

**Washington State Health Benefit Exchange  
Level II Grant Application  
Budget Narrative**

**1. Budget Request Overview**

The total Exchange establishment budget request for the 2012 – 2014 establishment period is \$121,698,930, as summarized in Table 1 and Table 2, below. This section will outline the specific assumptions and key variables underlying this budget estimate. The funding request reflected in this document assumes that funding for expenses covered under Washington’s Level I grant award will remain under the prior award; the funding requested in this applies only to costs that have not been previously funded through prior grants. .

**Table 1. Washington Level II Establishment Grant Overview**

<b>IT Development and Operations</b>		
System Integrator	44,233,912	36%
Eligibility	8,448,896	7%
Testing, IV&V	2,814,493	2%
Consulting/Project Management	11,321,569	9%
IT Staff & Fringe	8,908,414	7%
Other IT	637,463	1%
<b>Total IT</b>	<b>76,364,748</b>	<b>63%</b>
<b>Operational Vendors</b>		
Call Center	11,443,594	9%
Other	1,337,504	1%
<b>Total Operational Vendors</b>	<b>12,781,098</b>	<b>11%</b>
<b>Other Expenses</b>		
Marketing	9,378,609	8%
Consulting	5,184,565	4%
Staff & Fringe	16,375,224	13%
Other	1,614,686	1%
<b>Grand Total</b>	<b>121,698,930</b>	<b>100%</b>

**Table 2. Washington Level II Establishment Grant Summary by Line Item**

	CY 2012	CY 2013	CY 2014	Grant Period Total 2011-2014
Salaries	3,594,297	8,477,973	8,882,390	20,954,660
Fringe	1,040,549	2,454,373	2,571,452	6,066,374
Consultants	5,243,189	12,449,672	10,399,913	28,092,774
Equipment	889,528	678,316	383,664	1,951,508
Supplies	11,595	23,130	24,255	58,980
Travel	37,728	37,728	37,728	113,184
Other	815,597	1,465,703	2,006,925	4,288,225
Contractual Costs	9,580,657	41,989,997	25,883,534	77,454,188
Total Direct Costs	21,213,140	67,576,892	50,189,861	138,979,893
Indirect Cost	0	0	0	0
<b>Total Direct and Indirect</b>	<b>21,213,140</b>	<b>67,576,892</b>	<b>50,189,861</b>	<b>138,979,893</b>
Less Medicaid Allocable Level I Offset (HBE Supplies/Equip)	(1,778,557)	(7,520,192)	(4,234,737)	(13,533,487)
	(3,747,476)	0	0	(3,747,476)
<b>Total Costs</b>	<b>15,687,107</b>	<b>60,056,699</b>	<b>45,955,124</b>	<b>121,698,930</b>

## 2. Budget Line Item Detail

### A. SALARIES AND WAGES

Total salary cost for the grant period is estimated to be \$19,607,319.

Due to the significant resource requirements of the IT system build, a large portion of internal staff positions will be dedicated to supporting the development and implementation of these core systems during the grant period, both to prepare the Exchange for implementation beginning in 2014, and supporting the introduction of secondary releases and ongoing start-up needs of the Exchange through the first full year of operations. It is anticipated that the overall level of IT staff will decline at the end of 2014 as these primary and secondary development activities are resolved and the entity becomes fully transitioned to ongoing operations in 2015. The maximum number of internal staff members during the grant period is estimated to be 115, not including contracted staff and system integrator personnel, addressed separately in later sections. Staff salary and fringe estimates below have been adjusted to a start date of May 23, 2012 to remove potential overlap in budget funding between Washington's Level I and Level II grant funding requests. Tables 3 and 4, below, summarize Exchange staffing from 2011 through 2014.

**Table 3. Internal Year-End FTE's by HBE Department and Calendar Year**

HBE Department	2012	2013	2014
Sr. Executives	2	2	2
Administration & Finance	18	18	19
Communications	11	11	11
IT	46	46	46
Legal	3	7	7
Operations (NG)	14	18	18
Operations (SHOP)	5	5	5
Policy	5	7	7
<b>Total</b>	<b>104</b>	<b>114</b>	<b>115</b>

**Table 4. Internal Staff Salaries by HBE Department and Calendar Year**

WHBE Department	2012	2013	2014	Total
Sr. Executives	142,917	245,000	245,000	632,917
Administration & Finance	704,750	1,301,000	1,336,250	3,342,000
Communications	407,833	857,000	857,000	2,121,833
IT	1,205,880	3,505,140	3,505,140	8,216,160
Legal	123,750	381,667	545,000	1,050,417
Operations (NG)	541,750	1,270,833	1,425,000	3,237,583
Operations (SHOP)	218,333	407,000	407,000	1,032,333
Policy	249,083	510,333	562,000	1,321,417
<b>Total</b>	<b>3,594,297</b>	<b>8,477,973</b>	<b>8,882,390</b>	<b>20,954,660</b>

**B. FRINGE BENEFITS**

Total fringe benefit costs for the grant period are estimated to be \$5,676,319. Fringe benefits are estimated using a factor of 29%, which is in line with benefits currently received by state employees.

**C. CONSULTANTS**

Total consultant costs for the grant period are estimated to be \$25,884,743. Of the total amount, \$11,321,569, or 44% is directly related to the development of Exchange IT systems; \$9,378,609, or 36%, is related to outreach and marketing, , while the remaining \$5,184,565, or 20%, is related to policy, planning, oversight, and Exchange operations. A description of the consulting work to be performed and relevance of the project is included in Appendix I.

**Table 5. Consulting Engagement Costs by Project**

Project	Consultant	CY 2012	CY 2013	CY 2014	Total Grant Period
<b>IT Budget</b>					
EA Design, Dev. & Implement	Cambria	179,200	537,600	268,800	985,600
Early Requirements Facilitation	Cambria	614,400	1,843,200	1,843,200	4,300,800
Tech Development/Security & Management	TBD	614,400	1,843,200	1,843,200	4,300,800
IRM - Project Management	IRM - John Anderson	96,000	288,000	288,000	672,000
IRM - Project Management	IRM - Gena Cruciani	89,600	268,800	268,800	627,200
IRM - Project Management	IRM - Paul Price	89,600	268,800	268,800	627,200
TSG - Business/Management Analysis	TSG - Paul Royer	67,200	201,600	201,600	470,400
TSG - Business & IT Analysis Req/Enterprise Arch	TSG - Jacques Michel	76,800	230,400	230,400	537,600
TSG - Technical Lead (SOA)/Business & IT Analysis	TSG - Don Cotey	76,800	230,400	230,400	537,600
TSG - Technology Development/Business & IT Analysis	TSG - Dan Tyack	67,200	201,600	201,600	470,400
<b>Non-IT Budget</b>					
Business Process Development	Professional Services	60,000	100,000	40,000	200,000
QHP Certification	Professional Services	75,000	75,000	0	150,000
Dental Plan Certification	Professional Services	25,000	25,000	0	50,000
Call Center Operations	Professional Services	45,000	30,000	0	75,000
Risk Adjustment & Reinsurance	Actuarial Support	300,000	100,000	0	400,000
Financial Management/Program Integrity	Professional Services	187,500	62,500	0	250,000
External Auditor (Financial)	Auditing Services	0	75,000	75,000	150,000
External Auditor (Operational)	Auditing Services	0	75,000	75,000	150,000
Legal Support	Legal Support	194,700	194,700	200,600	590,000
Website Design and Content	Professional Services	88,000	264,000	0	352,000
Communications/Marketing Campaign	Advertising Campaign – Vendor	1,406,791	4,220,374	3,751,444	9,378,609
Navigator Program Design/Training	Professional Services	60,000	60,000	0	120,000
Quality Rating System (Consulting)	Professional Services	270,000	270,000	60,000	600,000
Econometric and Actuarial Analysis	Actuarial Support	187,500	250,000	187,500	625,000
Churn Study (Medicaid Transitions)	Professional Services	100,000	300,000	0	400,000
Tribal Outreach Support	Professional Services	132,498	132,498	113,570	378,565
Evaluation Plan	Professional Services	20,000	20,000	0	40,000
Evaluation Plan Implementation	Professional Services	0	252,000	252,000	504,000
Administrative Establishment (HR Policies, Financial P&L)	Professional Services	120,000	30,000	0	150,000
<b>Total</b>		<b>5,243,189</b>	<b>12,449,672</b>	<b>10,399,913</b>	<b>28,092,774</b>

Note: The total consulting costs in Table 5 includes the cost allocation to Medicaid

## D. EQUIPMENT

Total equipment costs for the grant period are estimated to be \$1,722,186. The amount paid by other funding will be \$127,318. Estimated equipment costs include computer hardware and software to support Exchange business and IT staff; printers, telephones, fax machines, and other office equipment; and data wiring and cable installation.

## E. SUPPLIES

The total amount estimated for supplies is \$51,344, which is inclusive of general office supplies.

## F. TRAVEL

The total amount estimated for employee and HBE Board travel reimbursement is \$105,393, which is inclusive of estimated out of state trips taken by Exchange personnel for federal and state conferences on exchanges, professional development, and consultation with other states and the federal government. It also includes in-state travel for Board meetings, stakeholder meetings and conferences.

Travel costs include round-trip airfare, ground transportation, hotel costs, mileage reimbursement, and per diem meals.

## G. OTHER

The total amount estimated for other expenses is \$3,892,829, which is inclusive of facilities costs and other ancillary business and staff expenses required for the Exchange. Costs included in other administrative include rent, utilities, furniture & fixtures, and other facilities-related expenses; telephone usage, postage, and printing costs; costs related to the Exchange appeals department, such as hearing officers and hearing rooms; and other general costs such as staff training, board meetings, and property liability insurance.

**Table 6. Summary of Budget Estimate for Items D, E, F, and G**

	2012	2013	2014	Total
<b>D. Equipment</b>	\$893,370	\$594,943	\$361,191	\$1,849,504
<b>E. Supplies</b>	\$11,715	\$21,150	\$22,275	\$55,140
<b>F. Total Travel</b>	\$37,728	\$37,728	\$37,728	\$113,184
<b>G. Other Administrative</b>	\$818,934	\$1,393,985	\$1,967,699	\$4,180,618

## H. CONTRACTUAL COSTS

Total contractual costs are estimated to be \$68,278,399. The amount reflects the projected expenses for IT system development and operations, testing and verification, as well as core Exchange operational vendor contracts, including call center, premium billing, web hosting, and enrollment fulfillment expenses.

**Table 7. Contractual Cost Estimate Detail**

	2012	2013	2014	Total Grant Period
<b>Non Shared HBE Operating Costs</b>				
SI Related HBE Variable Costs			1,337,504	1,337,504
Customer Service (HBE)		3,814,531	7,629,063	11,443,594
Eligibility Services (HBE)*	2,597,008	3,621,303	2,230,584	8,448,896
<b>Shared System Build and Operating Costs</b>				
Independent Quality Assurance	128,000	384,000	384,000	896,000
Independent Verification & Validation (IV&V)	350,000	840,000	840,000	2,030,000
Security Audit	37,800	64,800	32,400	135,000
System Integrator - Development	6,367,049	33,092,562	4,838,565	44,298,176
System Integrator - O&M			8,562,618	8,562,618
Translations Services	100,800	172,800	28,800	302,400
<b>Total Contractual</b>	9,580,657	41,989,997	25,883,534	77,454,188
<b>Medicaid Allocation</b>	(1,139,732)	(5,639,239)	(2,396,818)	(9,175,788)
<b>Total Contractual – Grant Funding Request</b>	8,440,926	36,350,757	23,486,716	68,278,399

The contractual budget includes cost estimates related to four main elements:

1. System Integrator design and build activity, including related testing, translation, and verification functions, as well as System Integrator ongoing maintenance and operating costs necessary to maintain the system once operational
2. Eligibility services development, which includes the Exchange-allocated portion of activities undertaken to upgrade the state's eligibility system to meet ACA requirements and the operational needs of the Exchange, as well as the Exchange allocated portion of ongoing maintenance and operation costs for this system
3. Variable operating costs relating to service contracts necessary to perform functions supported by the System Integrator, including enrollment, premium aggregation, fulfillment, and SHOP-specific functions
4. Customer Service and Call Center functions, which are not included in the System Integrator contract

#### **System Integrator and Related Expense Estimates**

The budget related to the activities for the system build includes costs related to four (4) primary contacts, including:

- 1) System Integrator (SI)
- 2) Independent Quality Assurance (QA)
- 3) Independent Verification and Validation (IV&V)
- 4) Translation Services

The summary budget for these four (4) contracts is presented below, followed by a description of services to be provided by each.

**Table 8. System Integrator and Related Expenses**

<b>Exchange System Integrator (SI)</b>		
<b>Implementation Phase</b>	<b>Deliverable Functionality</b>	<b>Totals</b>
	<b>% of Phase Total</b>	<b>100%</b>
1	Plan Management	10,825,791
2	SHOP Employer Management	6,861,077
3	SHOP Employee Enrollment	13,363,316
4	Administrative Functionality	2,154,697
All	Phase Deliverable Totals	33,204,881
5	Operations & Maintenance	9,847,011
6	Infrastructure Total	9,808,901
1 - 6	Overall Total	52,860,794
<b>Independent Quality Assurance</b>		
Total		896,000
<b>Independent Verification &amp; Validation (IV&amp;V)</b>		
Total		2,030,000
<b>Security Audit</b>		
Total		135,000
<b>Translation Services</b>		
Total		302,400
<b>CONTRACTUAL TOTAL</b>		
Total		56,224,194

## **System Integrator (SI)**

The SI vendor is the primary contractor responsible for Design, Development and Implementation (DDI) of the Exchange IT solution. On January 25, 2012, the state announced its Apparently Successful Vendor (ASV) as Deloitte Services LLP. Contract negotiations are on-going with expected conclusion in March/April 2012. Deloitte brings deep knowledge of ACA requirements and extensive experience with large system integration to the State of Washington. Deloitte's approach to customizing an Exchange in Washington is to develop functional components specific to ACA requirements that also meet the state's business needs. These components, as identified in the budget summary above include:

- 1) Plan Management
- 2) SHOP Employer Management
- 3) SHOP Employee Enrollment
- 4) Individual Eligibility
- 5) Individual Enrollment
- 6) Financial Management
- 7) Administrative Functionality

As a deliverables based contract, the SI vendor is responsible for developing the deliverables necessary to support the full system lifecycle of the above seven (7) components from design, development, testing and implementation. The SI vendor will work with Exchange staff to complete the following major activities:

- 1) Preliminary, detailed and final design of each component
- 2) Software development of each component consistent with the approved final designs
- 3) System testing of each component to ensure it functions as intended
- 4) System integration across components to ensure the system functions as a whole
- 5) Integration with the Eligibility Service, a separate module developed by DSHS to support eligibility determination by the Exchange
- 6) User Acceptance Testing (UAT) support including defect resolution
- 7) Data Conversion to extract, transform and load data from other sources into the Exchange
- 8) Development and testing of interfaces with federal and state systems and other partners such as carriers
- 9) Develop training materials and training plan as well as end-user documentation
- 10) Cutover planning and implementation resulting in a fully functioning Exchange solution

In addition to software development, the SI vendor is responsible for procuring, configuring and installing infrastructure to support five (5) environments: system development; system and integration testing; training; user acceptance testing; and production.

Finally, the SI budget includes operations and maintenance of the Exchange system, including hosting of the various infrastructure environments through the end of 2014 in a secure, off-site facility that meets state and federal requirements.

## **Independent Quality Assurance**

The Quality Assurance (QA) contractor is required to meet state requirements for a Level 3, high-risk project. The QA vendor will perform the following services:



- Provide independent, third party assessment of project management processes, methods and deliverables
- Identify risks and potential mitigation strategies
- Review SI vendor deliverables and make recommendations to reduce risk
- Monitor and report overall performance and status of the project to the Exchange Management and Executive Sponsors

### **Independent Verification and Validation (IV&V)**

The Independent Verification and Validation (IV&V) Contractor will focus on technical aspects of the Exchange identifying potential risks and mitigation strategies:

- Provide periodic, independent third party assessments of technical project processes, methods and deliverables (including software code reviews)
- Identify and track deficiencies and risks in technical processes, methods and deliverables
- Perform ADA Section 508 compliance review
- Develop recommendations to remedy technical deficiencies and mitigate risks

Report deficiencies, risks and status of recommendations to Exchange Management

### **Translation Services**

The budget for translation services will be used to access state certified translators for translating correspondence, notifications and alerts into appropriate languages according to state and federal requirements.

## **2. Eligibility Service Expense Estimates**

As highlighted earlier in the project narrative section, the project to upgrade the state's existing ACES eligibility system to support the operations of the Exchange is being led by DSHS. The funding requested in this application is related to the portion of this cost that is allocable to the Exchange. The detailed composition of these costs, as well as the portion allocable to the Exchange, is indicated in the table below.

**Table 9. Eligibility Services Estimated Costs and Exchange Allocation**

	CY 2012	CY 2013	CY 2014	Total
Salaries	\$308,751	\$430,952	\$451,196	\$1,190,899
Fringe	83,371	116,382	121,835	321,588
Consultants	211,959	233,268	0	445,227
Equipment	0	0	0	0
Supplies	29,063	21,798	0	50,861
Travel	0	0	0	0
Other	298,473	1,360,000	400,000	2,058,473
Contractual Costs	2,887,513	3,163,046	2,307,240	8,357,799
Total Direct Costs	3,819,130	5,325,446	3,280,271	12,424,847
Indirect Cost	0	0	0	0
<b>Total Direct and Indirect</b>	<b>\$3,819,130</b>	<b>\$5,325,446</b>	<b>\$3,280,271</b>	<b>\$12,424,847</b>
<b>Portion Allocable to the Exchange</b>	<b>\$2,597,008</b>	<b>\$3,621,303</b>	<b>\$2,230,584</b>	<b>\$8,448,896</b>

### **3. Variable Operating Costs Related to SI Project**

The System Integrator contract currently being negotiated includes the design, development, and build-out of the fixed technology components that will support ongoing Exchange business operations. To provide the services necessary to operate the exchange, including fulfillment, premium billing, enrollment, and SHOP-specific functions, the Exchange will seek additional services from contracted third-party vendors. The estimated cost for providing these services in 2014 is \$1,337,504.

### **4. Customer Service and Call Center Costs**

The estimate of customer call center costs is based upon per-member per-month costs estimate analysis conducted by Wakely Consulting as part of their work to provide a five-year exchange budget estimate. Based upon estimated Exchange enrollment member months in 2014, the estimated per-member per-month cost of the customer call center is \$3.72, or \$7,629,063. In addition to the cost of operations beginning in 2014, the cost estimate includes six months of anticipated system set up, training, and accepting calls beginning with the start of open enrollment on October 1, 2013. The 2013 cost estimate uses 50% of the 2014 estimate to account for the anticipated six months of lead time.

### **3. Medicaid Allocation**

Because this grant is related to a combined project to develop systems that will support both the Washington Health Benefit Exchange and the state's Medicaid program, IT system development, operating, and maintenance costs should be allocated proportionately between the two programs. Our allocation methodology is based on the relative usage of system functionality by each program, and within each piece of functionality, the relative number of potential users from each program.

Washington State's cost allocation methodology is based on the methodologies adopted by Wisconsin and Oregon in their Early Innovator grant applications. We divided the functions and tasks included with the Exchange IT system development into two categories: (1) those solely associated with the exchange, and (b) those that are shared between the Exchange and Medicaid. While those functions that are solely associated with the exchange are 100% funded through the establishment grant, costs shared between Medicaid and the Exchange will be split based on the relative scale of membership utilizing the system to obtain coverage via the two respective programs.

To estimate the relative scale of utilization between these two programs, we relied upon the projected Exchange and Medicaid enrollment estimates as of 2014, which were developed by Milliman, Inc. Milliman completed a market impact analysis for the Health Care Authority to determine potential enrollment and cost estimates in the exchange. In determining the cost allocation percentage, we used the "high participation" rate from the Milliman report in an attempt to anticipate and be prepared for higher enrollment into the exchange. The following are our enrollment estimates:

**Table 10. Medicaid and Exchange Enrollment Estimates for Cost Allocation**

	Medicaid	Exchange	Total
Current Enrollment	877,000	NA	877,000
2014 Anticipated Enrollment	1,071,000	408,000	1,479,408
New Enrollment via HBE	194,000	408,000	602,000
Percent of HBE Users	32%	68%	100%

Source: *Planning Washington's Health Benefit Exchange*, Prepared by Milliman, Inc., for the Washington State Health Care Authority, May 2011.

Based on these numbers, we determined a cost allocation of 32% Medicaid, 68% Exchange for those services that are shared by the exchange and Medicaid.

In determining which functions were associated with Medicaid or the exchange (or both), we evaluated the main components in our conceptual overview of the exchange IT system to determine allocation, as illustrated in Table 11, below.

**Table 11. Summary of Analysis of Exchange Functionality for Medicaid Cost Allocation**

Module	Exchange Only	Exchange & Medicaid
Plan Management	✓	
SHOP Employer	✓	
SHOP Employee	✓	
Administration		✓
Other		✓

As a result of this evaluation, it was found that, for system components potentially allocable to Medicaid, there is an overall cost allocation of 16% within the IT systems budget, for a total of \$13,533,487 which is available for a 90/10 federal match. We will pursue an APD in conjunction with this portion of the funding.

As the exchange becomes operational and self-sustaining, the exchange will appropriately arrange to offset the Medicaid portion of cost associated with functions and operations of the exchange that are used by Medicaid-eligible enrollees coming through the Exchange. Interactions with the exchange by Medicaid enrollees will be well documented and billed appropriately using the above cost allocation strategy.

As Washington State moves forward with the development of the exchange eligibility system, we will closely evaluate existing and potentially new funds that come into the state for eligibility and enrollment systems to determine what programs they may benefit and then assign an appropriate cost allocation based on the methodology discussed above.

**Table 12. Medicaid Cost Allocation**

	Total Cost Estimate, 2012 - 2014	Total Allocable Expenses	Medicaid Allocation	HBE Requested Funds
Salaries	20,954,660	8,255,766	1,347,341	19,607,319
Fringe	6,066,374	2,390,044	390,055	5,676,319
Consultants	28,092,774	13,529,600	2,208,031	25,884,743
Equipment	1,951,508	768,860	125,478	1,826,030
Supplies	58,980	23,237	3,792	55,188
Travel	113,184	44,592	7,277	105,907
Other	4,288,225	1,689,485	275,724	4,012,501
Contractual Costs	77,454,188	56,224,194	9,175,788	68,278,399
<b>Total Direct Costs</b>	<b>138,979,893</b>	<b>82,925,778</b>	<b>13,533,487</b>	<b>125,446,406</b>
Indirect Cost	0		0	0
<b>Total Direct and Indirect</b>	<b>138,979,893</b>	<b>82,925,778</b>	<b>13,533,487</b>	<b>125,446,406</b>
Level I Offset (HBE Supplies/Equip)	(3,747,476)	0	0	(3,747,476)
<b>Total Costs</b>	<b>135,232,417</b>	<b>82,925,778</b>	<b>13,533,487</b>	<b>121,698,930</b>

#### 4. Self-Sustainability Analysis

##### Overview

As required under the ACA, Washington State is planning for the financial self-sustainability of Exchange operations by January 1, 2015. While the state has not yet determined a methodology for financing the ongoing operations of the Exchange, HB 2319, which passed the Legislature in March, 2012, requires the Exchange Board to develop a methodology to ensure the self-sustainability of the Exchange after December 31, 2014. Given that final decisions regarding a funding mechanism have not yet been made, the state has developed a range of market metrics against which to gauge whether the operations of the exchange will be sustainable once the period of federal funding has come to an end.

To assess self-sustainability in 2015, the Exchange focused its analysis on whether the overall cost of operating the organization is reasonable for the market in Washington by estimating the overall cost of operating the entity as a percent of four specific metrics: (1) the estimated QHP premium levels for business sold through the exchange in 2015; (2) the total value of small and non-group premium revenue in Washington; (3) the total value of all fully insured premium revenue; and (4) the estimated value of all commercially insured insurance, including self-insured groups. Given the significant level of uncertainty as to market conditions in 2014, including premium levels, overall health insurance coverage levels, Exchange participation, product mix, and distribution channels, to name only a few, the estimates incorporated in this section are necessarily preliminary, and rely on a series of assumptions that have been outlined in the text below. The Exchange recognizes the importance of appropriate contingency planning and cost management strategies to ensure that the Exchange remains viable in the event of unforeseen market developments.

The discussion below first describes anticipated Exchange expenses in 2015, and then assesses the revenue requirements needed to sustain these operations.

### **A. Expense Estimates**

The estimates for total Exchange expenses are based on a combination of methodologies. For certain expense items, such as staff salaries, ongoing system development costs, core system fixed costs for maintenance and operations expenditures, and general and administrative costs, the estimates are based on detailed, line item build up similar to cost estimates incorporated into the grant funding request. For other variable cost items likely to be directly impacted by the scale of membership in the Exchange, including variable core systems costs related to customer service and other vended operational costs, as well as marketing and consulting costs, the estimates are based on scalable, membership-based cost estimates to reflect the range of potential costs based on high, low, and moderate membership scenarios. In addition, for components or cost centers that provide shared functionality between the Exchange and Medicaid, the estimated operational cost includes an allocation to the Medicaid program to reflect anticipated cost offsets that will be absorbed by Medicaid to fund the share of functionality supporting that program.

A description of expenses by detailed line item follows.

#### **A. SALARY**

Total salary expenses in 2015 are estimated to be \$7,063,640. The number of salaried FTEs dedicated to the exchange will be reduced to 89 in 2015 based on the reduced need for IT development staff and start-up activities.

#### **B. FRINGE**

Fringe benefits for internal staff in 2015 are estimated to be \$2,044,924. As during the grant period, this amount is estimated based on applying a 29% fringe factor for internal salaried FTEs.

#### **C. CONSULTANTS**

Total consulting costs for 2015 are estimated to be \$9,846,445, \$11,320,344 and \$12,760,373 in the low, moderate, and high enrollment scenarios, respectively. Of this amount, approximately 39% is estimated for IT consulting, 28% for Marketing & Advertising, 22% for Navigator grants, and 11% for other professional services including Actuarial Support, Audit Services, Legal Support, and Professional Services.

**Table 12. Estimated Consulting Cost Detail, 2015 (Moderate Enrollment)**

	Total Cost Estimate (Moderate Enrollment)	Percent of Total Consulting
IT Consulting	\$4,454,400	39%
Marketing & Advertising	\$3,145,465	28%
Navigator Grants	\$2,443,539	22%

Other	\$1,276,939	11%
Total	\$11,320,344	100%

**D. EQUIPMENT, SUPPLIES, TRAVEL, AND OTHER ADMINISTRATIVE (FOA Categories D, E, F, and G)**

Total spending for Equipment, Supplies, Travel, and Other expenses in 2015 is estimated to be \$2,189,795. Assumptions for administrative costs remain largely the same as those outlined above for the grant period.

**Table 13. General and Administrative Cost Estimate Detail, 2015**

	Total Cost Estimate (Moderate Enrollment)	Percent of Total Administrative Costs
IT Infrastructure & Communications	298,432	13%
General & Administrative	837,726	37%
Facility & Related	667,316	30%
Appeals	450,000	20%
Total	2,253,474	100%

**E. CONTRACTUAL EXPENSES (FOA Category H)**

Total Contractual Expenses in 2015 are estimated to be \$23,637,456, \$30,252,648, and \$36,564,975 in the low, moderate, and high enrollment scenarios, respectively. This cost includes fixed costs related to the maintenance and operations of core Exchange operating systems, including both the Exchange portion of the eligibility system as well as ongoing system integrator maintenance costs related to enrollment, premium aggregation, SHOP, and other system integrator-supported functionality. Ongoing contractual costs also include the customer service and call center functions of the Exchange, as well as the variable operating costs associated with key Exchange functions not provided by the system integrator (e.g., fulfillment, enrollment, and premium billing). In addition, the contractual cost estimate includes funds to support required updates, refinements, or remediation to the Exchange system. It is important to note that the contractual expenses itemized in the table below represent the Exchange-only costs for these items.

**Table 14. Estimated Contractual Cost Detail, 2015 (Moderate Enrollment)**

	Total Cost Estimate (Moderate Enrollment)	Percent of Contractual Expenses
Customer Service	12,731,645	42%
Eligibility Fixed Costs for Maintenance and Operations	2,230,584	7%
System Integrator for Maintenance and Operations	7,372,990	24%
Other HBE Variable Operating Costs	7,308,006	24%
Other HBE System Costs (Ongoing Development)	609,423	2%
Total	30,252,648	100%

## F. MEDICAID ALLOCATION

A portion of estimated Exchange costs in 2015 will be allocable to functionality shared with the Medicaid program. This cost includes contractual costs related to fixed system components that are shared between the Exchange and Medicaid, as well as a portion of Exchange staffing and overhead costs associated with oversight of these functions. As indicated above, the Medicaid portion of contractual cost elements has been removed from contractual costs, so a Medicaid cost offset is not required for these items. However, to account for the portion of Medicaid allocable costs comprised of staff, fringe, consulting, and other administrative costs, an offset amount of (\$1,123,582) has been included in the expense build up for purposes of analyzing Exchange self-sustainability.

**Table 15. Medicaid Allocation for Fixed System Costs, 2015 (Moderate Enrollment)**

Total Contractual Costs, 2015 (Fixed) <sup>1</sup>	\$12,819,483
Medicaid Portion of Contractual Costs (Fixed)	(\$2,606,482)
Exchange Portion of Contractual Costs (Fixed)	\$10,212,997
Other Exchange Contractual Cost (Variable) <sup>2</sup>	\$20,039,651
Total Exchange Contractual Costs	\$30,252,648

Notes: 1. Includes Maintenance and Operations cost for System Integrator and Eligibility Services, as well as anticipated system upgrade/ongoing system integrator development costs.

2. Includes vended operations system costs, including customer call center, enrollment & billing, fulfillment, and SHOP-specific functions.

**Table 16. Non Contractual Medicaid Cost Offset Calculation, 2015**

Non Contractual Medicaid Allocable Exchange Costs <sup>1</sup>	\$6,906,820
Medicaid Portion of Other Allocable Costs (Medicaid Cost Offset)	\$1,127,193

Notes: 1. Includes IT-related Staff, Fringe, Consulting, and Administrative costs.

## **B. Revenue Requirements**

Estimated revenue requirements, expressed as a percent of QHP premium, are based on key variables, including the level of overall enrollment expected in 2015, and the anticipated premium level. These variables inform our estimate of overall cost expressed as a percent of premium.

### *Enrollment Estimates*

To understand the potential impact of different enrollment scenarios upon exchange expenses and revenue requirements, the Exchange modeled exchange revenue and expense estimates under a range

of enrollment scenarios to identify the upper and lower bounds of exchange expenses, expressed in absolute terms, on a per-member per-month basis, and as a percent of relevant market metrics. Washington has conducted two separate studies that inform our estimate of Exchange enrollment. The first, an analysis of the potential impact of three policy decisions with respect to health care reform in Washington, was conducted on behalf of the Health Care Authority by Milliman and published in June of 2011. As part of their work, Milliman developed a range of potential Exchange enrollment for 2014 and 2016.<sup>1</sup> Building upon this work, Wakely Consulting Group incorporated and refined Milliman's enrollment estimate by structuring in an estimate for the potential range of Exchange enrollment in 2015. These estimates were based upon a range of potential take-up rates within the population cohorts that will become eligible for Exchange enrollment (small and non-group enrollees as well as the currently uninsured).<sup>2</sup>

Based upon the estimates from these two studies, the Exchange developed a range of enrollment for the small and non-group exchange in 2015, with a low estimate of 187,500, a high estimate of 500,000, and a moderate estimate of 343,750. Of this total, the majority (between 162,500 and 417,500) is estimated to come from the non-group market, with the remaining 25,000 to 82,500 coming from small groups.

**Table 17. Estimated Range of Exchange Enrollment, 2015**

Market Segment	Low	Moderate	High
Non Group	162,500	290,000	417,500
Small Group	25,000	53,750	82,500
Total Members	187,500	343,750	500,000

#### *Exchange Premium Level Assumptions*

Premium assumptions were estimated separately for the individual and small group markets, based upon health plan annual statement information supplied by Washington's Office of the Insurance Commissioner (OIC) for the individual and small group fully insured markets. Based on this data collection, Wakely Consulting was able to estimate the average premium for the current individual and small group markets. Rates were then trended to 2015 using an estimated annual trend of 6.9% for the non-group market and 8.6% for the small group market, which was based on average historical trend amounts based upon health plan annual statements provided to OIC. As part of Milliman's assessment of potential market impacts from reform, they estimated the potential impact to premium prices as a percent increase from the current market baseline (i.e., an increase in premium levels over-and-above normal medical trend). For purposes of conservatism in estimating the viability of a QHP-based funding mechanism, the estimates included for purposes of this analysis use the lower estimate for premium levels, not including the potential increase based on health reform implementation. For 2015, the analysis employs an average premium of \$315.37 PMPM for the non-group market and \$578.38 PMPM for the small group market. When averaged over expected individual and small group enrollment, this yielded a composite premium estimate of between \$350.43 and \$358.76, with a moderate estimate of \$356.49.

<sup>1</sup> Milliman. "Planning Washington's Health Benefit Exchange: The Potential Impact of Three Key Decisions." June 13, 2011.

<sup>2</sup> Wakely Consulting Group. "Washington Health Benefit Exchange Administrative Budget Projections and Self-Sustainability Analysis." December 2011.



### *Commercial Insurance Premium Revenue Estimates*

To gauge the potential impact of financing the exchange relative to the broader insurance market, we have also developed estimates for the total volume of commercial insurance revenue for three separate measures: (1) total fully-insured small and non-group premium revenue (not including Association Health Plans); (2) total fully insured premium revenue (including large group); (3) total commercially insured premium or premium-equivalent revenue, including an estimate for the volume of payments on behalf of self-insured employers. To develop these estimates, Wakely utilized annual statement information provided by the OIC to estimate total membership and premium levels in the fully insured market, and projected these revenues into 2015 based upon normal medical trend. Due to uncertainty in the total level of enrollment in 2015, they did not assume positive or negative membership growth, but rather estimated overall premium revenue by applying estimated 2015 premium levels to 2010 estimated membership. To develop a high-level estimate for the scale of the total commercially insured market, including self-insured employers, Wakely relied upon publicly available information from the Kaiser Family Foundation and the Current Population Survey related to the overall level of employer-based coverage, as well as WA-specific estimates for the Association Health Plan market, and calculated the estimated volume of those not enrolled in either a fully insured group plan or an association plan as the level of enrollment in the self-insured market. The resulting estimate, at approximately 67% of the group insured market, is in line with other national estimates related to the prevalence of self-insured coverage.<sup>3</sup> Due to the high degree of uncertainty related to the overall status of the market in 2015, including the scale of insurance enrollment, product mix, premium impact of reform, and anticipated enrollment, these estimates were developed to provide a rough estimate of the relative impact of the Exchange on the market, but are by necessity high level and preliminary.

**Table 18. Estimated Total Premium or Premium Equivalent, 2012**

Market Segment	Estimated Total Premium or Premium-Equivalent
Total Small/Non Group Fully Insured	2,325,533,401
Total Fully Insured (Non AHP)	3,755,704,402
Total Commercially Insured (Includes Self-Insured, AHPs)	22,403,736,756

#### *Summary of Exchange Self-Sustainability*

Table 18 summarizes the analysis of exchange self-sustainability in 2015 based on the three enrollment scenarios outlined above. This estimate combines key expense and revenue estimates, along with adjustments to expenses to account for both Medicaid allocable expenses as well as broker commissions. Based on these estimates, the total revenue requirements for the operation of the exchange in 2015 are estimated to be between \$10.95 PMPM and \$21.64 without broker compensation, or between \$14.14 and \$24.54 with broker compensation included. As a percent of QHP premiums, this reflects a potential assessment of between 3.1% and 6.2% of QHP premium in

<sup>3</sup> According to the Kaiser Family Foundation and Health Research & Education Trust 2011 Annual Survey of Employee Health Benefits, 60% of workers are in a self-funded plan.

2015, without including broker expenses, or between 3.9% and 7.0% of QHP premium revenue with broker compensation included. As a percent of key market metrics, this represents roughly between 2.1 and 3.3 percent of small and non-group market revenue, and between 1.3 and 2.0 percent of total fully insured premium revenue. As a percent of all commercial insurance premium or premium-equivalents, it is approximately .03%.

Based on the analysis presented in this application, the state believes that Exchange costs presented here are sustainable based upon the QHP assessment method. As a useful benchmark, The Health Connector in Massachusetts initially assessed a 5% fee on participating health plans, and was subsequently able to reduce this fee over time as the organization grew in scale and identified opportunities for greater efficiency. Using this 5% as an initial yardstick, the cost level of the Exchange is supportable in 2015 in each scenario except the low-enrollment scenario (managing the potential for low enrollment is discussed in the next paragraph). As anticipated growth takes place into 2016 and 2017, the state anticipates the ability to reduce the level of QHP fee over time as was the case in Massachusetts.

Although the state believes the cost estimates and revenue assumptions presented here represent a financially sustainable Exchange, Washington recognizes that there are risks to sustainability in either a QHP-based mechanism or more broadly defined funding mechanism based on the possibility that enrollment is materially higher or lower than anticipated, and will actively manage exchange finances to mitigate this risk. As highlighted in the table below, the percent of QHP premium revenue represented by expected Exchange costs is higher than the 5% yardstick in the low enrollment scenario for 2015. To mitigate the potential threat low enrollment may pose to Exchange sustainability, particularly in the first years of operations, the Exchange is contemplating several specific strategies to manage this risk:

- a) To the extent possible, structure expenses and vendor contracts with sufficient scalability to reduce expense loads at low membership levels;
- b) Actively manage discretionary spending to levels supportable by the enrollment base and funding stream.
- c) Renegotiate or re-procure key vendor contracts to right-size ongoing fixed and variable cost exposure based on actual membership trends
- d) Reduce marketing and outreach funding if necessary to maintain required expenditures for core operational functionality
- e) Take steps necessary to ensure that staffing loads and consulting expenses are at a level that is supportable based upon total membership/premium revenue

**Table 19. Exchange Self-Sustainability Analysis**

Level II Grant Category Summary	Total Cost			PMPM Cost		
	Low	Moderate	High	Low	Moderate	High
<b>Key Variables</b>						
Total Enrollment				187,500	343,750	500,000
Member Months				2,019,866	3,729,940	5,440,014
Estimated Composite Premium				\$ 350.43	\$ 356.49	\$ 358.76
Total Exchange Premiums				707,831,129	1,329,694,123	1,951,679,109
<b>Exchange Expenses</b>						
Salaries	7,063,640	7,063,640	7,063,640	\$ 3.50	\$ 1.89	\$ 1.30
Fringe	2,044,924	2,044,924	2,044,924	\$ 1.01	\$ 0.55	\$ 0.38
Consultants	9,846,445	11,320,344	12,760,373	\$ 4.87	\$ 3.03	\$ 2.35
Equipment	298,432	298,432	298,432	\$ 0.15	\$ 0.08	\$ 0.05
Supplies	19,620	19,620	19,620	\$ 0.01	\$ 0.01	\$ 0.00
Travel	37,728	37,728	37,728	\$ 0.02	\$ 0.01	\$ 0.01
Other	1,897,694	1,897,694	1,897,694	\$ 0.94	\$ 0.51	\$ 0.35
Contractual Costs						
Customer Service	9,965,144	12,731,645	15,371,487	\$ 4.93	\$ 3.41	\$ 2.83
System Operations	13,062,889	16,911,580	20,584,065	\$ 6.47	\$ 4.53	\$ 3.78
Other Contractual	609,423	609,423	609,423	\$ 0.30	\$ 0.16	\$ 0.11
Total Contractual Costs	23,637,456	30,252,648	36,564,975	\$ 11.70	\$ 8.11	\$ 6.72
<b>Total Direct Costs</b>	<b>44,845,939</b>	<b>52,935,029</b>	<b>60,687,386</b>	<b>\$ 22.20</b>	<b>\$ 14.19</b>	<b>\$ 11.16</b>
Total Indirect Costs	0	0	0	\$ -	\$ -	\$ -
Medicaid Allocation	(1,127,193)	(1,127,193)	(1,127,193)	\$ (0.56)	\$ (0.30)	\$ (0.21)
<b>Total Exchange Expenses</b>	<b>43,718,746</b>	<b>51,807,836</b>	<b>59,560,193</b>	<b>\$ 21.64</b>	<b>\$ 13.89</b>	<b>\$ 10.95</b>
<b>Total Cost as % of Estimated 2015 Revenue:</b>						
QHP/Exchange Premium Revenue	707,831,129	1,329,694,123	1,951,679,109	6.2%	3.9%	3.1%
Total Small/Non Group	2,325,533,401	2,325,533,401	2,325,533,401	1.9%	2.2%	2.6%
Total Fully Insured (Non AHP)	3,755,704,402	3,755,704,402	3,755,704,402	1.2%	1.4%	1.6%
Total Commercially Insured (Includes Self-Insured, AHPs)	22,403,736,756	22,403,736,756	22,403,736,756	0.2%	0.2%	0.3%

## APPENDIX I. CONSULTING ENGAGEMENT DESCRIPTION AND RELEVANCE

<b>BUSINESS PROCESS DEVELOPMENT</b>	
Name of Consultant(s)	Wakely Consulting Group
Organizational Affiliation	Wakely Consulting Group
Nature of Services to be Rendered	Support the development of exchange operational systems and processes, including designing business functions, operational requirements, and financial management needs of the exchange related to the development and management of: (1) tax credit determination and administration; (2) premium billing and/or premium aggregation (3) SHOP specific functions; (4) plan management; (5) member enrollment.
Relevance of Service to the Project	Provide support in the development of business, operational, and policy requirements to the development of core exchange functionality to ensure systems are implemented in an effective, streamlined way to ensure technology, service, and vendor functions of the Exchange are tightly integrated to provide world class customer shopping experience and high-integrity business operations processes.
Number of Days in Consultation	670 hours
Expected Rate of Compensation	\$300 / hr (blended rate). Total Budget \$200,000
Method of Accountability	Vendor will be accountable to the Operations Director

<b>QHP CERTIFICATION PROCESS PLANNING AND IMPLEMENTATION APPROACH</b>	
Name of Consultant	Wakely Consulting Group
Organizational Affiliation	Wakely Consulting Group
Nature of Services to be Rendered	Development of QHP certification standards, process, and approach. Vendor will support development of business processes required to establish administrative functions of plan management and will support the state's efforts in the implementation and definition of relevant policies and procedures related to benefit design, stakeholder input, and specification and application development in light of other market-facing business and timing considerations of the Exchange.
Relevance of Service to the Project	Certifying QHPs is one of the most critical tasks performed by the Exchange and has critical dependent relationships with other key aspects of Exchange development as well as other portions of ACA. It will be important that the process is efficient and not duplicative. In addition, it will be important to ensure tight linkages between QHP certification timeline and process with other ACA requirements, such as risk adjustment, to ensure the process is well-managed, attractive to carriers to ensure their participation, as well as to gain buy-in from the broader stakeholder community.
Number of Days in Consultation	500 hours
Expected Rate of Compensation	\$300/hr. Total budget is \$150,000

Method of Accountability	Vendor will be accountable to the Director of Operations.
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<b>DENTAL PLAN CERTIFICATION</b>	
Name of Consultant	TBD
Organizational Affiliation	TBD
Nature of Services to be Rendered	Vendor will provide content expertise and support to the Exchange process to identify, qualify, and implement the offering of stand-alone dental plans through the exchange. Specific input into the development of qualification criteria and policies related to certifying and re-certifying dental plans to be offered through the Exchange.
Relevance of Service to the Project	The ACA and Washington legislation require the inclusion of stand-alone dental plans through the exchange, although standards and process requirements for these plans are distinct from those used to certify major medical plans and issuers.
Number of Days in Consultation	165 hours
Expected Rate of Compensation	300/hr. Total budget is \$50,000.
Method of Accountability	Vendor will be accountable to the Director of Policy.

<b>CALL CENTER OPERATIONS</b>	
Name of Consultant	Wakely Consulting Group
Organizational Affiliation	Wakely Consulting Group
Nature of Services to be Rendered	Vendor will work with Exchange operations staff and other state personnel to define and implement business requirements and specifications for the acquisition and implementation of an integrated customer call center solution, including the development of business processes, identification of key risks and mitigation strategies, vendor identification, and procurement support.
Relevance of Service to the Project	The customer service center plays a critical role in supporting members and contributing to the world class shopping and enrollment process envisioned by the Exchange. Critical points of integration exist between customer service function and other exchange components (most notably, premium aggregation, billing, and enrollment) so developing detailed business process specifications will be critical to successful implementation.
Number of Days in Consultation	
Expected Rate of Compensation	Total budget of \$75,000
Method of Accountability	Vendor will be accountable to the Director of Operations.

<b>RISK ADJUSTMENT AND REINSURANCE</b>	
Name of Consultant	TBD
Organizational Affiliation	TBD
Nature of Services to be Rendered	
Relevance of Service to the Project	
Number of Days in Consultation	
Expected Rate of Compensation	Total Budget of \$400,000
Method of Accountability	Vendor will be accountable to the Director of Policy.

<b>FINANCIAL MANGEMENT/PROGRAM INTEGRITY</b>	
Name of Consultant	TBD
Organizational Affiliation	TBD
Nature of Services to be Rendered	Vendor will assist in the development of internal financial infrastructure and controls, and will develop the necessary systems, processes, and procedures required for the exchange to meet its financial management responsibilities as specified in the ACA.
Relevance of Service to the Project	The ACA requires the health benefit exchange to implement and administer a number of finance functions, including keeping accurate accounting of all activities, receipts, and expenditures, and submitting annually to the Secretary of HHS a report of such accounting. The exchange is also subject to an annual audit by the Secretary of HHS, with a particular focus on systems of internal control to protect against fraud, waste, and abuse.
Number of Days in Consultation	
Expected Rate of Compensation	Total Budget of \$250,000
Method of Accountability	Vendor will be accountable to the Director of Administration and Finance

<b>EXTERNAL AUDITOR – FINANCIAL</b>	
Name of Consultant	TBD
Organizational Affiliation	TBD
Nature of Services to be Rendered	In planning for the establishment of the Exchange, Washington has identified the need for a robust financial accounting and management reporting system, as well as a commercial-like system of internal control and financial and program integrity measures. This work will perform a readiness assessment of the accounting and financial reporting system and identify and develop the necessary processes and systems to ensure the exchange can meet the federal requirements for Fraud, Waste, and Abuse
Relevance of Service to the Project	Exchanges are required to have in place systems for accurate accounting as well as systems to protect again fraud, waste, and abuse and are subject to extensive federal reporting requirements.

Number of Days in Consultation	
Expected Rate of Compensation	Total Budget of \$150,000
Method of Accountability	Vendor will be accountable to the Director of Administration and Finance

#### **EXTERNAL AUDITOR –OPERATIONAL**

Name of Consultant	TBD
Organizational Affiliation	TBD
Nature of Services to be Rendered	In planning for the establishment of the Exchange, Washington has identified the need for a robust system of program integrity measures. This work will perform a readiness assessment of the operating systems of the exchange to validate that the necessary processes and systems are in place to ensure a sound operating environment is in place prior to the start of operations in 2014.
Relevance of Service to the Project	Washington is committed to an exchange that exhibits strong operational integrity and control at the outset of operations and will be taking this measure to provide management, the Board, members, and key partners the confidence that Exchange processes and systems are sound and ready for full operations.
Number of Days in Consultation	
Expected Rate of Compensation	Total Budget of \$150,000
Method of Accountability	Vendor will be accountable to the Director of Operations

#### **LEGAL SUPPORT**

Name of Consultant	The Law Offices of Rich Wyde PC – (Special AG)
Organizational Affiliation	Rich Wyde
Nature of Services to be Rendered	Legal Consultation
Relevance of Service to the Project	The Purpose of this Contract:  Provide legal consultation regarding the SI vendor contract periodically due to contract amendments, potential disputes and remedies.
Number of Days in Consultation	May 23, 2012- December 2014
Expected Rate of Compensation	\$590,000
Method of Accountability	Vendor(s) will be accountable to the General Counsel

<b>COMMUNICATIONS/ Marketing/ Outreach Campaign</b>	
Name of Consultant(s)	GMMB
Organizational Affiliation	GMMB
Nature of Services to be Rendered	<p>Integrated communications efforts, including the following:</p> <ul style="list-style-type: none"> <li>• Paid media campaign, including creative development and paid placement of multiple executions, including TV, radio, print, online and outdoor ads.</li> <li>• Earned media, including major media announcements, op-ed placements, key messaging, media monitoring and analysis, media training, reactive media counsel, etc.</li> <li>• Social media, including strategic recommendations, editorial calendar, development and implementation of social media channels, etc.</li> <li>• Small business outreach, including tailored outreach and partnerships with multiple organizations, presence at expos, trade shows, trainings and other state events for small business owners, development of collateral material(s), etc.</li> <li>• Grassroots outreach and strategic partnerships, including partnerships with professional, community and corporate organizations and development of collateral material(s), etc.</li> <li>• Overall strategic counsel and administration.</li> </ul>
Relevance of Service to the Project	To support the launch and implementation of Washington's new Health Benefit Exchange, GMMB will develop and execute a strategic marketing and engagement plan that reaches target audiences through multiple touch points to raise awareness of the availability of the Exchange and ultimately drive enrollment.
Number of Days in Consultation	2.5 Years
Expected Rate of Compensation	\$9,378,609 (includes media buys)
Method of Accountability	Vendor will be accountable to the Director of Communications



<b>WEBSITE DESIGN AND CONTENT</b>	
Name of Consultant	GMMB
Organizational Affiliation	GMMB
Nature of Services to be Rendered	<p>Exchange Website Language Development/Refinement: GMMB will develop and refine all labels and taxonomy, as well as create up to 40 pages of new content.</p> <p>Exchange Website Visual Design: Generate up to 20 wireframes for new interactions and layout and design up to 22 PSD files.</p> <p>Exchange Website Usability Testing: Contract with website testing vendor, draft testing script and framework for usability testing, participate in usability tests and present usability testing results.</p>
Relevance of Service to the Project	<p>The purpose of these services is to develop the content and design for the Exchange website, as well as administer usability testing. The content of the site, as well as the overall design and layout will be imperative for a successful Exchange. GMMB will draft content that clearly communicates the intricacies of the Exchange, including health literacy information. The design will need to be user-friendly and intuitive for all users, as well as include tools and features that improve the consumer's experience. Finally, usability will be very important to determine if the site is being navigated by the consumer in the intended and most effective way.</p>
Number of Days in Consultation	11 months (approximately 335 days)
Expected Rate of Compensation	\$352,000
Method of Accountability	Vendor will be accountable to the Director of Communications

<b>NAVIGATOR PROGRAM DESIGN/TRAINING</b>	
Name of Consultant	Wakely Consulting Group
Organizational Affiliation	Wakely Consulting Group
Nature of Services to be Rendered	The vendor will assist the state in defining navigator qualification standards, training and oversight processes, and a financial and compensation model that balances the mission of informing consumers and supporting their navigation of the health care enrollment process with the need for program efficacy and exchange sustainability.
Relevance of Service to the Project	Navigators in Washington will play a substantial role in assisting individuals to understand their coverage options and obtain coverage. The Exchange is responsible for selecting, training, compensating, and overseeing the activities of navigators. Ensuring that Navigators are properly certified and trained, and that their work is effective and efficient, are critical exchange priorities both from the standpoint of consumer protection and program integrity, but also from the standpoint of financial management and fiscal stewardship.
Number of Days in Consultation	
Expected Rate of Compensation	Total Budget of \$120,000
Method of Accountability	Vendor will be accountable to the Director of Communications

<b>QUALITY RATING SYSTEM DESIGN AND DEVELOPMENT</b>	
Name of Consultant	TBD
Organizational Affiliation	TBD
Nature of Services to be Rendered	Development of criteria for evaluating health plan quality, as well as required data metrics, storage, and analytical capability needed to operationalize quality rating tools and reporting. Budget also incorporates technical design and development of web-based reporting and consumer support tools.
Relevance of Service to the Project	The exchange is required to publicize and distribute health plan quality rating information. The state Legislature also created a rating system to help consumers evaluate plans. Developing a methodology to support these reporting projects as well as the functional and business requirements to support the development of technology needed to provide meaningful information to consumers will be key to accomplishing the Exchange's public and consumer support requirements.
Number of Days in Consultation	
Expected Rate of Compensation	Total Budget of \$600,000
Method of Accountability	Vendor will be accountable to the Director of Policy

<b>ECONOMETRIC AND ACTUARIAL ANALYSIS</b>	
Name of Consultant	Milliman, Inc.
Organizational Affiliation	Milliman, Inc.
Nature of Services to be Rendered	Vendor will support the Exchange through (a) determining the actuarial value of qualified health plans; (b) enrollment estimates across broad range of variables; (c) analysis of premium trends across individual, and small group markets; (d) ongoing analysis
Relevance of Service to the Project	Planning and implementation of the Exchange requires on-going analyses of current insurance markets, estimation of cost and coverage implications of various exchange design choices, and a variety of analyses of the policy implications of alternative strategies for employers, households, insurance carriers, and government. In addition, the exchange must perform several critical actuarial analyses to assess the impact of different ACA elements, determine key adverse selection risks, including adverse selection against the market in general as well as adverse selection within the exchange and outside exchange.
Number of Days in Consultation	From initiation of the grant through December 31, 2014
Expected Rate of Compensation	\$150,000 per year
Method of Accountability	Vendor will be accountable to the Director of Policy

<b>MARKET RULES</b>	
Name of Consultant	Milliman, Inc.
Organizational Affiliation	Milliman, Inc.
Nature of Services to be Rendered	Vendor will support the exchange through (a) performing qualitative and quantitative analysis that will support summary statistics and inform discussion with industry experts and key stakeholders.
Relevance of Service to the Project	The Board must examine the market based on ACA changes as well as new market rules that are implemented.
Number of Days in Consultation	Through December 31, 2014
Expected Rate of Compensation	\$30,000
Method of Accountability	Vendor will be accountable to the Director of Policy

<b>MEDICAID TRANSITION PLANNING STUDY</b>	
Name of Consultant	Rick Curtis and Ed Neuschler
Organizational Affiliation	Institute for Health Policy Solutions
Nature of Services to be Rendered	Vendor will support the Exchange by providing policy analysis and solution alternatives to address churn between Medicaid and the Exchange.
Relevance of Service to the Project	Planning and implementation of the Exchange requires on-going analyses of the churn issue. Individuals with fluctuating eligibility between Medicaid and the Exchange create challenges for the individual and the insurance plans. In addition, developing policy alternatives that help to reduce churn or mitigate its effect could be beneficial to Medicaid, the Exchange and the enrolled individuals.
Number of Days in Consultation	September 1, 2012- December 31, 2013
Expected Rate of Compensation	\$150,000
Method of Accountability	Vendor will be accountable to the Director of Policy

<b>MEDICAID TRANSITION IMPLEMENTATION STUDY</b>	
Name of Consultant	Deborah Bachrach
Organizational Affiliation	Manatt Health Solutions
Nature of Services to be Rendered	Vendor will support the exchange by identifying policy options and providing expert implementation assistance around several key issues including: alignment of benefits and cost sharing between Medicaid and the Exchange; streamlined coverage for Exchange and Medicaid-eligible pregnant women; and transition planning for optional Medicaid groups transitioning to the Exchange.
Relevance of Service to the Project	Provides the board with expert analysis around Medicaid/Exchange program integration and improving transitions from existing optional Medicaid programs to Exchange coverage. This analysis also will identify policy options the board may consider implementing to ensure streamlined coverage for some populations.
Number of Days in Consultation	September 1, 2012- December 31, 2013
Expected Rate of Compensation	\$250,000
Method of Accountability	Vendor will be accountable to the Director of Policy

<b>TRIBAL OUTREACH SUPPORT</b>	
Name of Consultant	American Indian Health Commission for Washington State
Organizational Affiliation	American Indian Health Commission for Washington State
Nature of Services to be Rendered	Vendor will support the exchange through:(a) Maximizing grant resources through effective project management and operation; (b) Outreach and prepare for successful AI/AN enrollment in the HBE; (c)Assuring Tribes & Urban Indian Health Programs are QHP In-Network Providers; (d) Facilitating the development of a Tribal Consultation process for the Board.
Relevance of Service to the Project	Provides the Board with the tools and expertise needed to assure HBE policy and administrative issues related to AI/AN and the Indian health delivery system are appropriately addressed in the design and implementation of the HBE as the prepare for Exchange certification.
Number of Days in Consultation	TBD
Expected Rate of Compensation	\$378,565
Method of Accountability	Vendor will be accountable to the Director of Policy/Director of Communications

<b>EVALUATION PLAN DESIGN</b>	
Name of Consultant	TBD
Organizational Affiliation	TBD
Nature of Services to be Rendered	This plan will enable the state to track the performance of the exchange in general, as well as other aspects of health reform implementation, in particular, health insurance coverage, health care access, quality and affordability, and health outcomes.
Relevance of Service to the Project	A robust measurement and evaluation program will provide the state with data to demonstrate success, identify issues needing mid-course correction, continually improve its programs, and identify unmet public health and programmatic needs that should be addressed.
Number of Days in Consultation	
Expected Rate of Compensation	Total Budget of \$40,000
Method of Accountability	Vendor will be accountable to the Director of Policy

<b>EVALUATION PLAN IMPLEMENTATION</b>	
Name of Consultant	TBD
Organizational Affiliation	TBD
Nature of Services to be Rendered	Develop and conduct surveys to measure impact, awareness, and preliminary outcomes related to key measures Exchange effectiveness.
Relevance of Service to the Project	Assist Exchange Board measure success toward key policy goals and critical initiatives
Number of Days in Consultation	
Expected Rate of Compensation	Total Budget of \$504,000
Method of Accountability	Vendor will be accountable to the Director of Policy

<b>EVALUATION PLAN ANALYSIS</b>	
Name of Consultant	TBD
Organizational Affiliation	TBD
Nature of Services to be Rendered	This plan will enable the state to track the performance of the exchange in general, as well as other aspects of health reform implementation, in particular, health insurance coverage, health care access, quality and affordability, and health outcomes.
Relevance of Service to the Project	A robust measurement and evaluation program will provide the state with data to demonstrate success, identify issues needing mid-course correction, continually improve its programs, and identify unmet public health and programmatic needs that should be addressed.
Number of Days in Consultation	
Expected Rate of Compensation	Total Budget of \$150,000
Method of Accountability	Vendor will be accountable to the Director of Policy

<b>EA DESIGN, DEVELOPMENT, AND IMPLEMENTATION</b>	
Name of Consultant	Anand Adoni and Phillip Smith
Organizational Affiliation	Cambria
Nature of Services to be Rendered	Technical Consulting
Relevance of Service to the Project	<p>The purpose of this Contract for Enterprise Architecture (EA) &amp; Service Oriented Architecture (SOA) is to:</p> <ol style="list-style-type: none"> <li>Implement an EA framework for the HBE project to ensure rapid application, cohesive and componentized development, and sustainability for handling future features and all federal changes.</li> <li>Institutionalize EA and SOA necessary to ensure that the Information Technology (IT) and enterprise business decisions for the HBE are driven based on componentized/modular, flexible, and non-proprietary components and solutions. All HBE system integrator work and deliverables are expected to fit within the parameters of EA principles newly established for the HBE project.</li> </ol>
Number of Days in Consultation	May 23, 2012 – June 2012
Expected Rate of Compensation	\$280/hour including deliverables with contract max of \$1,164,800
Method of Accountability	Vendor will be accountable to the Director of IT

<b>REQUIREMENTS &amp; DESIGN BUSINESS ANALYSIS &amp; FACILITATION</b>	
Name of Consultant(s)	Karen Glabas, Jason Leung, Ashley Stamets, Lauren Schaub, Randy Tan
Organizational Affiliation	Cambria
Nature of Services to be Rendered	Technical Consulting
Relevance of Service to the Project	<p>The purpose of this Contract is to collaborate with other states, analyze federal “Notice of Proposed Rules-Making” requirements and participate in functional design and user acceptance testing (UAT) of the Washington State Exchange working with the System Integrator and program stakeholders. Contractor will develop initial use cases, participate in joint design activities, review SI vendor deliverables, and participate in UAT to ensure the system meets Washington Business needs.</p>
Number of Days in Consultation	May 23, 2012 – December 2014
Expected Rate of Compensation	2 consultants at \$240/hour including deliverables and 3 consultants at \$160/hour with a contract max of \$4,915,200
Method of Accountability	Vendor will be accountable to the Director of IT

<b>TECHNICAL AND SECURITY ANALYSIS AND MANAGEMENT</b>	
Name of Consultant(s)	TBD – 6 Consultants
Organizational Affiliation	TBD
Nature of Services to be Rendered	Technical and Security Analysis Management
Relevance of Service to the Project	This contract is intended to acquire six (6) technical and security resources to participate in the Washington Exchange IT team. The six positions include: 1) Integration Lead; 2) Security/Privacy Lead; 3) Technical QA Manager; 4) Infrastructure Lead; 5) Data Conversion Analyst; and 6) Interface Analyst.
Number of Days in Consultation	May 23, 2012 – December 2014
Expected Rate of Compensation	\$160/hour per consultant for a total of \$4,787,200
Method of Accountability	Vendor will be accountable to the Director of IT

<b>PROJECT MANAGEMENT (IRM)</b>	
Name of Consultant(s)	John Anderson, Gena Cruciani and Paul Price
Organizational Affiliation	IRM
Nature of Services to be Rendered	Project Management
Relevance of Service to the Project	This vendor is responsible for performing IT project management services through the provision of three (3) contract resources: (1) IT Project Manager, (1) Deputy Project Manager - Operations, and (1) Deputy Project Manager – Technical. The project management team is responsible for managing all stages of the HBE IT Project, including the System Integrator and other third-party IT vendors.
Number of Days in Consultation	May 23, 2012 – December 2014
Expected Rate of Compensation	1 consultant at \$150/hour and 2 consultants at \$140/hour for a total of \$2,201,600
Method of Accountability	Vendor will be accountable to the Director of IT



<b>TSG - BUSINESS/MANAGEMENT ANALYSIS</b>	
Name of Consultant(s)	Paul Royer
Organizational Affiliation	TSG
Nature of Services to be Rendered	Technical Consulting
Relevance of Service to the Project	The purpose of this Contract is to develop initial Project Management Office (PMO) processes and practices, coordinate development of deliverables to support CCHIO/CMS gate reviews; and perform internal quality reviews of System Integrator deliverables, including coordination of state review and acceptance of deliverables.
Number of Days in Consultation	May 23, 2012 – December 2014
Expected Rate of Compensation	\$105/hour for a total of \$537,600
Method of Accountability	Vendor will be accountable to the Director of IT

<b>TSG - BUSINESS &amp; IT ANALYSIS REQ/ENTERPRISE ARCH</b>	
Name of Consultant(s)	Jacques Michel
Organizational Affiliation	TSG
Nature of Services to be Rendered	Technical Consulting
Relevance of Service to the Project	The purpose of this Contract is to manage the Washington Exchange Technical Team which is responsible for collaborating with the System Integrator to complete the design, development and testing of the overall technical infrastructure, including hardware, interfaces, data conversion, and performance testing. This contractor is also responsible for leading the Enterprise Architecture efforts.
Number of Days in Consultation	May 23, 2012 – December 2014
Expected Rate of Compensation	\$120/hour for a total of \$614,400
Method of Accountability	Vendor will be accountable to the Director of IT

<b>TSG - TECHNICAL LEAD (SOA)/BUSINESS &amp; IT ANALYSIS</b>	
Name of Consultant(s)	Don Cotey
Organizational Affiliation	TSG
Nature of Services to be Rendered	Technical Consulting
Relevance of Service to the Project	The purpose of this Contract is to participate in the functional team as a Financial Management lead. The contractor will also develop the initial data model.. As the Financial Management lead the contractor will develop initial use cases, participate in joint design sessions with the System Integrator and participate in UAT to ensure the solution meets Washington business needs.
Number of Days in Consultation	May 23, 2012 – December 2014
Expected Rate of Compensation	\$120/hour for a total of \$614,400
Method of Accountability	Vendor will be accountable to the Director of IT

<b>TSG - TECHNOLOGY DEVELOPMENT/BUSINESS &amp; IT ANALYSIS</b>	
Name of Consultant(s)	Dan Tyack
Organizational Affiliation	TSG
Nature of Services to be Rendered	Technical Consulting
Relevance of Service to the Project	The purpose of this Contract is to act as the User Interface lead responsible for UI design and overall usability. Additionally, the contractor will be responsible for business intelligence/analytics functionality. The contractor is responsible for participating in the UX2014 conferences and collaborating with other states regarding the UI, usability and business intelligence.
Number of Days in Consultation	May 23, 2012 – December 2014
Expected Rate of Compensation	\$105/hour for a total of \$537,600
Method of Accountability	Vendor will be accountable to the Director of IT

<b>INDEPENDENT QUALITY ASSURANCE</b>	
Name of Consultant(s)	TBD
Organizational Affiliation	TBD
Nature of Services to be Rendered	Independent Quality Assurance (QA)
Relevance of Service to the Project	<p>The Quality Assurance (QA) Contractor will perform the following services:</p> <ul style="list-style-type: none"> <li>• Provide independent, third party assessment of the project.</li> <li>• Participate in status meetings.</li> <li>• Identify project risks and recommended mitigation strategies.</li> <li>• Monitor and report overall performance and status of the project to the HBE IT Project Manager, and Executive Sponsors.</li> </ul>
Number of Days in Consultation	May 23, 2012 – December 2014
Expected Rate of Compensation	\$200/hour for a total of \$1,024,000
Method of Accountability	Vendor will be accountable to the Director of IT

<b>INDEPENDENT VERIFICATION &amp; VALIDATION (IV&amp;V)</b>	
Name of Consultant(s)	TBD
Organizational Affiliation	TBD
Nature of Services to be Rendered	Independent Verification & Validation (IV&V)
Relevance of Service to the Project	<p>The Independent Verification and Validation (IV&amp;V) Contractor will perform the following services:</p> <ul style="list-style-type: none"> <li>• Provide periodic, independent third party assessments of technical project processes, methods and deliverables</li> <li>• Identify and track deficiencies and risks in technical processes, methods and deliverables</li> <li>• Develop recommendations to remedy technical deficiencies and mitigate risks</li> <li>• Report deficiencies, risks and status of recommendations to the HCA CIO, Executive Steering Committee and DIS</li> <li>• Perform ADA Section 508 compliance review.</li> </ul>
Number of Days in Consultation	May 23, 2012 – December 2014
Expected Rate of Compensation	\$210,000/quarter for a total of \$2,240,000
Method of Accountability	Vendor will be accountable to the Director of IT

<b>TRANSLATION SERVICES</b>	
Name of Consultant(s)	TBD
Organizational Affiliation	TBD
Nature of Services to be Rendered	Translation Services
Relevance of Service to the Project	Use state certified translators to translate consumer correspondence into appropriate languages according to state and federal requirements.
Number of Days in Consultation	June, 2012 – February 2014
Expected Rate of Compensation	\$14,400/month for a total of \$302,400
Method of Accountability	Vendor will be accountable to the Director of IT

<b>EXCHANGE SYSTEM INTEGRATOR (SI)</b>	
Name of Consultant(s)	Deloitte Services LLP (Apparently Successful Vendor)
Organizational Affiliation	Deloitte Services LLP (Apparently Successful Vendor)
Nature of Services to be Rendered	System Integration Services
Relevance of Service to the Project	Responsible for the Design, Development and Implementation (DDI) of a fully functioning Exchange IT solution in accordance with ACA and Washington business requirements by January 1, 2014. Also responsible for operating and hosting the system through December 31, 2014.
Number of Days in Consultation	March, 2012 – December 2014
Expected Rate of Compensation	\$63,079,517
Method of Accountability	Vendor will be accountable to the Director of IT

<b>ELIGIBILITY SERVICE DESIGN, DEVELOPMENT AND IMPLEMENTATION (DDI)</b>	
Name of Consultant(s)	IBM
Organizational Affiliation	IBM
Nature of Services to be Rendered	Eligibility Service DDI
Relevance of Service to the Project	This contract includes the DDI services as well as several IBM resources to address DDI of a new Eligibility Service within the existing ACES infrastructure to meet the MAGI calculation and verification services required by the Exchange.
Number of Days in Consultation	TBD
Expected Rate of Compensation	TBD
Method of Accountability	Vendor will be accountable to the Director of IT

<b>ELIGIBILITY SERVICE QUALITY ASSURANCE (QA) SERVICES</b>	
Name of Consultant(s)	TBD
Organizational Affiliation	TBD
Nature of Services to be Rendered	Eligibility Service QA Services
Relevance of Service to the Project	This contract assesses the Eligibility Service project management processes and approaches, identifies risks and mitigation strategies, reviews work products and provides overall quality assurance services in accordance with state guidelines.
Number of Days in Consultation	TBD
Expected Rate of Compensation	TBD
Method of Accountability	Vendor will be accountable to the Director of IT

<b>ELIGIBILITY SERVICE PROJECT MANAGEMENT SERVICES</b>	
Name of Consultant(s)	TBD
Organizational Affiliation	TBD
Nature of Services to be Rendered	Eligibility Service Project Management Services
Relevance of Service to the Project	This contract acquires Project Management Services for the Eligibility Service. The PM will be responsible for managing the Eligibility Service vendor on behalf of the state, managing the state project team and subject matter experts and ensuring the Eligibility Service meets the needs of the Exchange according to the established schedule.
Number of Days in Consultation	TBD
Expected Rate of Compensation	TBD
Method of Accountability	Vendor will be accountable to the Director of IT

## Appendix II. Allocation of Fixed and Variable Costs by Core Area and Business Operations Area

TOTAL COSTS - GRANT PERIOD														
	A	B	C	D	E	F	G	H	I	J	Medicaid Allocable	Navigator Grants	Level I Offset (Admin/Infr)	Total
Core Exchange Functions	Salaries	Fringe	Consultants	Equipment	Supplies	Travel	Other	Contractual	Total Direct Costs	Indirect Cost				
Exchange IT Systems	\$ 8,255,766	\$ 2,390,044	\$ 13,529,600	\$ 768,860	\$ 23,237	\$ 44,592	\$ 1,689,485	\$ 64,673,090	\$ 91,374,674		\$ (13,533,487)		\$ (1,476,439)	\$ 76,364,748
Oversight & Program Integrity	\$ 835,689	\$ 241,932	\$ 829,000	\$ 77,828	\$ 2,352	\$ 4,514	\$ 171,018	\$ -	\$ 2,162,333				\$ (149,452)	\$ 2,012,881
Financial Management	\$ 1,354,814	\$ 392,219	\$ 300,000	\$ 126,174	\$ 3,813	\$ 7,318	\$ 277,253	\$ -	\$ 2,461,592				\$ (242,291)	\$ 2,219,300
Program Integration	\$ 742,223	\$ 214,873	\$ -	\$ 69,123	\$ 2,089	\$ 4,009	\$ 151,891	\$ -	\$ 1,184,208				\$ (132,737)	\$ 1,051,471
Assistance to Ind/Small Biz	\$ 654,773	\$ 189,557	\$ 189,283	\$ 60,979	\$ 1,843	\$ 3,537	\$ 133,995	\$ -	\$ 1,233,965				\$ (117,098)	\$ 1,116,867
Governance	\$ 464,606	\$ 134,503	\$ 295,000	\$ 43,269	\$ 1,308	\$ 2,510	\$ 95,078	\$ -	\$ 1,036,274				\$ (83,089)	\$ 953,185
Background Research	\$ 427,106	\$ 123,647	\$ 715,000	\$ 39,776	\$ 1,202	\$ 2,307	\$ 87,404	\$ -	\$ 1,396,443				\$ (76,383)	\$ 1,320,061
Stakeholder Consultation	\$ 678,398	\$ 196,396	\$ 259,683	\$ 63,179	\$ 1,909	\$ 3,664	\$ 138,829	\$ -	\$ 1,342,059				\$ (121,323)	\$ 1,220,736
Legislative/ Regulatory Action	\$ 764,294	\$ 221,263	\$ 295,000	\$ 71,179	\$ 2,151	\$ 4,128	\$ 156,407	\$ -	\$ 1,514,422				\$ (136,684)	\$ 1,377,738
Insurance Mkt Reforms	\$ 764,294	\$ 221,263	\$ 625,000	\$ 71,179	\$ 2,151	\$ 4,128	\$ 156,407	\$ -	\$ 1,844,422				\$ (136,684)	\$ 1,707,738
Business Operations	\$ 6,012,698	\$ 1,740,676	\$ 13,136,742	\$ 559,963	\$ 16,924	\$ 32,477	\$ 1,230,457	\$ 12,781,098	\$ 35,511,034			\$ (2,081,533)	\$ (1,075,295)	\$ 32,354,205
QHP Certification	\$ 118,297	\$ 34,247	\$ 200,000	\$ 11,017	\$ 333	\$ 639	\$ 24,209	\$ 133,750	\$ 522,493				\$ (21,156)	\$ 501,337
Call Center	\$ 414,579	\$ 120,021	\$ 75,000	\$ 38,610	\$ 1,167	\$ 2,239	\$ 84,841	\$ 11,443,594	\$ 12,180,050				\$ (74,142)	\$ 12,105,908
Website	\$ 60,072	\$ 17,391	\$ 18,182	\$ 5,595	\$ 169	\$ 324	\$ 12,293	\$ 133,750	\$ 247,777				\$ (10,743)	\$ 237,034
Tax Credit and Subsidy Calculator	\$ 414,579	\$ 120,021	\$ 18,182	\$ 38,610	\$ 1,167	\$ 2,239	\$ 84,841	\$ 133,750	\$ 813,388				\$ (74,142)	\$ 739,246
Quality Rating System	\$ 471,091	\$ 136,381	\$ -	\$ 43,873	\$ 1,326	\$ 2,545	\$ 96,406	\$ -	\$ 751,621				\$ (84,249)	\$ 667,372
Navigator Program	\$ 457,672	\$ 132,496	\$ 2,201,533	\$ 42,623	\$ 1,288	\$ 2,472	\$ 93,659	\$ -	\$ 2,931,745			\$ (2,081,533)	\$ (81,849)	\$ 768,362
HIX/Medicaid Eligibility, Advance Tax Credits	\$ 414,579	\$ 120,021	\$ 18,182	\$ 38,610	\$ 1,167	\$ 2,239	\$ 84,841	\$ 133,750	\$ 813,388				\$ (74,142)	\$ 739,246
Seamless Eligibility Processes	\$ 414,579	\$ 120,021	\$ 18,182	\$ 38,610	\$ 1,167	\$ 2,239	\$ 84,841	\$ 133,750	\$ 813,388				\$ (74,142)	\$ 739,246
Enrollment Process	\$ 414,579	\$ 120,021	\$ 18,182	\$ 38,610	\$ 1,167	\$ 2,239	\$ 84,841	\$ 133,750	\$ 813,388				\$ (74,142)	\$ 739,246
Applications and Notices	\$ 414,579	\$ 120,021	\$ 18,182	\$ 38,610	\$ 1,167	\$ 2,239	\$ 84,841	\$ 133,750	\$ 813,388				\$ (74,142)	\$ 739,246
Individual Responsibility Determinations	\$ 229,747	\$ 66,512	\$ 18,182	\$ 21,396	\$ 647	\$ 1,241	\$ 47,016	\$ 133,750	\$ 518,492				\$ (41,087)	\$ 477,404
Administration of Tax Credits and Cost Sharing Reductions	\$ 60,072	\$ 17,391	\$ 18,182	\$ 5,595	\$ 169	\$ 324	\$ 12,293	\$ 133,750	\$ 247,777				\$ (10,743)	\$ 237,034
Adjudication of Eligibility Appeals	\$ 234,889	\$ 68,000	\$ 18,182	\$ 21,875	\$ 661	\$ 1,269	\$ 48,068	\$ -	\$ 392,945				\$ (42,007)	\$ 350,938
Notification and Appeals of Employer Liability	\$ 229,747	\$ 66,512	\$ 18,182	\$ 21,396	\$ 647	\$ 1,241	\$ 47,016	\$ -	\$ 384,741				\$ (41,087)	\$ 343,654
Outreach and Education	\$ 1,060,139	\$ 306,910	\$ -	\$ 98,731	\$ 2,984	\$ 5,726	\$ 216,950	\$ -	\$ 1,691,440				\$ (189,592)	\$ 1,501,848
Risk Adjustment and Transitional Reinsurance	\$ 116,585	\$ 33,751	\$ 200,000	\$ 10,858	\$ 328	\$ 630	\$ 23,858	\$ -	\$ 386,010				\$ (20,850)	\$ 365,160
SHOP Exchange - specific Functions	\$ 486,912	\$ 140,961	\$ 18,182	\$ 45,346	\$ 1,370	\$ 2,630	\$ 99,643	\$ 133,750	\$ 928,795				\$ (87,078)	\$ 841,717
<b>TOTAL</b>	<b>\$ 20,954,660</b>	<b>\$ 6,066,374</b>	<b>\$ 30,174,307</b>	<b>\$ 1,951,508</b>	<b>\$ 58,980</b>	<b>\$ 113,184</b>	<b>\$ 4,288,225</b>	<b>\$ 77,454,188</b>	<b>\$ 141,061,426</b>	<b>\$ -</b>	<b>\$ (13,533,487)</b>	<b>\$ (2,081,533)</b>	<b>\$ (3,747,476)</b>	<b>\$ 121,698,930</b>

FIXED COSTS - GRANT PERIOD													
	A	B	C	D	E	F	G	H	I	J			Total
Core Exchange Functions	Salaries	Fringe	Consultants	Equipment	Supplies	Travel	Other	Contractual	Total Direct Costs	Indirect Cost			
Exchange IT Systems	\$ 8,188,728	\$ 2,370,637	\$ 13,529,600	\$ 879,971	\$ 31,247	\$ -	\$ 2,271,868	\$ 56,224,194	\$ 83,496,244				\$ 83,496,244
Oversight & Program Integrity	\$ 537,068	\$ 155,481	\$ 829,000	\$ 57,714	\$ 2,049	\$ -	\$ 149,003	\$ -	\$ 1,730,316				\$ 1,730,316
Financial Management	\$ 708,818	\$ 205,203	\$ 300,000	\$ 76,170	\$ 2,705	\$ -	\$ 196,653	\$ -	\$ 1,489,550				\$ 1,489,550
Program Integration	\$ 468,777	\$ 135,711	\$ -	\$ 50,375	\$ 1,789	\$ -	\$ 130,057	\$ -	\$ 786,708				\$ 786,708
Assistance to Ind/Small Biz	\$ 425,193	\$ 123,093	\$ 189,283	\$ 45,692	\$ 1,622	\$ -	\$ 117,965	\$ -	\$ 902,848				\$ 902,848
Governance	\$ 397,568	\$ 115,096	\$ 295,000	\$ 42,723	\$ 1,517	\$ -	\$ 110,301	\$ -	\$ 962,205				\$ 962,205
Background Research	\$ 360,068	\$ 104,240	\$ 715,000	\$ 38,693	\$ 1,374	\$ -	\$ 99,897	\$ -	\$ 1,319,272				\$ 1,319,272
Stakeholder Consultation	\$ 510,818	\$ 147,882	\$ 259,683	\$ 54,893	\$ 1,949	\$ -	\$ 141,721	\$ -	\$ 1,116,945				\$ 1,116,945
Legislative/ Regulatory Action	\$ 697,256	\$ 201,856	\$ 295,000	\$ 74,928	\$ 2,661	\$ -	\$ 193,445	\$ -	\$ 1,465,145				\$ 1,465,145
Insurance Mkt Reforms	\$ 697,256	\$ 201,856	\$ 625,000	\$ 74,928	\$ 2,661	\$ -	\$ 193,445	\$ -	\$ 1,795,145				\$ 1,795,145
Business Operations	\$ 2,464,943	\$ 713,601	\$ 13,136,742	\$ 264,886	\$ 9,406	\$ -	\$ 683,870	\$ -	\$ 17,273,448				\$ 17,273,448
QHP Certification	\$ 93,920	\$ 27,189.89	\$ 200,000	\$ 10,093	\$ 358	\$ -	\$ 26,057	\$ -	\$ 357,618				\$ 357,618
Call Center	\$ 157,992	\$ 45,739	\$ 75,000	\$ 16,978	\$ 603	\$ -	\$ 43,833	\$ -	\$ 340,145				\$ 340,145
Website	\$ 35,695	\$ 10,334	\$ 18,182	\$ 3,836	\$ 136	\$ -	\$ 9,903	\$ -	\$ 78,086				\$ 78,086
Tax Credit and Subsidy Calculator	\$ 157,992	\$ 45,739	\$ 18,182	\$ 16,978	\$ 603	\$ -	\$ 43,833	\$ -	\$ 283,327				\$ 283,327
Quality Rating System	\$ 214,505	\$ 62,099	\$ -	\$ 23,051	\$ 819	\$ -	\$ 59,512	\$ -	\$ 359,985				\$ 359,985
Navigator Program	\$ 191,995	\$ 55,583	\$ 2,201,533	\$ 20,632	\$ 733	\$ -	\$ 53,267	\$ -	\$ 2,523,743				\$ 2,523,743
HIX/Medicaid Eligibility, Advance Tax Credits	\$ 157,992	\$ 45,739	\$ 18,182	\$ 16,978	\$ 603	\$ -	\$ 43,833	\$ -	\$ 283,327				\$ 283,327
Seamless Eligibility Processes	\$ 157,992	\$ 45,739	\$ 18,182	\$ 16,978	\$ 603	\$ -	\$ 43,833	\$ -	\$ 283,327				\$ 283,327
Enrollment Process	\$ 157,992	\$ 45,739	\$ 18,182	\$ 16,978	\$ 603	\$ -	\$ 43,833	\$ -	\$ 283,327				\$ 283,327
Applications and Notices	\$ 157,992	\$ 45,739	\$ 18,182	\$ 16,978	\$ 603	\$ -	\$ 43,833	\$ -	\$ 283,327				\$ 283,327
Individual Responsibility Determinations	\$ 97,570	\$ 28,247	\$ 18,182	\$ 10,485	\$ 372	\$ -	\$ 27,070	\$ -	\$ 181,926				\$ 181,926
Administration of Tax Credits and Cost Sharing Reductions	\$ 35,695	\$ 10,334	\$ 18,182	\$ 3,836	\$ 136	\$ -	\$ 9,903	\$ -	\$ 78,086				\$ 78,086
Adjudication of Eligibility Appeals	\$ 99,445	\$ 28,789	\$ 18,182	\$ 10,686	\$ 379	\$ -	\$ 27,590	\$ -	\$ 185,072				\$ 185,072
Notification and Appeals of Employer Liability	\$ 97,570	\$ 28,247	\$ 18,182	\$ 10,485	\$ 372	\$ -	\$ 27,070	\$ -	\$ 181,926				\$ 181,926
Outreach and Education	\$ 400,395	\$ 115,914	\$ -	\$ 43,027	\$ 1,528	\$ -	\$ 111,085	\$ -	\$ 671,949				\$ 671,949
Risk Adjustment and Transitional Reinsurance	\$ 92,208	\$ 26,694	\$ 200,000	\$ 9,909	\$ 352	\$ -	\$ 25,582	\$ -	\$ 354,744				\$ 354,744
SHOP Exchange - specific Functions	\$ 157,992	\$ 45,739	\$ 18,182	\$ 16,978	\$ 603	\$ -	\$ 43,833	\$ -	\$ 283,327				\$ 283,327
<b>TOTAL</b>	<b>\$ 15,456,493</b>	<b>\$ 4,474,655</b>	<b>\$ 30,174,307</b>	<b>\$ 1,660,973</b>	<b>\$ 58,980</b>	<b>\$ -</b>	<b>\$ 4,288,225</b>	<b>\$ 56,224,194</b>	<b>\$ 112,337,828</b>	<b>\$ -</b>			<b>\$ 112,337,828</b>

VARIABLE COSTS - GRANT PERIOD												
	A	B	C	D	E	F	G	H	I	J		Total
Core Exchange Functions	Salaries	Fringe	Consultants	Equipment	Supplies	Travel	Other	Contractual	Total Direct Costs	Indirect Cost		
Exchange IT Systems	\$ 67,038	\$ 19,407	\$ -	\$ 3,542	\$ -	\$ 1,380	\$ -	\$ 8,448,896	\$ 7,878,430	\$ -		\$ (7,131,496)
Oversight & Program Integrity	\$ 298,621	\$ 86,451	\$ -	\$ 15,780	\$ -	\$ 6,147	\$ -	\$ -	\$ 432,017	\$ -		\$ 282,565
Financial Management	\$ 645,996	\$ 187,016	\$ -	\$ 34,136	\$ -	\$ 13,298	\$ -	\$ -	\$ 972,042	\$ -		\$ 729,750
Program Integration	\$ 273,446	\$ 79,163	\$ -	\$ 14,449	\$ -	\$ 5,629	\$ -	\$ -	\$ 397,500	\$ -		\$ 264,763
Assistance to Ind/Small Biz	\$ 229,580	\$ 66,463	\$ -	\$ 12,131	\$ -	\$ 4,726	\$ -	\$ -	\$ 331,117	\$ -		\$ 214,019
Governance	\$ 67,038	\$ 19,407	\$ -	\$ 3,542	\$ -	\$ 1,380	\$ -	\$ -	\$ 74,069	\$ -		\$ (9,020)
Background Research	\$ 67,038	\$ 19,407	\$ -	\$ 3,542	\$ -	\$ 1,380	\$ -	\$ -	\$ 77,171	\$ -		\$ 789
Stakeholder Consultation	\$ 167,580	\$ 48,514	\$ -	\$ 8,855	\$ -	\$ 3,450	\$ -	\$ -	\$ 225,113	\$ -		\$ 103,790
Legislative/ Regulatory Action	\$ 67,038	\$ 19,407	\$ -	\$ 3,542	\$ -	\$ 1,380	\$ -	\$ -	\$ 49,277	\$ -		\$ (87,407)
Insurance Mkt Reforms	\$ 67,038	\$ 19,407	\$ -	\$ 3,542	\$ -	\$ 1,380	\$ -	\$ -	\$ 49,277	\$ -		\$ (87,407)
Business Operations	\$ 3,547,755	\$ 1,027,075	\$ -	\$ 187,471	\$ -	\$ 73,033	\$ -	\$ 12,781,098	\$ 18,237,585	\$ -		\$ 15,080,757
QHP Certification	\$ 24,377	\$ 7,057	\$ -	\$ 1,288	\$ -	\$ 502	\$ -	\$ 133,750	\$ 164,874	\$ -		\$ 143,718
Call Center	\$ 256,587	\$ 74,282	\$ -	\$ 13,559	\$ -	\$ 5,282	\$ -	\$ 11,443,594	\$ 11,839,905	\$ -		\$ 11,765,763
Website	\$ 24,377	\$ 7,057	\$ -	\$ 1,288	\$ -	\$ 502	\$ -	\$ 133,750	\$ 169,691	\$ -		\$ 158,948
Tax Credit and Subsidy Calculator	\$ 256,587	\$ 74,282	\$ -	\$ 13,559	\$ -	\$ 5,282	\$ -	\$ 133,750	\$ 530,061	\$ -		\$ 455,919
Quality Rating System	\$ 256,587	\$ 74,282	\$ -	\$ 13,559	\$ -	\$ 5,282	\$ -	\$ -	\$ 391,636	\$ -		\$ 307,387
Navigator Program	\$ 265,677	\$ 76,914	\$ -	\$ 14,039	\$ -	\$ 5,469	\$ -	\$ -	\$ 408,002	\$ -		\$ (1,755,380)
HIX/Medicaid Eligibility, Advance Tax Credits	\$ 256,587	\$ 74,282	\$ -	\$ 13,559	\$ -	\$ 5,282	\$ -	\$ 133,750	\$ 530,061	\$ -		\$ 455,919
Seamless Eligibility Processes	\$ 256,587	\$ 74,282	\$ -	\$ 13,559	\$ -	\$ 5,282	\$ -	\$ 133,750	\$ 530,061	\$ -		\$ 455,919
Enrollment Process	\$ 256,587	\$ 74,282	\$ -	\$ 13,559	\$ -	\$ 5,282	\$ -	\$ 133,750	\$ 530,061	\$ -		\$ 455,919
Applications and Notices	\$ 256,587	\$ 74,282	\$ -	\$ 13,559	\$ -	\$ 5,282	\$ -	\$ 133,750	\$ 530,061	\$ -		\$ 455,919
Individual Responsibility Determinations	\$ 132,177	\$ 38,265	\$ -	\$ 6,985	\$ -	\$ 2,721	\$ -	\$ 133,750	\$ 336,566	\$ -		\$ 295,479
Administration of Tax Credits and Cost Sharing Reductions	\$ 24,377	\$ 7,057	\$ -	\$ 1,288	\$ -	\$ 502	\$ -	\$ 133,750	\$ 169,691	\$ -		\$ 158,948
Adjudication of Eligibility Appeals	\$ 135,444	\$ 39,211	\$ -	\$ 7,157	\$ -	\$ 2,788	\$ -	\$ -	\$ 207,873	\$ -		\$ 165,866
Notification and Appeals of Employer Liability	\$ 132,177	\$ 38,265	\$ -	\$ 6,985	\$ -	\$ 2,721	\$ -	\$ -	\$ 202,816	\$ -		\$ 161,728
Outreach and Education	\$ 659,744	\$ 190,996	\$ -	\$ 34,862	\$ -	\$ 13,581	\$ -	\$ -	\$ 1,019,491	\$ -		\$ 829,898
Risk Adjustment and Transitional Reinsurance	\$ 24,377	\$ 7,057	\$ -	\$ 1,288	\$ -	\$ 502	\$ -	\$ -	\$ 31,266	\$ -		\$ 10,416
SHOP Exchange - specific Functions	\$ 328,920	\$ 95,222	\$ -	\$ 17,381	\$ -	\$ 6,771	\$ -	\$ 133,750	\$ 645,468	\$ -		\$ 558,390
<b>TOTAL</b>	<b>\$ 5,498,167</b>	<b>\$ 1,591,719</b>	<b>\$ -</b>	<b>\$ 290,535</b>	<b>\$ -</b>	<b>\$ 113,184</b>	<b>\$ -</b>	<b>\$ 21,229,994</b>	<b>\$ 28,723,598</b>	<b>\$ -</b>		<b>\$ 9,361,102</b>