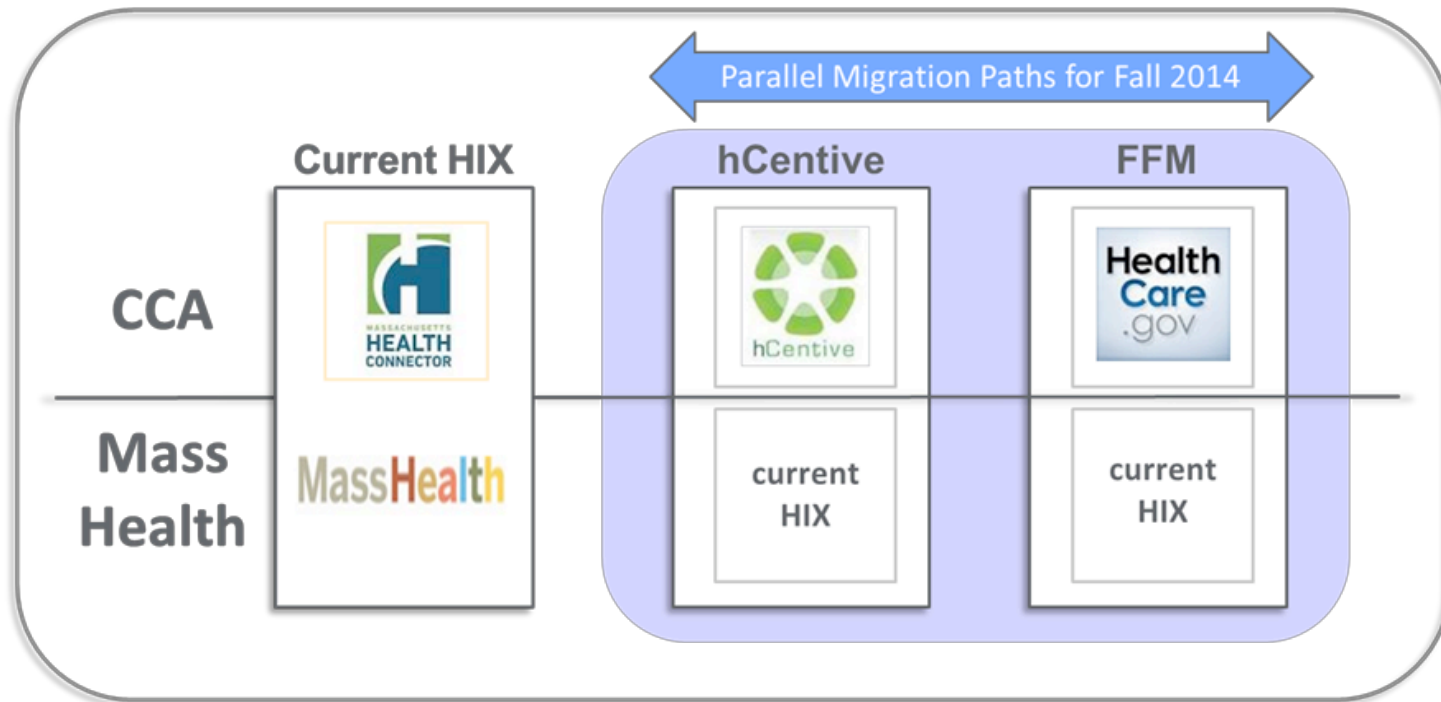




HIX Project Update

Summary of Path to Fall 2014



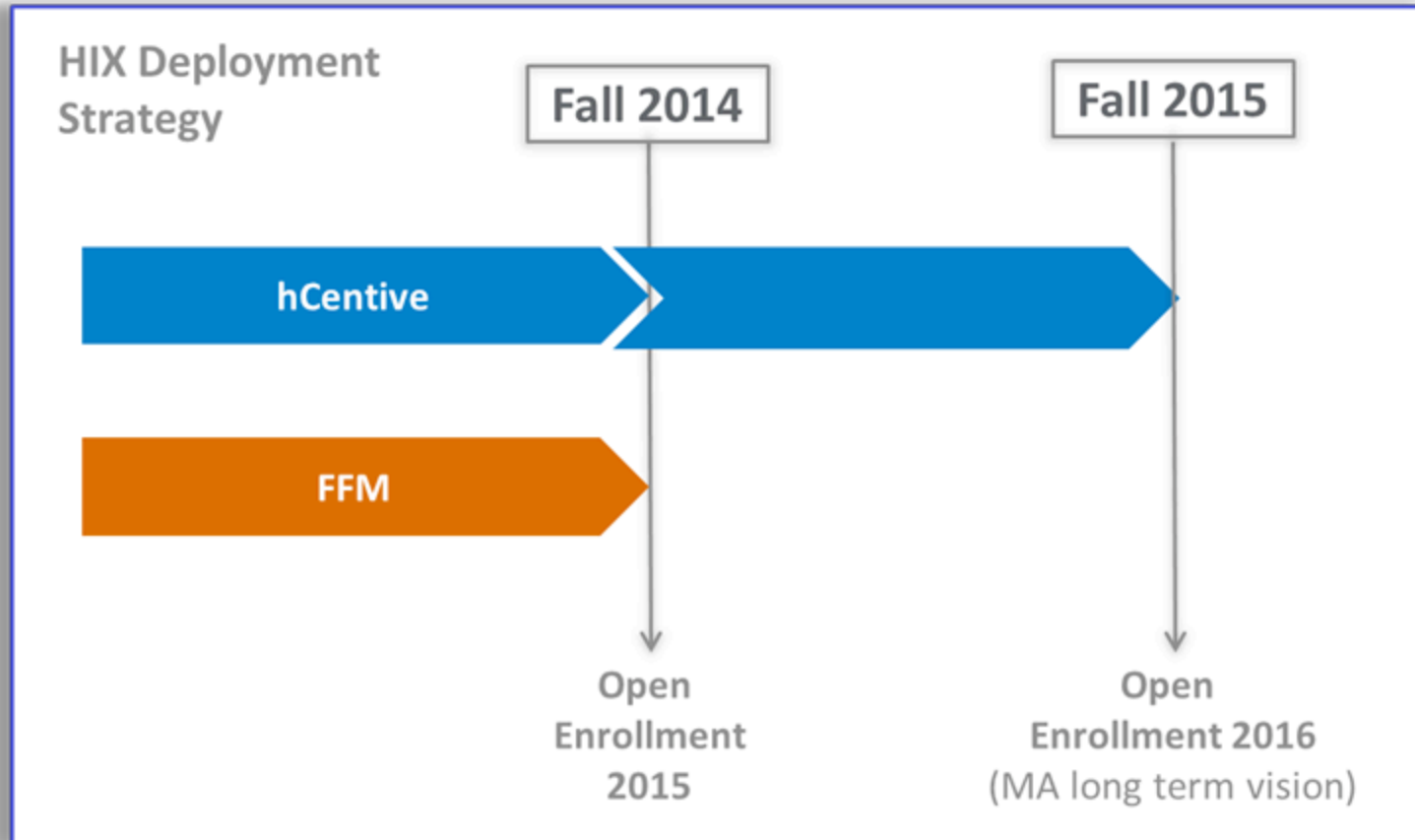
- Top priority: Standing up a functional HIX for Fall 2014
- Pursue dual tracks: Implement hCentive and FFM concurrently, while leveraging current HIX for MassHealth
- Dual track strategy reduces technology delivery risk and is the only responsible choice to achieve our top priority

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



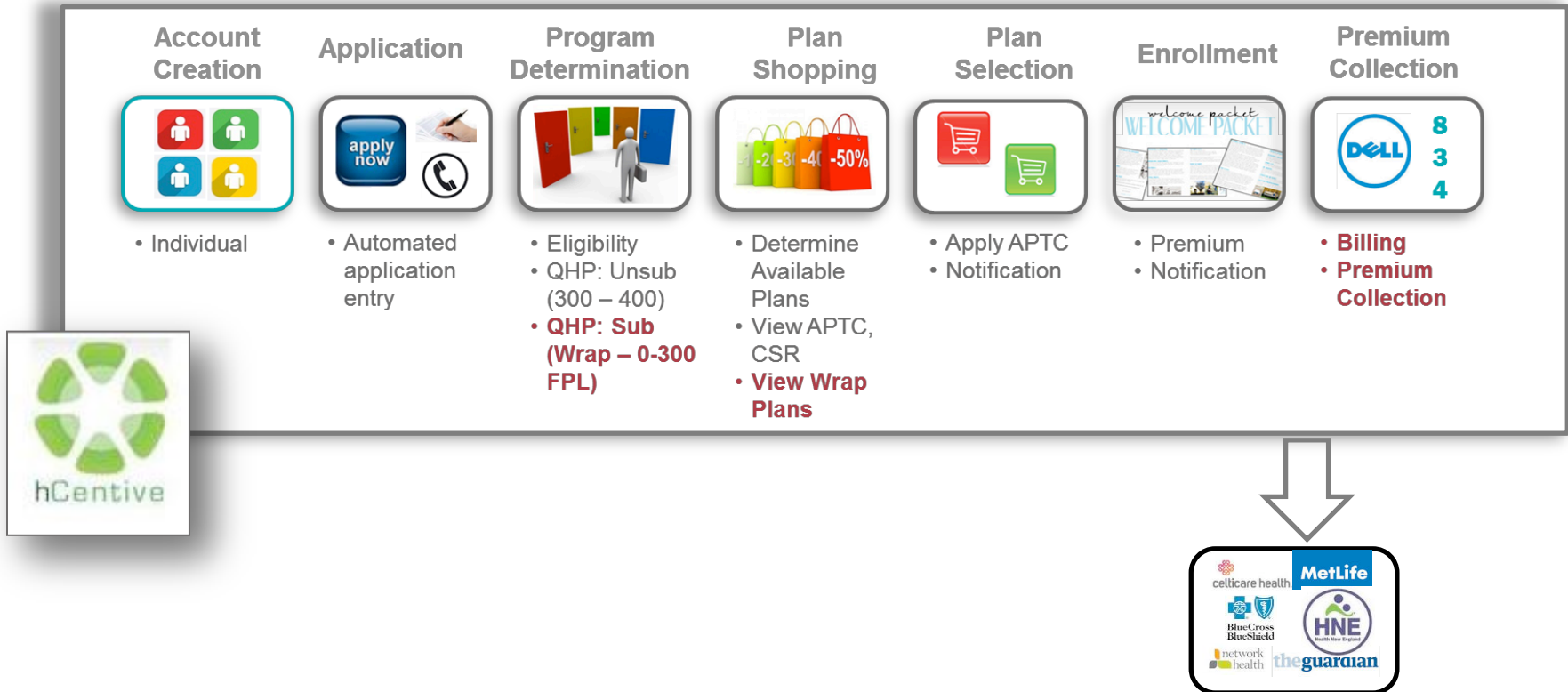
- A commercial off-the-shelf solution
- CO, KY and NY successfully using hCentive solution for their State-based Marketplace (SBM)
- Gives Massachusetts a proven and ultimately flexible HIX platform
- Positions Massachusetts to deliver an integrated solution for the unique state wrap program
- Best enables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

hCentive Capabilities

Target functionality beyond the standard product is being assessed.



*Customization and/or manual workaround

Migrate to External HIX: FFM

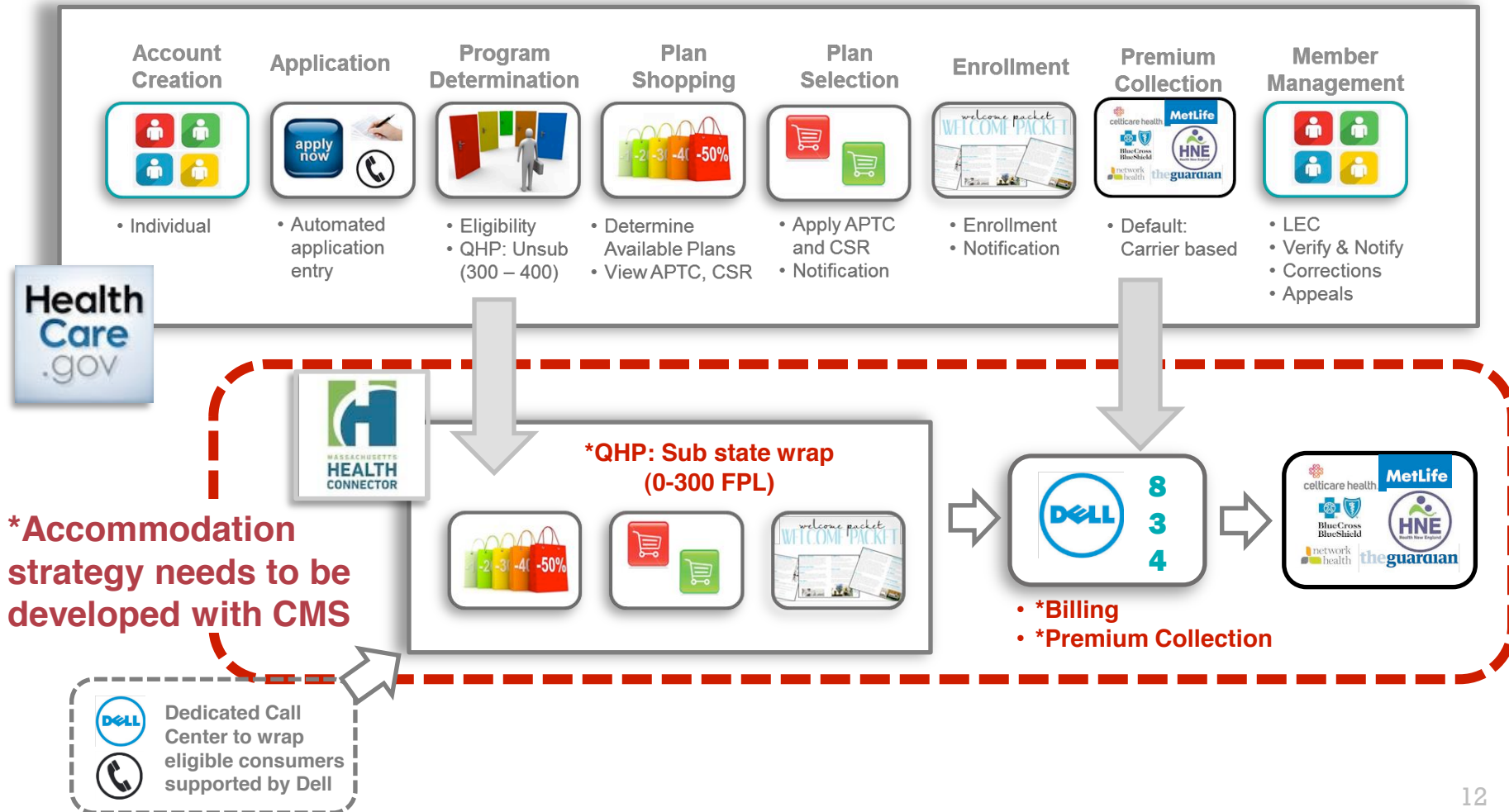
- Proven, scalable and in production in 30+ states
- Least risky technology development
- Potentially lowest cost option for state
- Can be used as a one-year option while hCentive is developed

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">FFM standard rules do not identify “wrap-eligible” individualsFFM standard shopping experience does not accommodate wrap plans	<ul style="list-style-type: none">Provide data and build necessary interface to enable wrap shopping, possibly through call center or static web page
Plan Management	MA issuers do not use SERFF for plan loading	<ul style="list-style-type: none">Some MA QHPs are not SERFF-compliant and would be rejectedNot all issuers offer Silver Variation Plans	<ul style="list-style-type: none">Support health plans in achieving SERFF complianceSeek flexibility from certain built-in SERFF “rules”
Billing and Enrollment Interface	MA Health Connector aggregates premium on behalf of all issuers	<ul style="list-style-type: none">Some issuers (Medicaid MCOs) do not have billing capabilitySome issuers are not able to accept standard 834s	<ul style="list-style-type: none">FFM to set up interface with Connector’s billing vendor, who will continue to aggregate premium and produce 834s

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

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

Account Creation



- Automated

Application



- Partially automated
application entry &
eligibility
Determination

Program Determination



- Automated
PD

Enrollment



- Handled through
MMIS

Premium Collection



- As required

Member Management



- Partially
automated LEC
- Verify & Notify

MassHealth

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

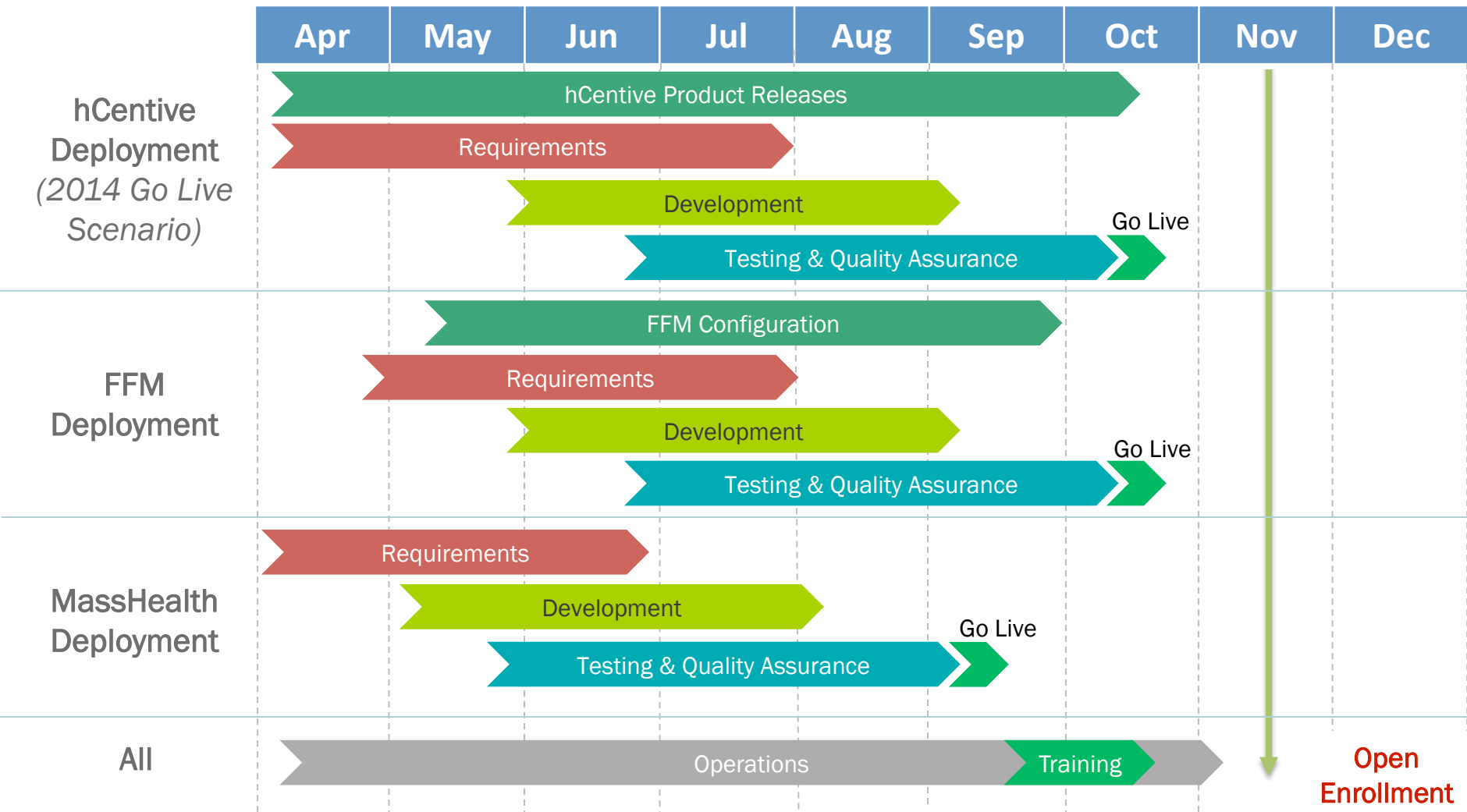
Dual Track: Implementation Approach

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

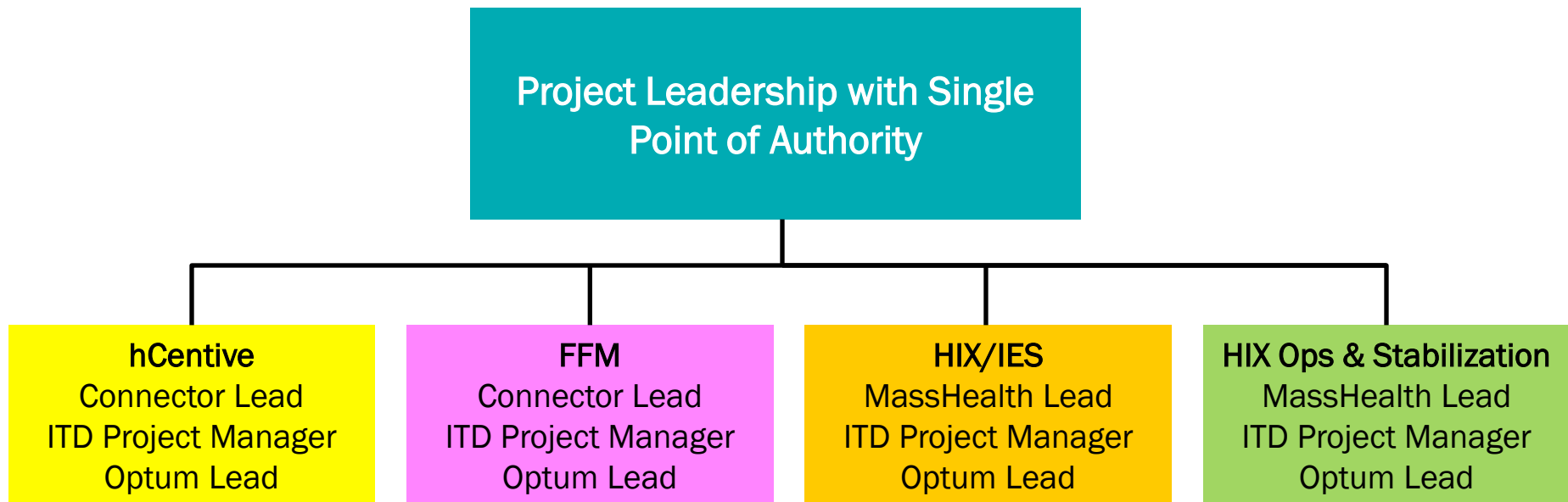
Vendor & Contract Overview

- 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