

**Appendix B**  
**California Health Benefits Exchange Level I Establishment Grant Application**  
**Budget and Budget Narrative**

**Budget Narrative**

**Salary and Wages (Does not include IT Exchange Program positions)**

**Total: \$6,648,439**

Exchange Establishment Grant: \$6,648,439

Other Funding: \$0

See Description of Key Personnel and Organizational Chart for job descriptions.

<b>Classification</b>	<b>Months</b>	<b>FTE</b>	<b>Monthly Salary</b>	<b>Salary for Grant Period</b>	<b>Monthly Fringe Costs</b>	<b>Fringe Costs for Grant Period</b>	
Associate Gov. Program Analyst	12	5.0	\$26,740	\$320,880	\$10,963	\$131,561	
Associate Budget Analyst	12	2.0	\$10,700	\$128,400	\$4,387	\$52,644	
Associate Personnel Analyst	12	1.0	\$5,348	\$64,176	\$2,193	\$26,312	
Auditor Specialist II	12	2.0	\$15,756	\$189,072	\$6,460	\$77,520	
CEA III Policy Development	12	1.0	\$9,164	\$109,968	\$3,757	\$45,087	
Chief Deputy Director	12	1.0	\$18,000	\$216,000	\$7,380	\$88,560	
Chief Fiscal Officer	12	1.0	\$15,000	\$180,000	\$6,150	\$73,800	
Chief Operations Officer	12	1.0	\$15,000	\$180,000	\$6,150	\$73,800	
Director Communications & Marketing	12	1.0	\$12,000	\$144,000	\$4,920	\$59,040	
Director Health Plan Contracting	12	1.0	\$15,000	\$180,000	\$6,150	\$73,800	
Director Legislation	12	1.0	\$12,000	\$144,000	\$4,920	\$59,040	
Director Program Policy Implementation	12	1.0	\$15,000	\$180,000	\$6,150	\$73,800	
Director SHOP Exchange	12	1.0	\$15,000	\$180,000	\$6,150	\$73,800	
Executive Assistant	12	10.0	\$39,960	\$479,520	\$16,384	\$196,603	
Executive Director	12	1.0	\$20,000	\$240,000	\$8,200	\$98,400	
General Counsel	12	1.0	\$18,000	\$216,000	\$7,380	\$88,560	
Office Assistant	12	1.0	\$2,770	\$33,240	\$1,136	\$13,628	

Classification	Months	FTE	Monthly Salary	Salary for Grant Period	Monthly Fringe Costs	Fringe Costs for Grant Period	
Office Technician	12	1.0	\$3,209	\$38,508	\$1,316	\$15,788	
Research Manager III	12	1.0	\$7,474	\$89,688	\$3,064	\$36,772	
Research Program Specialist II	12	1.0	\$6,451	\$77,412	\$2,645	\$31,739	
Staff Counsel	12	1.0	\$7,828	\$93,936	\$3,209	\$38,514	
Staff Services Analyst	12	1.0	\$4,446	\$53,352	\$1,823	\$21,874	
Staff Services Manager I	12	17.0	\$104,159	\$1,249,908	\$42,705	\$512,462	
Staff Services Manager II	12	6.0	\$40,848	\$490,176	\$16,748	\$200,972	
Staff Services Manager III	12	3.0	\$22,422	\$269,064	\$9,193	\$110,316	
				\$5,547,300		\$2,274,393	
Salary Savings (15%)				(\$832,095)		(\$341,159)	
<b>Totals for Grant</b>				<b>\$4,715,205</b>		<b>\$1,933,234</b>	<b>\$6,648,439</b>

**Fringe Benefits**

**Total: \$1,933,234**

Exchange Establishment Grant: \$1,933,234

Other Funding: \$0

Fringe benefits are calculated as follows:

OASI – 7.65% of monthly salary

Retirement – 16.62% of monthly salary

Health Benefits – 16.38% of monthly salary

Because fringe benefits are based on monthly salary, they have been calculated alongside the salary calculations in the above table. A more detailed breakdown of fringe costs is available upon request.

**Non-IT Consultant Costs**

**Total: \$4,191,000**

Exchange Establishment Grant: \$4,191,000

Other Funding: \$0

<b>Consultant Projects Cost Summary</b>	
<b>Content</b>	<b>Amount</b>
Background Research	\$300,000
Stakeholder Consultation	\$400,000
Legislative and Regulatory Action	\$90,000
Program Integration	\$580,000
Financial Management	\$194,000
Oversight and Program Integrity	\$90,000
Strategic Visioning	\$27,000
Business and Operational Planning	\$460,000
Navigator Program	\$300,000
Health Plan Management	\$600,000
Consumer Assistance	\$250,000
Outreach and Education	\$400,000
Employer Relationships (SHOP)	\$500,000
<b>TOTAL</b>	<b>\$4,191,000</b>

**Required Reporting Information for Consultant Hiring:**

**Core Area:** Background Research

**Nature of Services to be Rendered:**

Conduct needed research/analysis to inform exchange policy options (e.g. Demographics and health status of potential Exchange enrollees).

**Relevance of Service to the Project:**

Conduct and regularly evaluate research and analyses to inform development and implementation of the California Exchange

**Duration of the Consultation:**

August 2011-June 2012

**Expected Rate of Compensation:**

Contracts will be bid either with a competitive hourly rate or through a fixed price contract(s).

**Method of Accountability:**

Specific contract deliverables and timelines.

**Core Area:** Stakeholder Consultation

**Nature of Services to be Rendered:**

Establish, implement, and document a process for consultation with federally recognized Indian tribes. Develop and implement the short- and long-range process and approach for active stakeholder involvement and input.

**Relevance of Service to the Project:**

Will provide regular opportunities for input from diverse stakeholders and the public to inform Exchange programs and operations

**Duration of the Consultation:**

July 2011 – February 2012

**Expected Rate of Compensation:**

Contracts will be bid either with a competitive hourly rate or through a fixed price contract(s).

**Method of Accountability:**

Specific contract deliverables and timelines.

**Core Area:** Legislative and Regulatory Action

**Nature of Services to be Rendered:**

Conduct timely review and evaluation of federal regulations and guidance that may affect Exchange programs or operations. Identify specific state authority and requirements necessary for Exchange operations, advise the Legislature, and support legislative proposals necessary to enhance the authority of the Exchange and other state agencies as needed to comply with federal law and ensure effective Exchange implementation.

**Relevance of Service to the Project:**

Allows the Board to ensure that the California Exchange has sufficient state and federal authority for its programs and operations and complies with applicable state and federal rules and requirements.

**Duration of the Consultation:**

July 2011 – June 2012

**Expected Rate of Compensation:**

Contracts will be bid either with a competitive hourly rate or through a fixed price contract(s).

**Method of Accountability:**

Specific contract deliverables and timelines.

**Core Area:** Program Integration

**Nature of Services to be Rendered:**

Lead and support internal working meetings of state and Exchange staff in affected agencies to identify common issues, options, and possible approaches to coordination with existing state programs including Medicaid, Healthy Families and Other Applicable State Health Programs (OASHPs) and with state health insurance regulating agencies.

**Relevance of Service to the Project:**

Program integration is essential to the successful operation of the California Exchange. These efforts will allow the Board to identify, evaluate, and implement opportunities for coordination and collaboration with state agencies, including health and human services program agencies and state health insurance regulators.

**Duration of the Consultation:**

July 2011 – March 2012

**Expected Rate of Compensation:**

Contracts will be bid either with a competitive hourly rate or through a fixed price contract(s).

**Method of Accountability:**

Specific contract deliverables and timelines.

**Core Area:** Financial Management.

**Nature of Services to be Rendered:**

Research and feasibility analysis to ensure financial self-sufficiency and sustainability of the Exchange.

**Relevance of Service to the Project:**

A sustainability plan is essential to our ability to submit a Level Two Establishment grant for future operations and, most importantly, provides a long-term approach to ensure the Board can operate within its means.

**Duration of the Consultation:**

January 2012 – February 2012

**Expected Rate of Compensation:**

Contracts will be bid either with a competitive hourly rate or through a fixed price contract(s).

**Method of Accountability:**

Specific contract deliverables and timelines.

**Core Area:** Oversight and Program Integrity

**Nature of Services to be Rendered:**

Develop a plan that ensures the prevention of waste, fraud, and abuse in Exchange Programs.

**Relevance of Service to the Project:**

A waste, fraud, and abuse plan is essential to our ability to submit a Level Two Establishment grant for future operations and, more importantly, provides a long-term approach to ensure the Board can operate our programs with the necessary checks and balances to ensure appropriate use of funds.

**Duration of the Consultation:**

February 2012 – May 2012

**Expected Rate of Compensation:**

Contracts will be bid either with a competitive hourly rate or through a fixed price contract(s).

**Method of Accountability:**

Specific contract deliverables and timelines.

**Core Area:** Strategic Visioning

**Nature of Services to be Rendered:**

Engage the Board, staff, and stakeholders in setting the vision and goals of the California Exchange.

**Relevance of Service to the Project:**

Allows the Board to determine its strategic vision for the Exchange and provide a solid foundation for preparation of the Business and Operation plans.

**Duration of the Consultation:**

July 2011 – September 2011

**Expected Rate of Compensation:**

Contracts will be bid either with a competitive hourly rate or through a fixed price contract(s).

**Method of Accountability:**

Specific contract deliverables and timelines.

**Core Area:** Business and Operational Planning

**Nature of Services to be Rendered:**

Engage in a two-part business and operational planning process to identify California Exchange markets, products, programs, and detailed system and operational requirements for Exchange implementation and application for the Level Two Establishment grant. Part I will focus on eligibility and enrollment processes and part II will focus on the remaining functionalities of the Exchange. The business and operational plan will include, at a minimum:

- Timeline and process to demonstrate core Exchange functionality by 1/1/13 and
- Analysis of federal mandates and reporting requirements across all Exchange activities, processes, and structures; and specific operational systems and strategies, including IT systems and support, to implement an Exchange in compliance with all state and federal requirements.

**Relevance of Service to the Project:**

This process will allow the Board to assess the role and the markets for Exchange services and programs and address the operational considerations, strategies, and timelines for implementation of a viable and successful Exchange in compliance with state and federal requirements.

**Duration of the Consultation:**

July 2011 – January 2012

**Expected Rate of Compensation:**

Contracts will be bid either with a competitive hourly rate or through a fixed price contract(s).

**Method of Accountability:**

Specific contract deliverables and timelines.

**Core Area:** Navigator Program

**Nature of Services to be Rendered:**

Develop navigator program design and funding options with input from key stakeholders and experts. Once approach is determined, develop materials and training for navigators to ensure statewide readiness by no later than the final quarter of 2013. Develop a timeline and process for selection and funding of navigators.

**Relevance of Service to the Project:**

Allows the Board to design a navigator program that will assist consumers in navigating their choices in the health insurance marketplace, including facilitating enrollment in qualified health plans.

**Duration of the Consultation:**

March 2012 – June 2012

**Expected Rate of Compensation:**

Contracts will be bid either with a competitive hourly rate or through a fixed price contract(s).

**Method of Accountability:**

Specific contract deliverables and timelines.

**Core Area:** Health Plan Management

**Nature of Services to be Rendered:**

Evaluate existing state and federal statutory and regulatory standards for health insurance issuers and for qualified health plans participating in the Exchange. Develop plan certification standards, process, and compliance monitoring. Develop a solicitation document and implement a process for selection of qualified health plans. Develop data collection standards and process to provide baseline data for implementation of risk adjustment methods. Conduct research and analysis on the options for a state reinsurance program.

**Relevance of Service to the Project:**

Enables the state to offer qualified health plans through the Exchange that meet state and federal certification requirements, avoid adverse selection in Exchange coverage programs, and implement risk adjustment and reinsurance programs consistent with federal requirements.

**Duration of the Consultation:**

October 2011 – June 2012

**Expected Rate of Compensation:**

Contracts will be bid either with a competitive hourly rate or through a fixed price contract(s).

**Method of Accountability:**

Specific contract deliverables and timelines.

**Core Area:** Consumer Assistance

**Nature of Services to be Rendered:**

Reach out to and receive input from diverse stakeholders to identify options for consumer assistance. Identify and evaluate existing state and local consumer assistance programs and specific strategies for partnership and coordination with existing or new programs. Establish protocols and scopes of work for building capacity to handle consumer assistance functions, such as coverage appeals. Analyze data collected by consumer assistance programs and report on plans for use of information to strengthen qualified health plan accountability and functioning of the Exchange. Begin developing requirements for systems and program operations related to consumer assistance functions and operations.

**Relevance of Service to the Project:**

Allows the Board to develop a plan for meaningful statewide assistance for individuals eligible for Exchange and state health coverage programs through multiple access points, including but not limited to a toll-free hotline, web site and in-person capability.

**Duration of the Consultation:**

September 2011 – February 2012

**Expected Rate of Compensation:**

Contracts will be bid either with a competitive hourly rate or through a fixed price contract(s).

**Method of Accountability:**

Specific contract deliverables and timelines.

**Core Area:** Outreach and Education

**Nature of Services to be Rendered:**

Assess communications, public education, marketing and outreach needs of the Exchange and develop a short-term (preoperational) and long-term marketing, outreach, and communications plan aimed at securing and maintaining Exchange enrollment. Conduct focus group tests with diverse consumers regarding consumer.

**Relevance of Service to the Project:**

Allows for the design of an effective communications, public education, outreach and marketing activities to secure and maintain Exchange enrollment at levels that support sustainability, and evaluate and implement opportunities for cross-program strategies, materials and communications with other state health and human services programs.

**Duration of the Consultation:**

January 2012 – May 2012

**Expected Rate of Compensation:**

Contracts will be bid either with a competitive hourly rate or through a fixed price contract(s).

**Method of Accountability:**

Specific contract deliverables and timelines.

**Core Area:** Employer Relationships (SHOP)

**Nature of Services to be Rendered:**

Assess existing and past models, options, and approaches for a small employer purchasing program and develop a design and operational plan for the SHOP to include at a minimum:

- Services and benefits to be provided to SHOP employers;
- Strategies for outreach and marketing and ways to mitigate adverse selection;
- Options for coordination / integration with other Exchange programs and functions; and
- System and IT supports needed.

**Relevance of Service to the Project:**

Allows the Board to develop a viable design and approach to provide Exchange coverage for small businesses and their employees consistent with state and federal requirements, and implement systems to ensure compliance with federal reporting and employer notification requirements.

**Duration of the Consultation:**

October 2011 – April 2012

**Expected Rate of Compensation:**

Contracts will be bid either with a competitive hourly rate or through a fixed price contract(s).

**Method of Accountability:**

Specific contract deliverables and timelines.

**Please see the Consultant Costs section under Exchange IT Systems for the required reporting on information technology consultants.**

**Standard Costs Methodology (Operating Expense and Equipment)**

Exchange Establishment Grant: \$1,638,000

Other Funding: \$0

California State Government Standard Costs (\$26,000 per position)

***Standard costs include:***

*General expense: \$3,600*

*Office automation: \$1,900*

*Printing: \$1,500*

*Communications: \$1,500*

*Travel (medium): \$7,100*

*Training: \$500*

*Data network: \$900*

*Facilities operations: \$9,000*

***Justification***

General office supplies will be used by Exchange staff members to carry out daily activities of the program. Printing costs cover basic printing needs of Exchange staff members. Office automation costs cover computer equipment for workstations. Communications costs cover basic line costs for desk phones. Cellular phone devices will be used by Exchange staff members when they are out of the office on travel, at meetings, or after hours, as time-sensitive issues arise and must be handled before staff members can return to the office. Travel costs will be for the medium level of in-state travel covering basic travel to board and stakeholder meetings. Training costs cover work force development training courses and basic training courses for classifications. Facilities Operations costs cover standard facilities costs for private or state leased space.

***Out-of-State Travel: \$20,000***

1. Two trips to Washington, DC for HHS meetings on the Exchange (2 people, 3 days)
2. Trip to Washington, DC for meetings with HHS officials on the Exchange (2 people, 3 days)
3. Trip to another state for a learning collaborative on the exchange (2 people, 2 days)
4. Trip to a conference hosted by another state (2 people, 2 days)
5. Two trips to conferences, such as NASHP, SCI, NGA (2 people, 2 days)

***Justification***

The grant funds will provide for trips to various locations outside the state for Exchange staff. Two trips are budgeted for two people to attend HHS grantee meetings with CCIIO in Washington, DC. The grant funds will also provide for a meeting with a smaller group of states to meet with CCIIO officials at some point during the year for two people. We are budgeting for a two-person trip to travel to another state as part of an exchange learning collaborative to be able to glean from that state applicable components of the exchange. The grant funds include a trip to a conference hosted by another state on aspects of their exchange, as well as two trips for three people each to attend national state policy conferences, such as NASHP, SCI and NGA. The people most likely to attend these meetings will be Exchange Executive Director, the Chief Information and Technology Officer, and other key executive staff.

**Other**

**Total: \$515,000**

Exchange Establishment Grant: \$515,000

Other Funding: \$0

*Meeting Costs*

Statewide Stakeholder and Exchange Board Meeting Costs: \$15,000

*Operational Costs*

Facilities and other operating costs (i.e. office furniture, contract administrative services): \$500,000

*Justification*

Meeting Costs. The public stakeholder meeting costs will provide large meeting space where members of the public can engage in discussions with staff, lawmakers, and experts on the Exchange. The costs may also include audio-visual (A/V) usage for the meetings, which will likely require several microphones, an LCD projector and screen, a computer hook-up, and an Internet connection.

The Exchange board meetings assume that meetings will be held no more than once per month during the grant period (more meetings will be added, if needed). The budget assumes that there will be five board members. Because it is also assumed that the open meetings act will apply to the governance board, the meeting facility should be large enough to accommodate public participation. The budget assumes A/V needs that include microphones, an LCD projector and screen, a computer hook-up, and an Internet connection.

It is likely that the Exchange governance board meetings will be held in a central location in or near Sacramento, California during the grant period. However, on occasion, the meeting location may change to a Southern or Central California location. Thus, the budget includes funds for board member travel. Each board member will receive per diem for the day of travel to meetings.

Other Operational Costs. The operational costs associated with the budget will be used by Exchange staff. These will be crucial for the Exchange to operate. These costs include additional facilities costs (office furniture and modular workstations) and contract administrative costs (accounting and personnel).

**Total Direct Costs**

**Total Direct Costs: \$40,136,383**

Salary and Wages: \$5,697,506

Fringe Benefits: \$2,335,977

Consultant Costs: \$29,617,900

Other: \$2,485,000

**Indirect Costs**

There are no indirect costs associated with this proposal.

**Budget by Core Area**

All activities being requested in this grant are 100 percent funded through the Exchange Establishment Grant. All of the costs below are approximations of the overall time, effort, resources, and materials that are estimated for this project. Therefore, most costs are variable, with the exception of the consultant costs, which will be fixed. Each Core Area budget matches directly to the activities and timing explained in the project narrative and work plan.

<b>CORE AREA</b>	<b>FTE</b>	<b>Personnel</b>	<b>Fringe</b>	<b>Consultants</b>	<b>Other</b>	<b>TOTAL</b>
Background Research	2.4	\$196,091	\$80,397	\$300,000	\$92,604	\$669,092
Stakeholder Involvement	2.4	\$179,047	\$73,409	\$400,000	\$97,604	\$750,060
Legislative and Regulatory Action	0.6	\$74,714	\$30,633	\$90,000	\$23,151	\$218,498
Program Integration	8.3	\$709,172	\$290,761	\$580,000	\$324,113	\$1,904,046
Exchange IT Systems	14.2	\$1,306,638	\$535,721	\$25,426,900	\$555,623	\$27,824,882
Financial Management	6.3	\$585,020	\$239,858	\$194,000	\$251,811	\$1,270,689
Oversight and Program Integrity	1.8	\$164,238	\$67,337	\$90,000	\$69,453	\$391,028
Health Insurance Market Reforms	1.2	\$103,263	\$42,338	\$0	\$46,302	\$191,903
Strategic Planning	1.2	\$96,470	\$39,553	\$27,000	\$46,302	\$209,324
Business and Operational Planning	1.2	\$180,028	\$73,812	\$460,000	\$46,302	\$760,141
Navigator Program	1.2	\$96,470	\$39,553	\$300,000	\$46,302	\$482,324
Health Plan Management	10.7	\$902,111	\$369,866	\$600,000	\$416,717	\$2,288,694
Consumer Assistance	2.9	\$221,460	\$90,799	\$250,000	\$98,302	\$660,561
Outreach and Education	2.0	\$218,870	\$89,737	\$400,000	\$72,302	\$780,908
SHOP – specific functions	7.5	\$663,915	\$272,205	\$500,000	\$298,113	\$1,734,233
<b>OVERALL TOTALS</b>	<b>63.8</b>	<b>\$5,697,506</b>	<b>\$2,335,977</b>	<b>\$29,617,900</b>	<b>\$2,485,000</b>	<b>\$40,136,383</b>

## IT Systems Budget

California is requesting Level One Establishment grant funding to assist us as we begin working to meet the twin goals of dramatically improving the health care customer experience and complying with all federal Patient Protection and Affordable Care Act (ACA) requirements. We have developed an IT systems budget that provides a solid estimate of the funding we will need to carry out all Level One Establishment activities during the coming year. Our budget is predicated upon our understanding of the goals and objectives of the ACA and our proposed IT work plan for the Level One Establishment grant. This budget narrative demonstrates our thorough understanding of the scope of Exchange functions and describes the work we will undertake during the grant period to achieve program goals and objectives in alignment with our IT work plan. Our work plan is consistent with planned future efforts to develop and enhance existing Medicaid (Medi-Cal) and CHIP (Healthy Families) eligibility, enrollment, and management systems.

Our IT work plan consists of three phases. The first phase will be staffed by a consultant team consisting of experts in enterprise business, technical, and data architecture and related fields. The California Health Benefits Exchange (California Exchange) has coordinated with the Medi-Cal program, administered by the Department of Health Care Services (DHCS), for the engagement of consultants in early July 2011 so our aggressive schedule can be met. The California Exchange will bring on additional consulting support as well. The second phase will be supported by another consulting team, bringing the necessary acquisition expertise to the effort. We will also commence the development and testing phase during the last months of the Level One grant period. The resources necessary to support each phase of our IT work plan are set forth in this grant budget.

Our budget has been designed to cover the costs of our efforts to implement robust California Exchange functionality. Total estimated IT costs for the grant period (July 1, 2011 through June 30, 2012), including the costs of both state personnel and consultants, and a proportionate allocation for governance, are **\$27,824,882**. California's proposed overall budget clearly identifies how these funds are allocated within the Exchange.

Our proposed IT budget was developed based upon the following assumptions:

- The California Exchange will interface with the current MEDS, SAWS, CA-MMIS, CD-MMIS, and Healthy Families infrastructure and architectures.
- Includes only the portion of system development costs estimated to be incurred during the Level One grant period and does not account for ongoing maintenance and operation. We intend to include these costs into our Level Two Establishment funding request, to be submitted in 2012.
- Is based on currently available information and is subject to modification as changes in federal and/or state regulations drive additional requirements and scope.
- Includes only costs for activities and functionalities that are integral to Exchange operations and meeting Exchange requirements.

1. **State Personnel** – Indicates the personnel costs of the state IT staff to be assigned to the project. For each position, Exhibit A, Budget for State IT Staff Positions, identifies the:

- Working title;
- State job classification (if applicable);
- Number of full-time equivalent staff to be assigned;
- Annual salary (top step of range for 12 months) and fringe benefits (41% of salary), combined, reduced by 15% for salary savings;
- Standard operating expenses and equipment factor of \$26,000 per FTE position, including travel costs; and
- Total cost of state IT personnel for the project period.

The total 2011–2012 cost for state IT personnel is estimated to be **\$1,697,044**. See Descriptions of Key IT Systems Personnel for job descriptions.

**Exhibit A, Budget for State IT Staff Positions**

<b>Position Title (State Job Classification)</b>	<b>FTE</b>	<b>Annual Salary and Fringe Costs</b>	<b>Operating Expenses and Equipment \$</b>	<b>Total</b>
Administrative Support (Administrative Assistant I)	1	82,468	26,000	108,468
Procurement Analyst (Senior Information Systems Analyst)	1	120,284	26,000	146,284
Budget Analyst (Associate Budget Analyst)	1	82,468	26,000	108,284
Contract Analyst (Senior Information Systems Analyst)	1	120,284	26,000	146,284
Network Administrator (Systems Software Specialist II)	1	120,081	26,000	146,081
Project Planning/Scheduling Analyst (Senior Information Systems Analyst)	1	120,284	26,000	146,284
System Change Management Coordinator/Analyst (Senior Information Systems Analyst)	1	120,284	26,000	146,284
Risk Management Analyst/QA Analyst (Senior Information Systems Analyst)	1	120,284	26,000	146,284
System Architect (Systems Software Specialist III)	1	131,908	26,000	157,908
Vendor Project Director (Data Processing Manager IV)	2	306,557	52,000	358,557
Chief Technology and Information Officer	1	304,560	26,000	330,560
<b>Total</b>	<b>12</b>	<b>1,629,464</b>	<b>312,000</b>	<b>1,941,464</b>
Salary Savings (15%)		(244,420)		
<b>Totals for Grant</b>		<b>1,385,044</b>		<b>1,697,044</b>

2. **Consultant Costs** – Consultant costs cover independent firms contracted to provide critical expertise and services in a timely fashion, and assure consistent quality throughout development and implementation. The areas addressed and costs include:
  - A. **Phase 1 Support** – This phase of consultant support includes the estimated costs for the consultant pool of approximately seven individuals to be hired by DHCS, the Medicaid Single State Agency. These costs are shown in Exhibit B, Budget for Phase 1 Consultant Support, as a separate line item. This phase includes requirements analysis, business architecture and conceptual design framework, alternatives analysis, and IT strategy development. Total cost for Phase 1 consultants, as shown in Exhibit B, is projected to be \$3,183,600.

- B. Phase 2 Support: Acquisition – This phase of consultant support includes RFP development, conducting procurements, managing the evaluation and contracting process, and ongoing vendor management. Total cost for Phase 2 consultants, as shown in Exhibit C, Budget for Phase 2 Consultant Support: Acquisition, is projected to be \$993,300.
- C. Phase 3 Support: IT Design and Development Contractor – As noted previously, California expects to spend the next several months completing the development of a business strategy for the California Exchange that will inform an IT strategy, and an acquisition strategy for IT services to develop and implement Exchange automated functionality. Our timeline, however, contemplates beginning the development of IT systems in the first quarter of calendar 2012, which falls within the proposed Level 1 grant period. Consequently we prepared a rough, conservative estimate of the cost of developing and implementing Exchange IT systems based upon previous experience with large scale eligibility systems and related component estimates. This estimate is \$85 million and is intended to include the cost for various state partners to build out interfaces. Assuming a first quarter 2012 start of work for vendor(s) and using an experience-based estimate for the rate of incurring cost in large scale system development projects, we have included \$21,250,000 in the Level One grant budget for this activity.

Total IT consulting costs for 2011–2012, as described in A, B and C above, are estimated to be **\$25,426,900**. As consultants are engaged, all required reporting information specified in Appendix E of the grant announcement will be provided.

**Exhibit B, Budget for Phase 1 IT Consultant Support**

	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
FTEs	3	3	3	3	3	3	3	3	3	3	3	3
Hours	172	172	172	172	172	172	172	172	172	172	172	172
Average Rate	175	175	175	175	175	175	175	175	175	175	175	175
Month Sub-total	90,300	90,300	90,300	90,300	90,300	90,300	90,300	90,300	90,300	90,300	90,300	90,300
DHCS IT Consultant Pool	175,000	175,000	175,000	175,000	175,000	175,000	175,000	175,000	175,000	175,000	175,000	175,000
Total Phase I Consultants	265,300	265,300	265,300	265,300	265,300	265,300	265,300	265,300	265,300	265,300	265,300	265,300

**PHASE 1 TOTAL: \$3,183,600**

**Exhibit C, Budget for Phase 2 IT Consultant Support: Acquisition**

	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
FTEs	1	4	4	4	3	3	3	3	2	2	2	2
Hours	172	172	172	172	172	172	172	172	172	172	172	172
Average Rate	175	175	175	175	175	175	175	175	175	175	175	175
Month Total	30,100	120,400	120,400	120,400	90,300	90,300	90,300	90,300	60,200	60,200	60,200	60,200

**PHASE 2 TOTAL: \$993,300**

Total Phase 1 & Phase 2 IT Consultants	295,400	385,700	385,700	385,700	355,600	355,600	355,600	355,600	325,500	325,500	325,500	325,500
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**GRAND TOTAL FOR PHASE 1 and PHASE 2 IT CONSULTANTS: \$4,176,900**

## **Description of Key Personnel and Organizational Chart**

Please see attached high level organizational chart.

### **Descriptions of Non-IT Key Personnel**

**Exchange Executive Director:** The Executive Director will provide leadership to the Exchange, work with the board to make policy decisions, and provide strategic direction to the entity. The Executive Director will lead the staff to develop, implement, and operate the Exchange. This position relates to all core areas.

**Chief Deputy Director:** The CDD will provide executive leadership and assist the Executive Director in leading the staff to develop, implement, and operate the Exchange. This position relates to all core areas.

**Chief Operations Officer:** The COO will oversee the business functions of the Exchange. S/he will provide operational supervision to the Exchange and work closely with partners of the Exchange to ensure the entity is working appropriately and with integrity. This position relates to all core areas.

**Chief Financial Officer:** The CFO will offer budgetary oversight to the Exchange. S/he will ensure the operational expenditures, contracts, revenues, and payments of the Exchange occur continuously and in a responsible manner. This position relates to all core areas.

**Director of Policy:** The Director of Policy will provide strategic direction and policy and analytical oversight for the development and implementation of the Exchange. S/he will direct policy decisions and make recommendations to the Executive Director and the board. The Director of Policy will also oversee policy changes that are put into effect. This position relates to all core areas.

**Director of Communications:** The Director of Communications will oversee the outreach and education campaigns of the Exchange and administer the Navigator program. S/he provides strategic development of the marketing campaign that will accompany the Exchange's launch. This position relates to all core areas.

**Chief Counsel:** The Chief Counsel provides legal oversight for the Exchange. S/he will ensure that all legal agreements are fulfilled and the Exchange entity operates within its legal authority. The Chief Counsel will also provide guidance on any statutes or regulations pertaining to the Exchange. This position relates to all core areas.

**Director of Legislative Affairs:** The Director of Legislative Affairs will conduct timely review and evaluation of federal regulations and guidance that may affect Exchange programs or operations. This director will identify specific state authority and requirements necessary for Exchange operations, advise the Legislature, and support legislative proposals necessary to enhance the authority of the Exchange and other state agencies as needed to comply with federal law and ensure effective Exchange implementation. This position relates to all core areas.

**Director of Health Plan Contracting:** The Director of Health Plan Contracting is responsible for developing and administering statewide program policies for health, dental, and vision care benefits and for developing and monitoring quality improvement standards to ensure compliance with federal and state law and regulations for the Exchange's programs.

**Director SHOP Exchange:** The Director SHOP Exchange will lead the effort to establish a SHOP program at the California Exchange. S/he will provide leadership to staff and consultants to develop, implement, and operate a SHOP program.

**Associate Program Analyst:** Performs the more responsible, varied, and complex technical analytical staff services assignments such as program evaluation and planning; policy analysis and formulation; systems development; budgeting, planning, management, and personnel analysis; and continually provides consultative services to management or others.

**Associate Budget Analyst:** Performs the more responsible and complex technical budget work by coordinating and assisting in the development, preparation, administration, maintenance, review and control of a department's budget; provides consultative budget service to department management; and does other related work.

**Associate Personnel Analyst:** Performs the more responsible, varied, and complex technical work of the state personnel management program; including advising and assisting operating officials; acting as lead person for other staff personnel; and doing other related work.

**Auditor Specialist II:** Conducts and participates in audits, evaluations, assessments, risk management, and system security while following Government Auditing Standards.

**Executive Assistant:** Under direction of a high level administrator, provides staff assistance on sensitive departmental or program issues; administrative assistance and secretarial support; office management, supervisory services, and other staff and office services; and does other related work.

**Office Assistant:** Performs tasks such as typing, mail, and document handling; filing and records management; document preparation and review; composition of correspondence; statistical and other record keeping; and ordering and maintaining supplies and equipment.

**Office Technician:** Performs tasks such as typing, mail, and document handling; filing and records management; document preparation and review; composition of correspondence; statistical and other record keeping; and ordering and maintaining supplies and equipment.

**Research Manager III:** Responsible for leadership of a distinct research or statistical segment of the Exchange. Plans operations, organizes and directs the work of a group of employees, and evaluates their work. Possesses an overall understanding of management, research methodology, and statistical procedures.

**Research Program Specialist II:** Must have knowledge of principles and concepts as applied in a research and statistical setting; be able to apply computerized models to research data; must have knowledge of statistical and other methods used in the analysis and projection of data; survey methods, analytical techniques; operations research methods, cost-benefits analysis, and trend analysis procedures.

**Staff Counsel:** Studies, interprets, and applies laws, court decisions, and other legal authorities; prepares or assists in preparing cases, opinions, briefs, and other legal documents such as memoranda, digests, summaries, and reports. Assists in review of regulations and contracts issued by the Board.

**Staff Services Analyst:** Performs work in a wide variety of consultative and analytical staff services assignments such as program evaluation and planning, systems development, budgeting, planning, and training.

**Staff Services Manager I, II, and III:** Three management levels used throughout state service in the performance of a wide variety of fiscal, management, and staff services functions including such areas as personnel, budget, management analysis, administrative services, program evaluation and planning, and policy analysis and formulation.

## **Descriptions of Key IT Systems Personnel**

The California Exchange staffing plan includes the following state IT staff positions, by functional title.

- **Administrative Support:** Provides essential administrative support to coordinate the project under the direction of the project manager. Duties include all aspects of facilitating a project, meetings, developing presentations and arranging training for project staff; participating in budget administration, providing analysis, and forecasting financial performance against contracts and the budget.
- **Procurement Analyst:** Develops procurement plans and documents to acquire the services and goods needed to support the project. Plans and participates in the evaluation of submitted proposals or offers. Ensures all consultant acquisitions are developed using state-approved competitive procurement processes, conducts discussions/negotiations with contractors, and works with state control agencies to obtain approvals for Non-Competitively Bid (NCB) contract justifications for information technology (IT) system(s) or services.
- **Budget Analyst:** Performs financial tasks in accordance federal and state laws, regulations, and guidelines related to the project's fiscal responsibilities. Develops and maintains annual budget tracking and monitors reports for approved budgets. Develops and prepares reports and presentations on project activities and status pertaining to expenditures and budgets. Works with administrative and fiscal staff to validate all fiscal and budget documents that are required for external distribution including, at a minimum, federal and state control agencies. Develops ad hoc reports related to fiscal tracking, project funding, and approval documents. Tracks planned and actual expenditures against the budget allocations and funding approvals.
- **Contract Analyst:** Responsible for day-to-day contract administration and management of contracts for services and goods. Manages and tracks consulting contractors and contract deliverables. Monitors contract compliance, participates in negotiations, facilitates amendments, and reviews work authorizations and invoices.
- **Network Administrator:** Oversees and manages the project network, security, and interfaces. Administers the Local Area Network (LAN). Provides help desk support for network services. Provides remote access to the network for authorized individuals. Configures and monitors network security in compliance with state standards. Documents network infrastructure and configuration settings to facilitate any required knowledge transfer and the training of other network support staff. Evaluates contractor's architectural designs. Leads the implementation of network upgrades and provides ongoing network support.
- **Project Planning/Scheduling Analyst:** Provides detailed project schedules supporting the entire project lifecycle. Responsible for developing project templates including critical path analysis, resources and resource allocations/leveling, alternate schedules, and implementing variables into the schedules. Maintains multiple schedules at any given time for various project stages. Works with the technical team and the 11 Core Area work teams on deliverables status, identifying opportunities for improvement, delays, and areas where additional concentration is required.
- **System Change Management Coordinator/Analyst:** Coordinates changes, releases, and incidents across the application environments, ensuring correct procedures are followed and changes are accurately recorded, scheduled, and controlled. Responsible for change notification processes and procedures to minimize customer impact and ensure compliance with policy. Focuses on changes to business processes, systems and technology, job roles, and organization structures. Creates and implements change management plans that minimize user resistance and maximize engagement.

- **Risk Management Analyst/QA Analyst:** Manages risks and issues, develops and monitors mitigation plans, and develops and maintains contingency plans. Provides risk input to project status reporting. Ensures product and process quality for the project. Documents, enforces, and improves project processes and standards. Collects and analyzes metrics. Develops Quality Assurance (QA) tools, develops and documents QA findings, and conducts reviews of project deliverables for adherence to industry best practices and standards. Leads the analysis of deliverables that do not meet quality requirements and develops action plans for correcting quality deficiencies.
- **System Architect:** Designs, develops, and implements applications. Directs the design of the applications from conception to completion and oversees the technical staff involved with the development project. Technical leader for the application design and after the design is completed, translates the business needs to the technical team. Directs the system implementation, leading the evaluation, testing, and modification of the application until the functionality meets business goals.

**Vendor Project Director:** Responsible for day-to-day management and activities of vendor staff who are engaged in the technical aspects of the project. Manages vendors and oversees their activities and products to ensure state business needs are met. Monitors contractor performance to ensure contractor maintains quality control. Facilitates, schedules, and participates in meetings as needed with project staff, project sponsor, and other internal and external stakeholders to maintain project scope, costs, schedule, and customer satisfaction. Identifies risks throughout the project life cycle. Assists in review and evaluation of deliverables and develops findings and recommendations for project management.