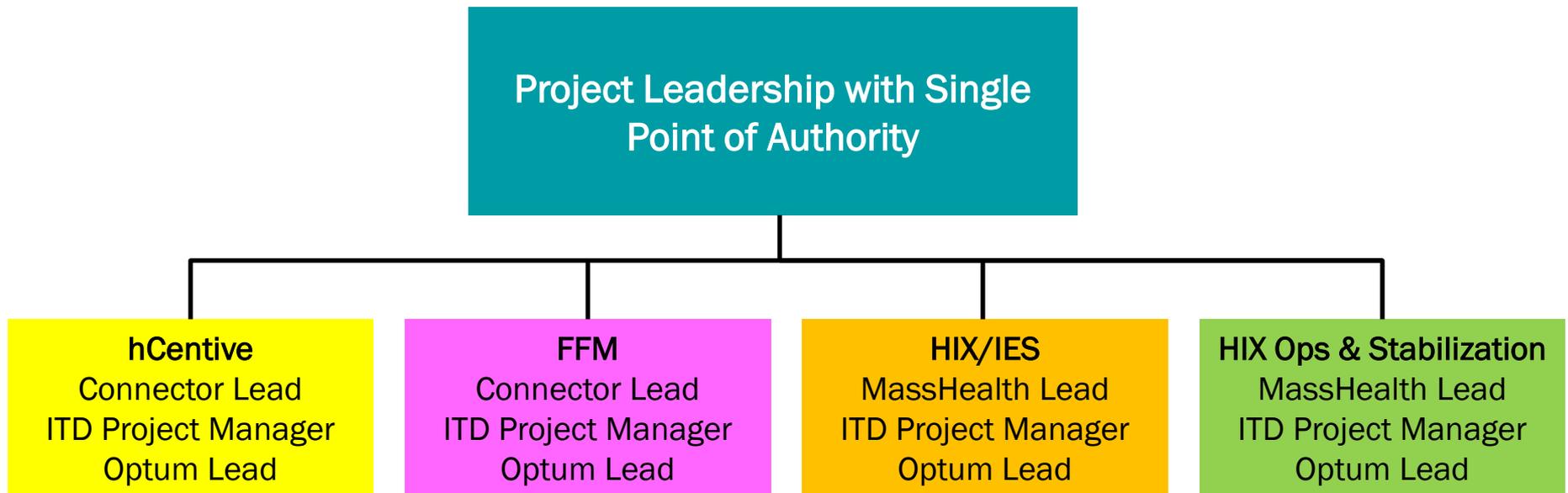


- The Commonwealth's Information Technology Division (ITD) intends to contract with Optum as the HIX project systems integrator
- Optum will engage with hCentive through a license agreement
- Optum's contract with ITD will be "at risk" and based on deliverables

# Projected Timeline



# Team Structure



- Continue to leverage the proven governance structure with centralized leadership under the Special Assistant to the Governor
- Close oversight by the Health Connector Board
- Dedicated executive leads, end-to-end implementation managers and comprehensive project teams on both the state side and the Optum side will develop implementation work plans

# Dual Track Coordination Plan



- Massachusetts is actively collaborating with CMS regarding flexibility and accommodations to support our unique policy and operational environment
- Bi-weekly leadership meetings with CMS begin next week
- State leadership met with carrier CEOs earlier this week to discuss dual path implementation and coordination
- Health plans received hCentive demo
- Health plan IT and operation leaders scheduled to kick off regular meetings with MA and Optum today
- Regular communications with other stakeholders throughout implementation

# Dual Track: Total Cost Estimate

*2014-2015 costs including development, infrastructure, security and compliance.*

Project	Dual Track Option
hCentive	\$55.9M
FFM	\$13M
HIX/IES	\$40.9M
Ops & Stabilization	\$11.3M
Total Estimate	\$121.1M

## *Examples of Assumptions:*

- Cost estimates represents a potential variance of +/- 20%
- Knowledge transfer from CGI is a critical success factor
- Cost estimate includes hosting charges
- Cost estimate assumes a steady state of 307K enrollees
- Primary focus of IES project is restoration of service and key stability fixes

## *State and Optum leadership met with CMS on April 30 to discuss:*

- Outcome of comprehensive assessment of Fall 2014 options
- Considerations for a dual track strategy
- Need to continue Commonwealth Care and Medicaid Transitional Coverage through December 31, 2014
- Need to require members in transitional coverage to reapply and to conduct redeterminations less than 12 months after individual's initial application

# Next Steps

- Leadership transition: Special Assistant to the Governor
- CMS, health plan and other stakeholder engagement
- Work plan development