



Minnesota Department of **Human Services**

September 15, 2015

Kia Banton, CMS Region V

Re: Response to Request for Additional Information regarding MN-2015-08-20-2015-EE-APD, Implementation Advance Planning Document Update (IAPDU-12)

Dear Ms. Banton:

This is in response to your informal request for additional information.

Request 1: Page 6: Regarding the MNSure System, please provide details regarding what specific areas need to be “stabilized” and their impact Medicaid and CHIP eligibility and enrollment

Minnesota Response to Request 1:

Attachment 1 provides the overall plan for MNSure stabilization that was drafted and submitted to CCIIO at the end of 2014 and to CMS as part of IAPDU-11 on February 17, 2015. Substantial progress has been made on the plan, but further work is required. Attachment 2 shows system improvements that are slated to be installed in production during the remainder of this year. Although basic functionality is in place for Medicaid and CHIP eligibility and enrollment, continuing improvements will be needed to the user experience, to system integration and to addressing remaining defects.

Request 2: Pages 10-11 Appeals: If due dates for the contract/vendor and state staff deliverables are available, please add them to the APD.

Minnesota Response to Request 2:

A table providing the Appeals project deliverables and associated due dates is provided in Attachment 3.

Request 3: Page 7: Please note that, in addition to updating the IAPD, a new/revised Project Management Plan will need to be uploaded to CALT, as part of the ongoing SDLC process.

Minnesota Response to Request 3:

Minnesota is currently transferring internal responsibility for uploading and the ongoing maintenance of CALT. Upon approval of IAPDU-12, an updated PMP will be uploaded to CALT.

Request 4: Page 11: Procurement:

- **Please provide a brief explanation as to why this exemption from prior federal approval of acquisition documents related to technical staff augmentation is being requested.**
- **What is the estimated cost of the proposed procurements**

Minnesota Response to Request 4:

- Because there were no additional acquisition request from the previously approved update, we assumed exemption from prior federal approval for technical staff augmentation. It was our understanding that because we were not requesting additional funding as part of IAPDU-12, the description and acquisition checklist did not need to be repeated in this request.
- The proposed procurement of software and training for Appeals included in IAPDU-12 was also previously included in IAPDU-10. No additional funds were requested as part of IAPDU-12.

Request 5: Page 12: Budget

- **Please complete the Medicaid Detailed Budget Table (MDBT, see attachment) to include funds requested for the IAPD on the lines related to FFY2016. The table currently includes the previously approved FFP amounts for FFYs 2011-2015.**
- **It is not clear if the proposed budget includes funding for eligibility workers at the enhanced rate; if it does, please provide the required justification per previously issued CMS guidance.**
- **Please note that the MDBT is required for all APDs requesting enhanced FFP for work related to eligibility and enrollment systems.**

Minnesota Response to Request 5:

- The updated MDBT for FY16 is included as Attachment 4
- The proposed budget does include funding for eligibility workers at the enhanced rate. All workers included in this budget are included in the cost allocation breakdown included in IAPDU-12. These resources are specific to the ISDS effort and are not duplicative with regard to the MMIS effort and related APDs. Accounting principles and standards outlined in the OMB Circular A-87, have been applied to all workers included as part of this budget at the enhanced rate.

Request 6: Page 13: CMS will consider the request for an exemption to requirements at 45 CFR subpart G. Please provide a brief explanation as to why this exemption is being requested.

Minnesota Response to Request 6:

The 45 C.F.R. § 95.705 restriction requires states to charge depreciation for equipment purchases over \$25,000 in the quarterly CMS 64 claim. However, a provision in 45 C.F.R. Part 95, Subpart F – Automatic Data Processing Equipment and Services-Conditions for Federal Financial Participation allows a waiver for the depreciation of equipment in excess of \$25,000 provided the equipment is part of an advance planning document. Minnesota worked with CMS in drafting standard language to be used in APD submissions and we have included this waiver request for all eligibility and enrollment APDs as a standard practice.

Request 7: Pages 15-16: Please expand on the 7 Conditions and Standards by providing information that shows how Minnesota is meeting, or will meet, the 7 Conditions and Standards

Minnesota Response to Request 7:

Attachment 5 expands upon the Seven Conditions and Standards. Further expansion as it relates to the entire ISDS effort will be included in IAPDU-13.

Ms. Banton
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Page 3

Enc: Attachment 1 – MN NOA Supplemental Adjustment Document
Attachment 2 – MNsure Application Development by Vendor IBM
Attachment 3 – Appeals Deliverable Due Dates
Attachment 4 – FFY16 MDBT Exchange IAPDU-12 Update
Attachment 5 – Seven Standards and Conditions

Attachment 1

STATE OF MINNESOTA ESTABLISHMENT GRANT SUPPLEMENT SUPPLEMENTAL ADJUSTMENT REQUEST

THIS DOCUMENT UPDATED BASED ON 12-22-2014 NOTICE OF AWARD

Grantee: Minnesota Health Exchange (MNSure)

Grant #, Original Amount, Supplemental Adjustment, Total Award:

Grant #	Grant Level	End Date	Original Amount	Supplemental Adjustment	Total Award
HBEIE110068 (~\$4m expended)	One	closed			
HBEIE120176 (formerly HBEIE120107)	One	12/31/2015	\$26,418,668	\$5,733,186	\$32,151,854
HBEIE120177 (formerly HBEIE120135)	One	12/31/2015	\$42,525,892	\$9,835,908	\$52,361,800
HBEIE130163	One	12/31/2015	\$39,326,115	\$9,074,893	\$48,401,011
HBEIE140181	Two	12/31/2015	\$41,851,457	\$9,699,075	\$51,550,532
Total			\$150,122,132	\$34,343,062	\$184,465,194

MNSure Background:

On October 31, 2011, Governor Mark Dayton signed an executive order authorizing the creation of the state health insurance exchange. During 2012, Minnesota submitted an application and letters of intent to build a state-based exchange to the federal government. On March 20, 2013, Governor Dayton signed legislation that officially established “MNSure” as Minnesota’s health insurance exchanged to be governed by a seven-member board of directors. The authorizing state law allowed MNSure to enroll applicants in qualified commercial plans sold through the Exchange, as well as publicly-supported programs, Medical Assistance and Minnesota Care (which includes federal Medicaid and CHIP).

Prior to creation of MNSure, the state’s efforts to obtain federal money to design, build and manage an exchanged was a collaboration among the Departments of Commerce, Human Services, Health, Management & Budget, and the Office of MN.IT Services. In October 2011, the state granted authority to the Department of Commerce to design and develop an exchange. Accordingly, CCIIO establishment grants were initially awarded to the Department of Commerce. Federal and state money were also provided to the Department of Human Services (DHS) to upgrade computer systems since the Exchange would also be used to enroll individuals in publicly-funded programs.

On September 18, 2012, Governor Dayton shifted oversight in the development of the exchange from the Department of Commerce to the Department of Management & Budget. Then, as indicated above, on March 20, 2013, Governor Dayton established MNSure. MNSure is now responsible for the CCIIO establishment grant funding summarized in the table above.

Attachment 1

Current Establishment Grant Funding:

Level One grants are financing the design and development of the state-based exchange, including technical infrastructure (a.k.a. IT build) and business operations. Currently there are four open grants, and have been extended through 12-31-15. The anticipated remaining obligations and spending in each of these grants is addressed in the most recent cost-neutral grant budget revision for these grants.

Like the Level One grants, the Level Two grant is financing the design and development of the state-based exchange, including the IT Build and business operations, and has been extended through 12-31-2015. Also like the Level One grants, the anticipated remaining obligations and spending is addressed in the most recent cost-neutral grant budget revision.

Reason for Supplement Adjustment Request:

The current Level One and Level Two establishment grant funds provide a solid foundation for business operations.

Based on updated cost estimates provided to MNsure and DHS by MN.IT (the State's IT agency), and applying the proposed cost allocation between the CCIIO adjustment and corresponding Medicaid IAPD Update (see Budget Narrative), a CCIIO adjustment of \$21 million is necessary to complete the IT build within scope by 12-31-2015. This request also funds approximately \$13 million of enhanced consumer assistance activities that are necessary during the extended completion period of the IT build.

PROJECT NARRATIVE

Completion of IT Build

1. **Ongoing deep project management:** In CY 2015, we will continue to have significant work related to development of the system, including project management, which will be above and beyond normal operations of a system.
 - a. **Project Director** - The Project Management Office has hired a permanent Project Director to lead the ongoing aspects of completing the planned scope of effort. This position was identified by our project management contractor as a missing element. This individual will direct the Project Management Office through the planned phases of implementation.
 - b. **Project Managers, Program Management Office** - The project recently contracted with a vendor to implement the Project Management Office. That implementation included staffing, training, methodology, and management of that phase of the project. This role will be transferred from the vendor to permanent staff as the competency and capabilities of the Project Management Office have reached an acceptable level of maturity.
 - c. **Project Communications** - a project communications role was identified by our vendor as a role which was required. This includes but is not limited to the information technology aspects of communication. This was seen as a vital role to continue effective coordination between the agencies and stakeholders impacted by information technology.
 - d. **Business Analysts** - The project requires ongoing support from individuals with that skill set. In addition to executing the identified scope of the project, the organization is shifting from a project- centric business analyst role to training and building that competency and capacity for longer-term support of the organization.
 - e. **Quality Assurance** - this area includes the staffing of a QA supervisor and staff to perform this function. Developing not only the near-term capacity but setting ourselves up for long-term capacity and competency is a part of this effort. This includes the maturity of our processes and procedures as well as execution of quality assuring project deliverables.
 - f. **Documentarian** - The level of documentation required to meet federal and state requirements, audit requirements, and the basic organization of these document libraries requires this skill set. The organization, the lifecycle management, , and the ability to organize and produce documents on demand is within scope of this effort.
 - g. **IV&V Support** – It has been determined that to provide the due diligence and support of our vendor additional staff is needed to support their ability to give the project value. This is well above contract support in managing the vendor. This is providing them with documentation, access, analysis, and actionable responses.
 - h. **Audit and Compliance Activities** - To perform these activities in true partnership with our audit partners requires the attention of dedicated staff. Often it includes business analysts, data analysts, systems engineers, software engineers, project management, documentation, and active participation to assure that those audits and compliance activities are given the level of attention needed to be precise.
 - i. **Contract Management** - Contract management includes legal and financial oversight, project management, quality assurance, and management of deliverables against contract requirements.

Attachment 1

2. Other Core Functions

- a. **Security** - While the project executed the key elements of our security life cycle, security is a never-ending process. Requirements change, threats change, and constant oversight of this area requires attention. Our incident response is also a maturing set of people, processes and tools. We desire to bring this aspect of the organization well above minimum essential standards and will need enhancements to do so.
- b. **Operational monitoring** - This is also an area that needs attention. New businesses, particularly those that are IT based at the core, learn over time the aspects of business process operations, which areas need to be monitored, and what measures provide value. This is a maturing area that needs additional attention for the operation to have full visibility into the technology, the process, and the people engaged in service delivery.
- c. **Hub enhancements** - Much of the success of the exchange is dependent upon the effectiveness of connecting with the federal hub. This includes the day-to-day operations, the ongoing enhancements, and additional functions to be leveraged out of the hub in the future. As this functionality matures and as our operational monitoring matures, our ability to manage this technology relationship with the federal hub needs to be improved.
- d. **Contact Center IT Support** - As the call center matures, we need to add additional functionality to our customer relationship toolset. That toolset requires technology, implementation services, and training to allow us greater response ability at the contact center. This includes but is not limited to links to social media, knowledge repositories, and integrating all aspects of our customer response parameters.
- e. **Contact Center Expansion** -Due to the contact center levels of use during certain peak periods and events which require capacity expansion or contraction, these efforts require IT staff to meet those demands. These would be activities such as expanding phone line capacity, workstation and customer relationship management, voice recognition path management, and other components needed to meet that capacity.
- f. **Policy and Rule Interpretation Work Impact** - As policy and rule interpretations are updated and posted by the federal government; there is an impact to the solution set. To implement those changes, all aspects of the software lifecycle are impacted. We assume that these changes will be ongoing and will require the attention of development teams.
- g. **Operational Optimization** - While our infrastructure is stable, we're in the midst of converting additional customers to the exchange. With only one year of experience under our belts, and the expansion customers due to public programs, this will require additional effort from our system engineers, as well as software architects.
- h. **Gaps in System Automation** - The solution set accounted for automating many aspects. There are additional automation activities that will not only enhance the experience of our users, but will also provide methodologies for executing automated IT jobs. These automated solutions will mature over time, however, there are many that need immediate attention.
- i. **Mediation Enhancements** -This solution set is made up of three major software components and over 50 minor components. The functions of these components are achieved through an enterprise service bus and process orchestration. These mediation orchestration components need to be fine-tuned and in some cases optimized to improve the user experience, assure master data management, and realize them in the best possible architectural pattern.

Attachment 1

- j. **Auditing Enhancements** – The solution complexity currently requires vast knowledge of multiple data models and data structures. This complexity has forced the need to provide other mechanisms to capture/report on the information necessary to meet state and federal guidelines in a timely manner.
3. **Reporting:** Reporting, proactive and reactive analytics, business activity monitoring, and basic reporting needs substantial maturity. This is needed to meet our federal reporting requirements, our foundational business operations, compliance, audits, and executive decision-making.
 - a. **Report Development** - The development of reports needs the talents of subject matter experts, project managers, business analysts, data analysts, technical implementers, and analytics experts.
 - b. **Exchange Transfer Load** - Once data models are developed, the data needs to be converted from a production data model to reporting data model. That data then needs to be translated and loaded into the data warehouse repository. This requires tooling, professional technical services, and operational support methodology implementation.
 - c. **Infrastructure enhancements** -The instrumentation, data, reporting and analytic functionality all need infrastructure.
 - d. **Licenses & Training** - Software licenses and staff training both require attention to realize the benefit of the investment. This is intended to support the near-term implementation as well as the ongoing operational support methodology.
4. **Contract Fulfillment** - As we moved into open enrollment, determined and adjusted the scope of implementation, deliverables articulated in the initial contracts were postponed, or deferred. Many of these items were at different phases of the development lifecycle and to restart that scope may be different depending on the functional components.
 - a. **Training** - This created a ripple effect to training staff in that training, both online and written material needed to be changed.
 - b. **Release Management** - Release Management plans have been adjusted and new desired functionality needs to be factored into the overall release cycle. These have ramifications across contract, technology, people, process, and all aspects of the software delivery lifecycle.
 - c. **Data Clean Up** - Due to the short ramp up for go live, deferred scope impacted many aspects including master data management across the subcomponents of the solution set. This impacts the effort of key staff for cleaning up and the duplicating data. This is not a trivial effort and needs to be done in an exacting methodology.
 - d. **Electronic Data Interchange** - In an effort to manage scope, much of our electronic data interchange was accomplished in a semi-automated manner. This was never our long-term aspiration. Due to the importance of quality electronic data interchange with our carrier partners and other stakeholders, this is an area of needed attention.
 - e. **Processing Center** - Beyond the functions of the call center, our findings over the past year include the need for semi- automated processes, and often manual intervention. The effectiveness of the processing center activity enhances the user experience, the effectiveness of enrollments, and the management of those enrollments.

Attachment 1

Consumer Assistance

To ensure customer service and program integrity during the extended completion period of the IT build and to support new customer service related to consumer use of the 1095A form, additional consumer assistance will continue to be necessary. This request funds the extension of one-time resources (state and contracted staff) through 12-31-2015 for direct customer service and “behind the scenes” manual processing activities that are due to delayed IT functionality. Within the MNsure organization structure, these resources reside within the Call Center and Manual Operations units of the Contact Center, the Project Management Office, SHOP, Navigator, and Marketing/Communications Program.

This request also funds additional resources (state and contracted staff, and technical service contracts, and technical service contracts) for the completion of essential assistor-portal functionality/processes, and (within the IT build) the enhancement of critical privacy, security, and compliance architecture, functionality/processes.

Attachment 1

BUDGET NARRATIVE

Introduction:

This supplemental adjustment is limited to the completion of the IT system and enhanced consumer assistance costs required to complete the project within scope by 12-31-2015 as well as new program costs to support the 1095A process. The budget narrative explains in detail the specific expenditures to be funded by this request.

The table below summarizes the adjustment based on the standard CCIIO reporting categories, and based on the cost allocation of these IT build expenditures between CCIIO funds and the Medicaid IAPD budget.

Overall Summary by Reporting Category	Supplemental Adjustment		
	Proposed Budget	Cost allocation	
		CCIIO	IAPD
Completion of IT Build			
Salary	0	0	0
Fringe	0	0	0
Travel	92,700	19,467	73,233
Supplies	185,400	38,934	146,466
Equipment	10,197,000	2,141,370	8,055,630
Contracts	66,567,948	17,285,798	49,282,149
Other	9,501,750	1,995,368	7,506,383
Indirect	0	0	0
Subtotal	86,544,798	21,480,937	65,063,861
Enhanced Consumer Assistance			
Salary	2,612,286	2,612,286	0
Fringe	1,118,889	1,118,889	0
Travel	0	0	0
Supplies	0	0	0
Equipment	0	0	0
Contracts	9,130,950	9,130,950	0
Other	0	0	0
Indirect	0	0	0
Subtotal	12,862,125	12,862,125	0
Total	99,406,923	34,343,062	65,063,861

Exhibit A provides a breakdown of this table by grant

Attachment 1

Cost Allocation:

The table below reflects the cost allocation of IT Build expenditures between the requested supplemental CCIIO adjustment and the Medicaid IAPD budget.

<i>Completion of IT Build</i>	Actual MNsure Enrollment as of June 2014		Supplemental Adjustment IT Build Cost Allocation
	Enrollees	Percentage	
QHP	52,233	20.6959%	
SHOP	791	0.3134%	
Private Programs	53,024	21.0093%	21% Suppl. CCIIO Grant Request
Medicaid	147,310	58.3676%	
MNcare	52,049	20.6230%	
Public Programs	199,359	78.9907%	79% Updated I-APD Budget
Total Private and Public	252,383	100.0000%	

Attachment 1

Explanation of costs:

Complete IT Build

Staffing	Amount	Description
Staff at MN.IT @DHS (interagency agreement) HBEIE120176 HBEIE120177 HBEIE130163 HBEIE140181	18,224,821	134 FTE – See Exhibit E for detailed list The budget amount is based on MN.IT’s average salary/fringe rate of \$59 per hour multiplied by the anticipated hours tracked to the project. Actual charges will be based on the actual position hours/costs tracked to the project.
Staff augmentation (consultant contracts) HBEIE120177	16,533,045	49 FTE – See Exhibit E for detailed list The budget amount is based on MN.IT’s average paid contract rate of \$150 per hour multiplied by the anticipated hours tracked to the project. Actual charges will be based on the actual consultant hour/costs tracked to the project.

Summary of Staff Augmentation Roles

Project Director

- Position to oversee and manage all MNSure IT-related projects

Infrastructure Support including:

- Infrastructure data power F5 Administrator – IT advanced level professional (ITS4)
- Websphere Administrator – Advanced level professional (ITS4)
- Database Administrators – IT advanced level professional (ITS4) to support additional environments, add Hadoop/BDA responsibilities
- Project Management – IT advanced level professional (ITS4) to provide PM/Documentation for Middleware and Websphere Infrastructure.
- Project Management – IT professional/advanced professional levels (ITS3/ITS4) to manage projects. These responsibilities will be assumed by state staff in 2015.

Software Support including:

- Business Analysis – IT professional/advanced professional levels (ITS3 and ITS4) to clean-up data and document MNSure.
- Quality Assurance – Lead IT advanced professional (ITS4), 1 Supervisor level and 10 IT professional level to design and execute quality assurance testing
- Management Analyst to assist the Project Director with administrative tasks including project budget and contracts.
- Software deployment support - (three quarter time) IT professional level (ITS3) and 1 IT advanced professional level (ITS4)

Attachment 1

Prime IT vendors	Amount	Description
Deloitte HBEIE130163 - Restricted	13,905,000	Deloitte is responsible for the overall project management responsibilities of the development effort. This effort will continue through a specific point in time with the expectation that Deloitte will transition this effort over to the MN.IT Services staff allocated to this effort.
EngagePoint HBEIE130163 - Restricted	5,654,700	This contract is necessary to continue knowledge transfer and provide the integration effort on the remaining DDI efforts. EP is the primary integrator responsible for the integration of the overall solution. There is also a testing team component that is critical to test any functionality being delivered.
Connecture HBEIE120177 - Restricted	1,714,950	Connecture is responsible for the planned shopping experience. This contract is necessary as they possess the functionality to merge code and deploy onsite. <i>CCIO funded only, i.e. no Medicaid IAPD share</i>

Other IT contracts	Amount	Description
Identity Access Management HBEIE120176 - Restricted	2,966,400	IAM is a broad technology area that deals with identifying individuals in a system (such as a network or an application) and controlling their access to resources within that system by associating user rights and restrictions with the established identity. The enrollment process for the state credential will be accompanied by identity proofing and collection of profile information in order to verify the user's identity. Once issued, the credential will be validated as part of the authentication process. The level of assurance provided by an authentication method is increased as the number and types of authentication factors are increased. Access control decisions will then be based on the privileges assigned to the user.

Attachment 1

Other IT contracts	Amount	Description
Support / Tuning HBEIE120176 - Restricted	927,000	In order to ensure the viability and performance of the system there is a continued need for contract staff to assist state staff and provide knowledge transfer on the support and stabilization of the existing development efforts. The complexity of the solution and the integration points require further documentation and definition as well.
1095A Process / Reconciliation HBEIE120176 - Restricted	2,470,532	As a contingency, approximately \$2.5M is requested to fund contracted services related to the 1095 process. This potential contract would support the development phase of IT processes needed to carry out 1095 data submissions to the IRS and CCIO as well as production of the 1095A form to consumers. Although substantial work has already been completed on business requirements and initial development to support the 1095A, contracted resources may be needed to support this critical work. Contracted resources may also provide resources to assist in reconciliation of 2014 policy level enrollment data with CCIO. <i>CCIO funded only, i.e. no Medicaid IAPD share</i>
Reporting / Data Warehouse HBEIE120176 - Restricted	927,000	Funding is requested to provide resources for building of a data warehouse to support MNsure reporting needs, including those required by the federal government. Contracted resources would also support more effective use of existing extensive data table structures to support reporting needs.
Audit Functionality HBEIE120176 - Restricted	927,000	There is a need to enhance the log infrastructure. A roadmap proposed project would address "Compliance Reporting" and/or "Who looked at my records."
Disaster Recovery HBEIE120176 - Restricted	741,600	To ensure the viability of the solution in the event of disaster, contracts must be in place to allow for an expedient transition to a failover facility. These services provide the mechanism to allow the business continuity in these events and align with the continuity of operations plan defined by business.

Attachment 1

Other IT contracts	Amount	Description
MN.IT Central services HBEIE120176 - Restricted	1,390,500	In order to support the continued development effort there is a necessity to provide services that include networking, desktop support, telecom, virtual desktops, and development environments. MN.IT Central charges are based on Federal DCA approved central-services cost allocation, rate-setting methodology.

Hardware/software	Amount	Description
Environments HBEIE130163 - Restricted	9,270,000	In order to adequately performance and load test the code being developed and delivered there is a need to build out additional environments as well as acquire software and services to provide the necessary framework. The state has currently been contracting for several of these. The overall needs include infrastructure and licensing of the overall solution to incorporate training, load and performance regions. In coordination with these new environments and the complexity of eligibility there is a necessity to emulate both future and past testing. Time travel is a critical component that needs funding to support the existing efforts to allow for success going forward. There is also an increased need in licensing for the regions that are already in production.
Websphere HBEIE140181 - Restricted	7,416,000	WebSphere provides software for SOA environments that enables dynamic, interconnected business processes, and delivers highly effective application infrastructures for all business situations. WebSphere is IBM's application and integration software platform, and includes the entire middleware infrastructure, including servers, services, and tools, needed to create, deploy, run, and monitor round-the-clock, enterprise-wide web applications and cross-platform, cross-product solutions.

Attachment 1

Hardware/software	Amount	Description
Time Travel HBEIE140181 - Restricted	1,946,700	Time Machine is a software application designed to manage server/client time zone differences. With Time Machine, servers can now provide remote clients/users with "local time" as required for legal, accounting, and other sensitive and/or critical time and date applications. Time Machine is also a powerful application used to evaluate "what-if" scenarios and test time-programmed events and activities such as end-of-month or quarterly reports. Users simply login using the correct time, then the server processes are selected to run under different user-specified time settings. As a result, new software is easily tested for date and time verification.

General administration	Amount	Description
Travel expenses HBEIE130163	92,700	Travel to health exchange and technical conferences (estimate based on 134 additional MN.IT @DHS staff
Office supplies HBEIE130163	185,400	Office supplies including pens, paper, copier, toner, chairs, etc. (estimate based on 134 additional MN.IT @DHS staff and additional 49 consultants)
Equipment and furniture HBEIE130163 - Restricted	927,000	Staff computers, office equipment, and repairs. (estimate based on 134 additional MN.IT @DHS staff and additional 49 consultants)
Occupancy costs HBEIE130163	185,400	Short-term lease expenses. (estimate based on 134 additional MN.IT @DHS staff and additional 49 consultants)
Training HBEIE120177	139,050	Staff training on technical tools and methods. (estimate based on 134 additional MN.IT @DHS staff and additional 49 consultants)

Attachment 1

The table below summarizes the requested adjustment by standard CCIIO reporting category:

Completion of IT Build <i>Summary by Reporting Category</i>	Supplemental Adjustment		
	Proposed Budget	Cost allocation	
		CCIIO	IAPD
Travel			
General travel expenses	92,700	19,467	73,233
Subtotal	92,700	19,467	73,233
Supplies			
General office supplies	185,400	38,934	146,466
Subtotal	185,400	38,934	146,466
Equipment			
Environments	9,270,000	1,946,700	7,323,300
General equipment and furniture	927,000	194,670	732,330
Subtotal	10,197,000	2,141,370	8,055,630
Contracts			
MN.IT @DHS staff (interagency agreement)	18,224,821	3,827,212	14,397,608
Staff augmentation (consultant contracts)	16,533,045	3,471,939	13,061,106
Prime IT vendor contracts	19,559,700	4,107,537	15,452,163
Prime IT vendor contracts (CCIIO only)	1,714,950	1,714,950	0
Other IT contracts - MN.IT Central Services	1,390,500	292,005	1,098,495
Other IT contracts - Other	6,489,000	1,362,690	5,126,310
Other IT contracts (CCIIO only)	2,470,532	2,470,532	0
General occupancy costs	185,400	38,933	146,467
Subtotal	66,567,948	17,285,798	49,282,149
Other			
Websphere software licences	7,416,000	1,557,360	5,858,640
Time Travel software licences	1,946,700	408,807	1,537,893
General training	139,050	29,201	109,850
Total	86,544,798	21,480,937	65,063,861

Exhibit B provides a breakdown of this table by grant

Attachment 1

Explanation of costs:

Consumer Assistance

Call Center	Amount	Description
Temporary staff HBEIE120177	1,460,025	Additional call center capacity is needed to ensure high quality customer service. MNSure is addressing this situation via temporary staffing and the "overflow" contract. This request provides funding for temporary staff needed to address the peak enrollment period and other contingencies/customer service challenges that may occur during the completion of the IT build. These additional staff will also help answer consumer questions related to the 1095A form and provide overall enhanced customer service for Minnesota consumers
Overflow contract HBEIE130163	2,317,500	Additional call center capacity is needed to ensure satisfactory customer service. MNSure currently has a contract with a front line overflow vendor through the spring of 2015. MNSure will start a procurement process in December 2014 for a longer-term overflow vendor. The front line overflow vendor is the first point of entry for incoming calls, so that MNSure's Contact Center employees can focus on escalated phone calls, resolution of more complicated customer situations, and manual processes. The presence of an overflow vendor is MNSure's solution for ensuring high quality customer service during particularly busy times of the year and to avoid overstaffing the Contact Center with permanent employees until we have more experience to understand the "steady state" staffing needs of the Contact Center. It is anticipated that overall Contact Center capacity can be reduced once MNSure's information technology systems are more mature and complete. MNSure is requesting \$2.3 million in additional funding to pay for the existing overflow vendor contract from January 1, 2015 through XX as well as funding to pay for the longer-term overflow vendor contract through December 31, 2015.

Attachment 1

Assistor-portal	Amount	Description
Functional analyst staff HBEIE120177	370,800	A mix of non-eligibility system IT work and consumer assistance efforts are necessary to complete an Assister Portal include:
Staff augmentation (consultant contracts) HBEIE120177	695,250	<ul style="list-style-type: none"> • Caspio (saas) configuration to build consumer assistance program functionality, including contracting, certification, customer service (everything except for 'apply on behalf of' functionality within our eligibility system).
Technical services contracts HBEIE120177	556,200	<ul style="list-style-type: none"> • Eligibility system role configuration to facilitate 'apply on behalf of' functionality through current system • MNsure intends to address this situation via additional staff, staff augmentation contacts and technical service contracts

Attachment 1

The table below summarizes the adjustment by standard CCIIO reporting category:

Based on budget planning experience, the staff costs identified in the preceding tables are divided in the table below between the Salary category (at 70%) and Fringe category (at 30%).

Enhanced Consumer Assistance Summary by Reporting Category	Supplemental Adjustment		
	Proposed Budget	Cost allocation	
		CCIIO	IAPD
Salary	70%		
Call Center temporary staff	1,022,481	1,022,481	0
Manual Operations staff	908,460	908,460	0
SHOP staff	421,785	421,785	0
Functional analyst staff (Assistor-portal)	259,560	259,560	0
Subtotal	2,612,286	2,612,286	0
Fringe	30%		
Call Center temporary staff	437,544	437,544	0
Manual Operations staff	389,340	389,340	0
SHOP staff	180,765	180,765	0
Functional analyst staff (Assistor-portal)	111,240	111,240	0
Subtotal	1,118,889	1,118,889	0
Contracts			
Call Center overflow contract	2,317,500	2,317,500	0
Staff augmentation contracts (PMO)	5,562,000	5,562,000	0
Staff augmentation contracts (Assistor-portal)	695,250	695,250	0
Technical services contracts (Assistor-portal)	556,200	556,200	0
Subtotal	9,130,950	9,130,950	0
Total	12,862,125	12,862,125	0

Exhibit C provides a breakdown of this table by grant

Exhibits:

- A: Overall Budget Request by Grant
- B: IT Build by Grant *(including proposed recalculation of IT restriction)*
- C: Consumer Assistance by Grant
- D: MN.IT @DHS Staff and Contractors
- E: CCIIO/CMS Follow-up Questions (12-1-2014 e-mail)
- F: MNSure Staff Augmentation
- G: FY 2014-18 budget estimates

Attachment 2

FALL RELEASE

IBM/Curam is responsible for development of the following functionality for release to Production on 10/3/15:

2015-2016 Renewals and Enrollment for Public and Private Programs: new functionality which includes auto close, notices, open enrollment, federal hub verifications, manual renewals and FTR (Failure to Reconcile) verification with the IRS.

Assister Portal: new functionality is being added to enhance MNsure sales and business operations by providing Assisters with direct access to MNsure's technical platform. Consumers will be able to associate with an Assister for help with the enrollment process.

User Experience: enhancing Caseworker Person Registration and Citizen Portal updates during plan shopping.

1095: Defect fix to produce correct historical data for a 1095 file to the IRS for use during tax season and provides correct 1095 notification to consumers.

WINTER RELEASE

IBM/Curam is responsible for development of the following functionality for release to Production on 12/19/15:

PRISM Interface, Iterations 1 & 2: Bi-directional interface between MNsure eligibility system and legacy child support system known as PRISM.

User Experience: Enhancements to support processing of incomplete paper applications and clarification to Eligibility Summary pages and Enrollment Confirmation pages.

Assister Portal: Additional enhancements to support Assister Portal desired functionality.

MA and BHP Renewals/QHP Open Enrollment and Renewals Processing: Additional notices for renewals and MNsure case cleanup.

Task and Caseload Management: Extending functionality of the existing case transfer wizard to enable the transfer of cases within an agency. Also resolving priority defect fixes from the summer release.

Notices: this release will restructure the Eligibility notice to accommodate change of circumstance of any household member across all programs.

Change Wizards - Fixes and Unassisted Path: Implement unassisted path for QHP enrollees and resolve open defects stemming from the summer release.

Attachment 3

Appeals Deliverable Due Dates

DHS has a signed professional/technical contract in place with the *myCaseLoad* vendor, which expires 6/30/16 or when all obligations have been satisfactorily fulfilled, whichever occurs first. This contract is deliverable based. The contract/vendor deliverables and state staff deliverables for Phases 1 and 2 are below.

Appeals – Contract/Vendor Deliverables	Due Date
Initial conference call to state to provide high level overview of project	June 2015
Phase 1 and 2 schedule	June 2015
Phase 1 and 2 pricing	June 2015
Access to a state-specific project website in Toronto, Canada to be used for training, development, and testing	July 2015
Initial project meeting (kick-off) at DHS site	July 2015
In person <i>myCaseLoad</i> training to cover functional use and administration	July 2015
Initial admin confirmation and workflow analysis to be documented in Visio diagrams (part of requirements document)	August 2015
Gap analysis to show where state business requirements fall outside of <i>myCaseLoad</i> functionality and identification of possible customizations	August 2015
Review of state-required management reports and mail merge templates related to eFiling, such as eForms	August 2015
Requirements document to include: <ul style="list-style-type: none"> • Visio mapping of each workflow to be configured in the system • List, description, and pricing of all feature requests that fall outside of <i>myCaseLoad</i> configuration capabilities and require custom development • List of all eFiling forms to be created and descriptions of functional requirements • List of all email and mail merge templates to be created • List of all reports to be created • Interface requirements • Inbound data (format, data types, location of data, availability of data, flat file vs database) • Outbound data (description of what is to be pulled from <i>myCaseLoad</i> and in what format) • Both inbound and outbound data (description of how much data is being transferred and its frequency. Description of how the data will be transferred – FTP, local or remote database, or shared folder) 	August 2015
Updated pricing/project schedule and work plan for phases of the project beyond Phases 1 and 2	October 2015

Note: Based on the vendor’s response to the request for information (RFI), additional deliverables will arrive in subsequent phases. At a high level, these deliverables will

Attachment 3

include specifications for interfaces with DHS tools and web service interfaces, database schema, and the final implementation of the appeals application following the agreed upon configurations. The actual construction of the interfaces and web services to obtain data from DHS source systems will be constructed by state staff.

Appeals – State Staff Deliverables	Due Date
Process maps, requirements document, and data model	October 2015
Data analysis to determine best way to request source system data. Note: COTS product did not come with a data model, and DHS needs to document what data it will pull into the product and how that data will be obtained from source systems (preferably) or data warehouse (second choice)	October 2015
Any additional professional/technical contracts or acquisition of staff augmentation required to meet the delivery date	December 2015
Architectural design for all required integration points	January 2016
SQL Server database in production and test environments	February 2016
Access to SQL Reporting to integrate standard and ad hoc reporting	February 2016
Test plans to fully test the enterprise appeals application, including integration points	April 2016
All integration coding to connect <i>myCaseLoad</i> to state applications (e.g. web services to retrieve data from MAXIS, MMIS, MNsure, and possibly the state's Shared Master Index (SMI); Outlook calendars for scheduling events; Active Directory for role-based security; and FileNet to support electronic filing of documents related to the appeal	April 2016
Release QA testing	June 2016
Execution of tests to identify system areas that work correctly/need to be fixed	September 2016
Business rules in rules engines and documentation to ensure DHS business staff can continue that function over system life	November 2016
User training to all areas that will use enterprise appeal solution – reusable training, rather than one-time delivery	November 2016
Production environment on state servers	December 2016

Exchange (IAPDU-12)

	Medicaid Share (90% FFP) DDI	State Share -10%	Medicaid Share (75% FFP) DDI (COTS)	State Share -25%	Medicaid Share (75% FFP) M&O	State Share -25%	Medicaid Share (75% FFP) M&O E&E Staff	State Share -25%	Medicaid ENHANCED FUNDING FFP Total	State Share Total	Medicaid ENHANCED FUNDING (TOTAL COMPUTABLE)
	28A & 28B†	--	28A & 28B†	--	28C & 28D†	--	28E & 28F†	--			
FFY 2011	\$ 5,691,321	\$ 632,369	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,691,321	\$ 632,369	\$ 6,323,690
FFY 2012	\$ 50,637,045	\$ 5,626,338	\$ 8,176,207	\$ 2,725,402	\$ -	\$ -	\$ -	\$ -	\$ 58,813,252	\$ 8,351,741	\$ 67,164,993
FFY 2013	\$ 54,295,750	\$ 6,032,861	\$ 12,920,343	\$ 4,306,781	\$ -	\$ -	\$ -	\$ -	\$ 67,216,093	\$ 10,339,642	\$ 77,555,735
FFY 2014	\$ 27,576,844	\$ 3,064,094	\$ 5,421,692	\$ 1,807,231	\$ -	\$ -	\$ 80,292,258	\$ 26,764,086	\$ 113,290,794	\$ 31,635,410	\$ 144,926,204
FFY 2015	\$ 94,735,345	\$ 10,526,149	\$ 18,977,834	\$ 6,325,945	\$ 6,062,932	\$ 2,020,977	\$ 74,363,418	\$ 24,787,805	\$ 194,139,529	\$ 43,660,876	\$ 237,800,405
FFY 2016	\$57,914,797	\$6,434,977	\$13,352,214	\$4,450,738	\$0	\$0	\$0	\$0	\$71,267,011	\$10,885,715	\$82,152,726
FFY 2017	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
FFY 2018	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
FFY 2019	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
FFY 2020	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total FFY 2011-2020	\$290,851,102	\$32,316,789	\$58,848,290	\$19,616,097	\$6,062,932	\$2,020,977	\$154,655,676	\$51,551,891	\$510,418,000	\$105,505,754	\$615,923,754

	Medicaid Share (50% FFP) M&O E&E Staff	State Share -50%	Medicaid Share (50% FFP) General	State Share -50%	Medicaid NOT ENHANCED FUNDING FFP Total	State Share Total	Medicaid NOT ENHANCED FUNDING (TOTAL COMPUTABLE)
	28G & 28H†	--	49†	--			
FFY 2011	\$0	\$0	\$ 453,681.00	\$453,681	\$453,681	\$453,681	\$907,362
FFY 2012	\$0	\$0	\$ 1,915,831.00	\$1,915,831	\$1,915,831	\$1,915,831	\$3,831,662
FFY 2013	\$0	\$0	\$ 1,914,336.00	\$1,914,336	\$1,914,336	\$1,914,336	\$3,828,672
FFY 2014	\$ 28,749,408	\$ 28,749,408	\$ 1,471,274	\$ 1,471,274	\$ 30,220,682	\$ 30,220,682	\$ 60,441,364
FFY 2015	\$ 29,198,619	\$ 29,198,619	\$ 3,533,069	\$ 3,533,069	\$ 32,731,688	\$ 32,731,688	\$ 65,463,376
FFY 2016	\$0	\$0	\$1,923,510	\$1,923,510	\$1,923,510	\$1,923,510	\$3,847,020
FFY 2017	\$0	\$0	\$0	\$0	\$0	\$0	\$0
FFY 2018	\$0	\$0	\$0	\$0	\$0	\$0	\$0
FFY 2019	\$0	\$0	\$0	\$0	\$0	\$0	\$0
FFY 2020	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total FFY 2011-2020	\$57,948,027	\$57,948,027	\$11,211,701	\$11,211,701	\$69,159,728	\$69,159,728	\$138,319,456

	CHIP FFP %	STATE %	CHIP FFP Share	State Share	CHIP Total
			33†	--	
FFY 2011	65.00%	35.00%	\$ 13,199.00	\$ 7,107.00	\$20,306
FFY 2012	65.00%	35.00%	\$ 1,867,383.00	\$ 1,005,514.00	\$2,872,897
FFY 2013	65.00%	35.00%	\$ 144,611.00	\$ 77,867.00	\$222,478
FFY 2014	65.00%	35.00%	\$ 76,349.00	\$ 41,111.00	\$117,460
FFY 2015	65.00%	35.00%	\$ 263,188.00	\$ 141,717.00	\$ 404,905.00
FFY 2016	88.00%	12.00%	\$205,755	\$28,058	\$233,813
FFY 2017			\$0	\$0	\$0
FFY 2018			\$0	\$0	\$0
FFY 2019			\$0	\$0	\$0
FFY 2020			\$0	\$0	\$0
Total FFY 2011-2020	NA	NA	\$ 2,570,485.00	\$ 1,301,374.00	\$ 3,871,859.00

	Medicaid ENHANCED FUNDING FFP Total	Medicaid NOT ENHANCED FUNDING FFP Total	CHIP FFP Total	TOTAL FFP	STATE SHARE TOTAL	APD TOTAL (TOTAL COMPUTABLE)
FFY 2011	\$5,691,321	\$453,681	\$13,199	\$6,158,201	\$1,093,157	\$7,251,358
FFY 2012	\$58,813,252	\$1,915,831	\$1,867,383	\$62,596,466	\$11,273,086	\$73,869,552
FFY 2013	\$67,216,093	\$1,914,336	\$144,611	\$69,275,040	\$12,331,845	\$81,606,885
FFY 2014	\$113,290,794	\$30,220,682	\$76,349	\$143,587,825	\$61,897,203	\$205,485,028
FFY 2015	\$194,139,529	\$32,731,688	\$263,188	\$227,134,405	\$76,534,281	\$303,668,686
FFY 2016	\$71,267,011	\$1,923,510	\$205,755	\$73,396,276	\$12,837,283	\$86,233,559
FFY 2017	\$0	\$0	\$0	\$0	\$0	\$0
FFY 2018	\$0	\$0	\$0	\$0	\$0	\$0
FFY 2019	\$0	\$0	\$0	\$0	\$0	\$0
FFY 2020	\$0	\$0	\$0	\$0	\$0	\$0
Total FFY 2011-2020	\$510,418,000	\$69,159,728	\$2,570,485	\$582,148,213	\$175,966,856	\$758,115,069

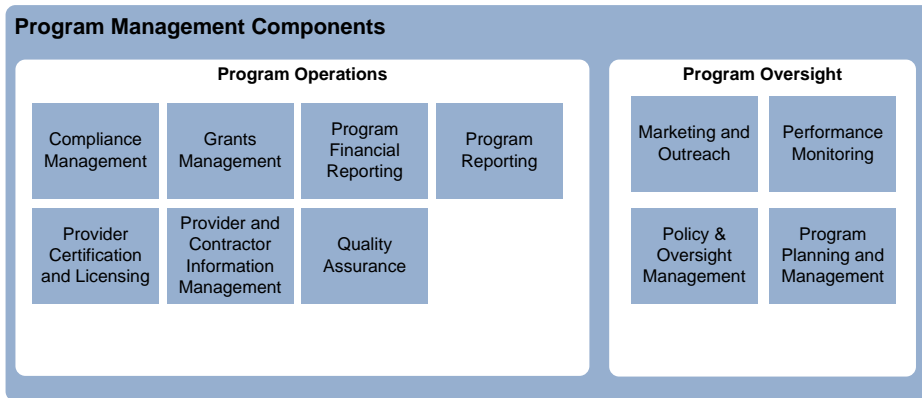
Attachment 5

SECTION XIII: CONDITIONS AND STANDARDS FOR RECEIPT OF ENHANCED FFP

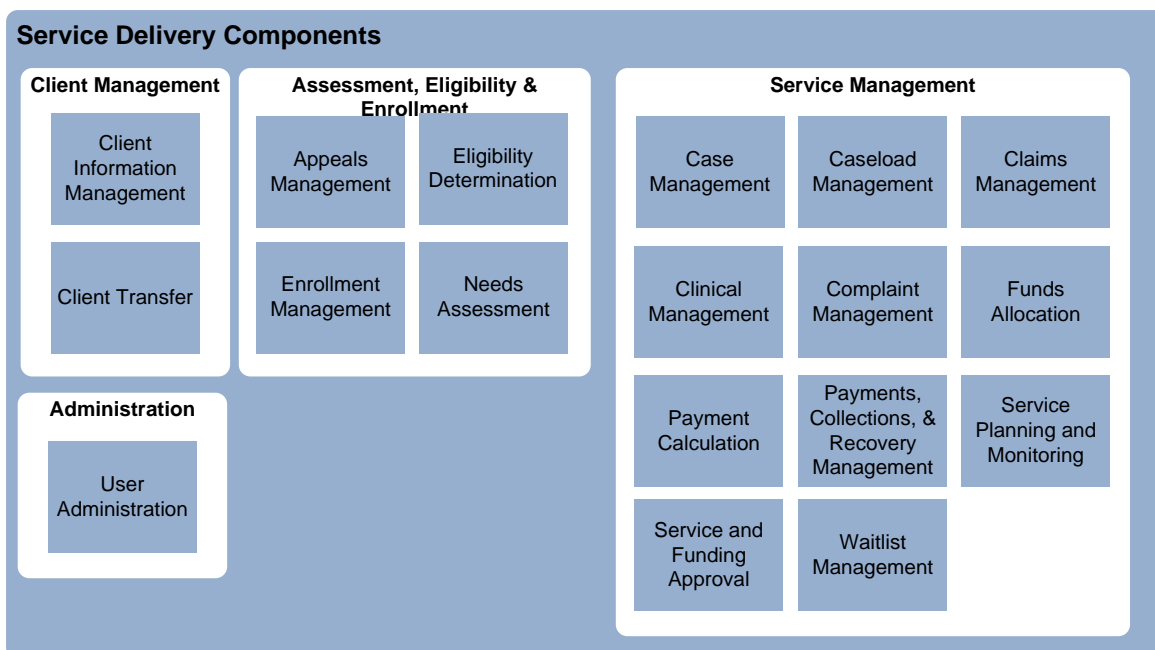
1. Yes No **Modularity Condition.** *Use of a modular, flexible approach to systems development, including the use of open interfaces and exposed application programming interfaces; the separation of business rules from core programming; and the availability of business rules in both human and machine readable formats.*

Minnesota has designed the ISDS project in a modular fashion from the start. The logical architecture includes modular components that could encompass multiple solutions, including new commercial off the shelf (COTS) products, existing systems (or system components) and newly developed system components. Business Application Components that directly support business functions include:

- Program Management Components that support management of programs and services.

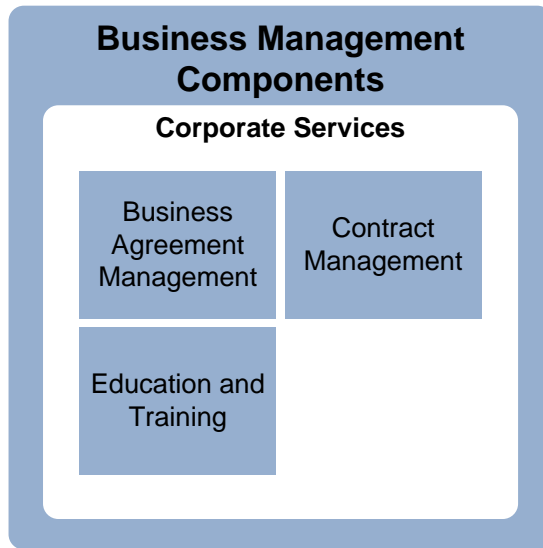


- Service Delivery Components that support management of services being provisioned to clients, including assessments and investigations, eligibility determination, payments, etc.

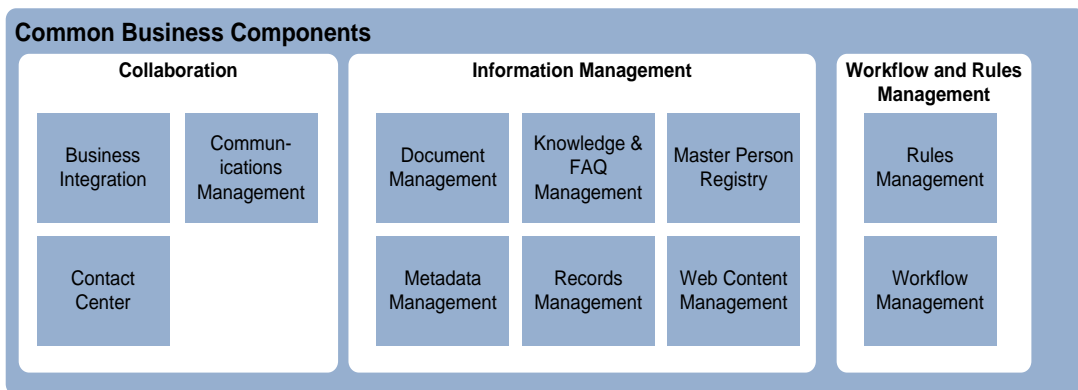


Attachment 5

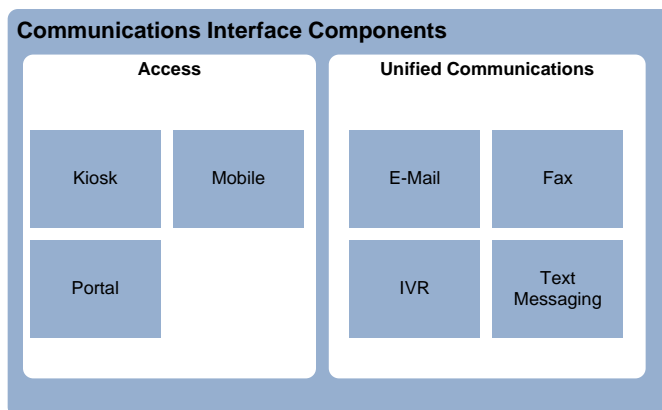
- Business Management Components that support “back office” administrative and management of DHS operations across all functions.



- Common Business Functions that provide functionality that is used in all aspects of operations including management and delivery functions.

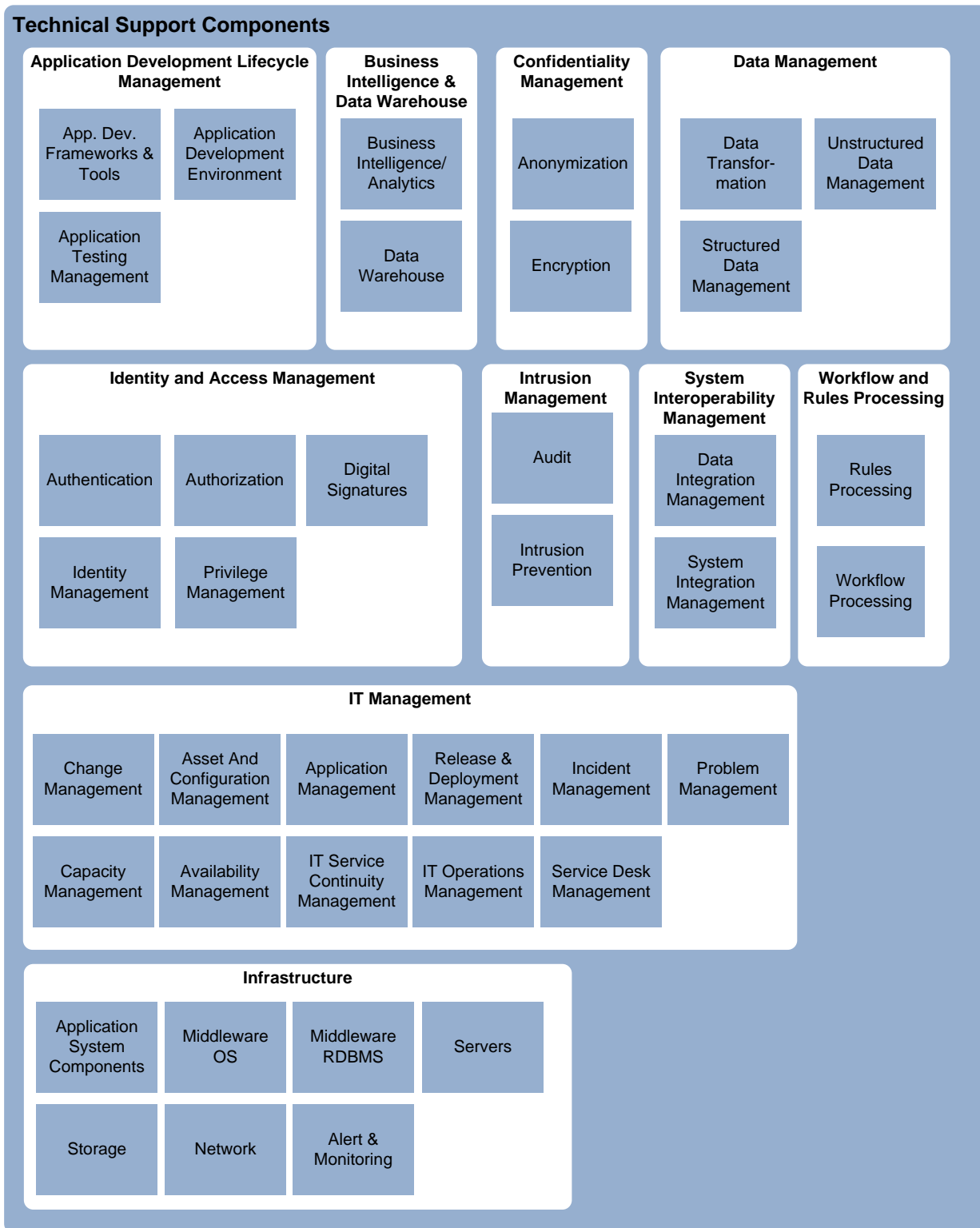


- Communication and Interface Components:



Attachment 5

Technical Support Components are components that indirectly support the business by supporting other components as part of an integrated solution.



Attachment 5

2. Yes No **MITA Condition.** *Align to and advance increasingly in MITA maturity for business, architecture, and data.*

Minnesota is developing the components of Enterprise Systems Modernization in a coordinated fashion with the Minnesota Department of Human Services and MN.IT (Minnesota's IT Agency) to ensure full MITA alignment. All deliverables were aligned from the start with the MITA 3.0 framework.

To ensure alignment, Minnesota is following and practicing System Development Life Cycle (SDLC) activities as well as aligning with architecture guidance standards, specifically KPMG's Architecture Methodology which is close to The Open Group Architecture Framework (TOGAF) Architecture Development Methodology (ADM).

All IT vendors working on this project are required to follow MITA practices.

3. Yes No **Industry Standards Condition.** *Ensure alignment with, and incorporation of, industry standards: the Health Insurance Portability and Accountability Act of 1996 security, privacy and transaction standards; accessibility standards established under section 508 of the Rehabilitation Act, or standards that provide greater accessibility for individuals with disabilities, and compliance with Federal civil rights laws; standards adopted by the Secretary under section 1104 of the Affordable Care Act; and standards and protocols adopted by the Secretary under section 1561 of the Affordable Care Act.*

Minnesota and its private sector IT vendors are aligning with industry standards, specifically those recommended in ACA Section 1561 and CMS guidelines. Minnesota is also following best practices standards in multiple other areas such as security, project management and accessibility. All technical contracts have sections stating the Minnesota and project requirements for development activity.

4. Yes No **Leverage Condition.** *Promote sharing, leverage, and reuse of Medicaid technologies and systems within and among States.*

Minnesota is fully committed to leveraging existing resources within the State and with other states. One of the initial goals of this initiative was to utilize commercial, off-the-shelf software (COTS). Furthermore, based on the alternatives analysis, this initiative intends to leverage much of the software and architecture developed for MNsure, Minnesota's Health Insurance Exchange.

Within the Enterprise Systems Modernization Portfolio, Minnesota has been rationalizing projects, harmonizing reference architectures and integration approaches, and making sure that data key initiatives (i.e. Master Person Index) are identified and synchronized with the other Minnesota DHS Modernization Portfolios.

5. Yes No **Business Results Condition.** *Support accurate and timely processing of claims (including claims of eligibility), adjudications, and effective communications with providers, beneficiaries, and the public.*

Minnesota's Enterprise Systems Modernization development activities are being driven by business needs, business requirements and business priorities. These business factors are gathered from a

Attachment 5

variety of state and county stakeholders via a number of venues. Enterprise Systems Modernization is sponsored by the Business Architecture Domain Team (BADT) and all of its activities are approved by the Enterprise Architecture Board (EAB). The EAB and the BADT are governance bodies which are made up of mix of both business and MN.IT personnel.

6. Yes No **Reporting Condition.** *Produce transaction data, reports, and performance information that would contribute to program evaluation, continuous improvement in business operations, and transparency and accountability.*

Minnesota's MN.IT is designing the IT solutions for Enterprise Systems Modernization to satisfy all state and federal reporting requirements for the programs included in the projects. Additionally, the solutions will allow the capture of significantly better operational data which will allow DHS and MN.IT to automate components of program evaluation, improve business operations, improve transparency and improve accountability across many programs.

7. Yes No **Interoperability Condition.** *Ensure seamless coordination and integration with the Exchange (whether run by the state or federal government), and allow interoperability with health information exchanges, public health agencies, human services programs, and community organizations providing outreach and enrollment assistance services.*

Minnesota is focused on designing a 'client-centric, integrated health and human services system' As such, Minnesota seeks to deliver a streamlined and uniform user experience to all users of the system. The modular components are being integrated so that there is a consistent look and feel throughout and to avoid breaks to the user. Similar guiding principles are also being applied to processes that provide data to and/or consume data from interactions with third parties, such as counties, providers, health information exchanges, etc.

For a significant period of time, DHS business processes that will eventually be completely implemented in the newly modernized systems may be partly implemented in the new systems, and partly implemented in one of the current legacy systems. We will need to manage these transition activities by building a variety of integration mechanisms to support the steady transition from our current state application and data architectures to our future state architecture. We will be leveraging various integration technologies to: build transitions that allow us to support the business – where our transition activities will move some steps in a business process but not the whole process, develop these transitions to lessen the chances that new failure modes are introduced; increase our capabilities to support client self service and support both shorter term, non-invasive transition integration mechanisms as well as longer term transition integration mechanisms.