

California Health Benefit Exchange

Business Plan & Budget for August 15, 2012 through June 30, 2013

Prepared for:
Federal Establishment Grant Level 1.2 Application

June 12, 2012

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Overview

Since it was established by the State of California in 2010, the California Health Benefit Exchange has been laying the groundwork for a dramatic expansion of health care coverage that will benefit millions of Californians starting in 2014. That work has included a wide array of committed partners across that state who have joined with the Exchange to achieve our vision and mission:

Vision

Improve the health of all Californians by assuring their access to affordable, high quality care.

Mission

Increase the number of insured Californians, improve health care quality, lower costs, and reduce health disparities through an innovative, competitive marketplace that empowers consumers to choose the health plan and providers that give them the best value.

State / Federal Partnership

One of the essential partnerships in launching the Exchange and expanding coverage to affordable health care is with the Federal Government, which provides both guidance and funding to establish the Exchange. This Business Plan and Budget for federal support for the period from August 2012 through June 2013 marks a continuation of that important partnership. *Between now and June 29th the Exchange will develop a full proposal to support its continued partnership with the federal government.*

Core Principles

The Exchange has engaged in its planning and budgeting process guided by its vision, mission and values. These are reflected in a few core principles that guide this document and our planning efforts:

- ***Seek the highest value for the lowest cost.*** Because affordability is of paramount importance, all expenses should have maximum impact and the lowest possible ongoing expense to deliver the service or function needed.
- ***Distinguish one-time development efforts and costs from ongoing.*** As a “start-up,” the Exchange must plan for and execute a transition from one-time development efforts (and costs) to a fully operational ongoing enterprise. Clarity about this distinction should guide our planning efforts.
- ***Plan fluidly.*** There will be uncertainty on many fronts that will become clearer over time – from the number and types of health plans offered to the size of enrollment. The Exchange must engage in planning that allows for course correction while building the capacity to deliver the effective and high quality services essential for success.
- ***Embrace interdependence and partnerships.*** The Exchange must work closely with and engage resources from private and public sector entities at the national, state and local levels to be successful. The Exchange’s success depends as much or more on its partnerships than on its direct resources.
- ***Evidence-based planning: test and verify.*** The Exchange should continuously validate and test its assumptions against comparable organizations and efforts.

Executive Summary

Grant History

The California Health Benefit Exchange (the Exchange) has successfully executed the activities required as part of its original Planning Grant, which covered the period from September 30, 2010 through September 29, 2011.

The Exchange now approaches the end of its original Level 1 Establishment Grant period, which began on August 15, 2011 and will end on August 14, 2012. Now called Establishment Grant Level 1.1, this grant period has included the development of high-level workplans, including tasks, timelines, and resources, for the work of successfully launching the Exchange.

We are now preparing an application for what we're calling an Establishment Grant Level 1.2 request. This request for an estimated \$188.2 million in funding will cover the period from August 15, 2012 through June 30, 2013. The budget and potential request amounts will be refined in the period between now and submission of the Level 1.2 request which will be submitted by June 29, 2012.

The projected expenditure of \$194.5 million is reduced by the timing credit of \$6.3 million from the Level 1.1 grant for a net request of \$188.2 million for Level 1.2. See *Exhibit C—Grant Performance Summary* in this section for more detail.

Establishment Grant Level 1.2 (August 15, 2012 through June 30, 2013)

This Level 1.2 request builds on Exchange activities to date by further designing and developing the infrastructure necessary to support the enrollment of millions of Californians and the management of billions of dollars of premiums and tax credits. Following this overview, each of the Exchange's ten core areas is described with a summary view of activities, timelines, and required resources (including both staff and consulting resources) through June 2013.

Major activities during this period include:

- Solicit and evaluate Qualified Health Plan bids; finalize selections
- Design and develop Eligibility and Enrollment processes and work flow, ensuring readiness for open enrollment in October 2013
- Complete the Consumer Outreach communication, education and marketing plan
- Finalize the Assisters Program, including training and a compensation plan
- Launch the design, development and initial implementation of an integrated technology platform, CalHEERS, to provide the appropriate infrastructure for the Exchange
- Design and develop the appropriate operational, accounting and finance support and controls for the Exchange

In addition to the areas and expenses detailed in this Business Plan and Budget, the Exchange anticipates submitting a Level 1.3 request that will address the same period but for which additional development work will be done after the submission of the Level 1.2 request. Business plan and budget areas requiring further development include:

- ***Small Employer Health Options Program (SHOP).*** The Exchange remains engaged in planning the extent to which managing the SHOP operations will be done internally or operated by an outside vendor.
- ***Service Center.*** The Exchange is conducting planning and assessment of Service Center options.
- ***State partner support, including discussions with DHCS, MRMIB, DMHC, CDI, OSHPD, and others.*** The Level 1.2 request includes some resources for partner agencies, but the Exchange is working with these agencies to be sure that all opportunities are investigated.

Exchange Budget and Staffing Plan

The following exhibit and discussion summarizes the overall budget and staffing plan associated with the Level 1.2 grant funding request.

Exhibit A – Exchange Budget by Expenditure Category

| Expenditure Category | 8/15–12/31/12 | 1/1–3/31/13 | 4/1–6/30/13 | Total as of 6/30/13 |
|--|---------------------|---------------------|---------------------|----------------------|
| Positions | 175 | 196 | 203 | 203 |
| Salaries | 4,333,784 | 4,046,373 | 4,255,997 | 12,636,154 |
| Benefits | 2,057,700 | 1,572,912 | 1,658,858 | 5,289,470 |
| Sub-Total | 6,391,484 | 5,619,285 | 5,914,855 | 17,925,624 |
| Operating Expenses & Equipment (OE&E) | 1,685,833 | 1,388,625 | 1,388,625 | 4,463,083 |
| Out of State Travel | 130,350 | 59,370 | 59,370 | 249,090 |
| Contractual | | | | 0 |
| <i>Outside vendor services</i> | 76,906,570 | 45,984,073 | 32,859,606 | 155,750,249 |
| <i>Operations</i> | 13,394,627 | 15,430,340 | 14,787,450 | 43,612,417 |
| Sub-Total | 90,301,197 | 61,414,413 | 47,647,056 | 199,362,666 |
| <i>Total Prior to Medicaid/SCHIP Cost Allocation</i> | 98,508,864 | 68,481,693 | 55,009,906 | 222,000,463 |
| <i>CalHEERS 18% Medicaid/SCHIP Cost Allocation¹</i> | -13,703,364 | -8,068,969 | -5,696,542 | -27,468,875 |
| Grand Total | \$84,805,499 | \$60,412,722 | \$49,313,364 | \$194,531,581 |

Exchange Budget and Staffing Plan Discussion

The staffing plan has been developed based on internal staff planning to meet estimated needs, discussions with external sources, and the extensive industry experience of senior leadership. Proposed levels represent what is estimated to be the minimum staffing required for the Exchange to develop the operational infrastructure needed to support between one and two million enrollees in Exchange health plans and the processing of billions of dollars in premium payments.

The budgeted costs for the California Health Benefit Exchange included in Exhibit A include a substantial proportion of one-time development costs compared to ongoing costs for the Exchange through June 30, 2013. The following observations apply to the Level 1.2 grant period of August 15, 2012 through June 30, 2013:

One-Time Development vs. Ongoing Costs

| | |
|--------------------------------------|-----------------------|
| Estimated one-time development costs | \$ 137,531,581 |
| Estimated ongoing annual costs | \$ 57,000,000 |
| Total Exchange expenses | \$ 194,531,581 |

¹ Figures reflect the approved cost allocation per the Implementation Advance Planning Document approved by the federal government on April 23, 2012, reflecting total non-Exchange funded IT development expenses. The 18 percent consists of a 17 percent allocation to the Medi-Cal program and a one percent allocation to the Healthy Families program. The Medi-Cal allocation will be funded based on a 90/10 federal match and the California-funded portions of these amounts are reflected in budget requests submitted by DHCS.

These development costs relate primarily to the recent Board-approved Accenture IT contract, which comprises over \$100 million of the Exchange's total development costs through June 30, 2013.

One-Time Development Costs

| | |
|---------------------------------------|--|
| Accenture IT contract ² | \$ 108,412,572 (net of Medicaid Cost Allocation) |
| Consumer Outreach/Assisters Program | \$ 14,000,000 |
| Other IT | <u>\$ 15,119,009</u> |
| <i>Total development costs</i> | <i>\$ 137,531,581</i> |

² Note: these figures represent estimates of the potential contract. At this point, the Exchange has only issued an Intent to Award a contract and the final terms are subject to federal approval.

Revenue Projections

The Exchange board will be considering fee structures for Qualified Health Plans in the Individual and Small Employer Health Options Program at future meetings. Exhibit B provides an initial set of revenue projections to provide context for understanding how the budgeted ongoing expenses relate to potential revenues that could be generated by the Exchange at different levels of enrollment and charges to premium.

Exhibit B – 2015 Revenue Projections

| 2015 Revenue Projections | Low | Base | Enhanced |
|--|-----------------|-----------------|------------------|
| Exchange enrollment projections (<i>individual only</i>) | 1,282,000 | 1,603,000 | 2,035,000 |
| Health premium projections | \$6,554,000,000 | \$8,192,000,000 | \$10,403,000,000 |
| Exchange revenue ³ | | | |
| 2% of premium | \$131,000,000 | \$164,000,000 | \$208,000,000 |
| 3% of premium | \$197,000,000 | \$246,000,000 | \$312,000,000 |
| 4% of premium | \$262,000,000 | \$328,000,000 | \$416,000,000 |
| 5% of premium | \$327,000,000 | \$410,000,000 | \$520,000,000 |

Revenue Projection Assumptions

- **Consistent with other exchanges.** Revenue projections assume a range of fees as a percentage of health premiums and are consistent with the actual results of the Massachusetts Connector and projections by the Washington and West Virginia exchanges.
- **On track for sustainability.** The revenue assumptions above combined with our expected level of costs in 2015 indicate we are proceeding appropriately towards a fully sustainable model. The next phase of our work will include a detailed validation regarding the financial sustainability of the Exchange.

³ Other Exchanges:

- Massachusetts Connector actual fee structure was 5% in Year 1, 4.5% in Year 2, and 3% in Year 3
- Washington Level 2 Request is 3% - 6% Exchange Revenue. Request has been approved

Grant Performance Summary

Exhibit C provides an overview of the California Exchange's grants to date and current request.

Exhibit C – Grant Performance Summary

| Title | Term | Actual Expenditures | Award Amount |
|---|--------------------------|------------------------|----------------|
| PLANNING GRANT | 9/30/10 – 9/29/11 | \$0.5 | \$1.0 |
| <p>Purpose: Provide for the development of a detailed business and implementation plan. Enable California to inventory and analyze existing state and local programs; define the additional infrastructure, resources, data and coordination activities needed for the Exchange to be operational by 2014.</p> <p>Comments: Planning Grant was not fully expended.</p> <p>Assessment: Objectives met. Exchange established stakeholder involvement through regular meetings. Website developed to promote stakeholder transparency and input. Partnered with state agencies to discuss goals of program integration and priorities. Contracted with outside vendors to develop the business and operational plan.</p> | | | |
| Title | Term | Projected Expenditures | Award Amount |
| EST. GRANT LEVEL 1.1 | 8/15/11 – 8/14/12 | \$33.4 | \$39.7 |
| <p>Purpose: Funds to support the planning, development and implementation of the Exchange. Initiate implementation of a 3-year business and operational plan, including an IT infrastructure. Establish systems and program capacity in core areas to secure federal certification.</p> <p>Comments: Based on projected expenditures which include the initial phases of SI, PM and IV&V, the Level 1 grant will sustain the Exchange through August 2012. Surplus of \$6M will offset a portion of continued SI costs through development.</p> <p>Assessment: The Exchange is achieving milestones identified in the grant. Solicitations for design and development of required IT systems and for outreach and marketing support were released. Ogilvy was selected for the development of outreach, marketing and education campaigns. The Exchange contracted with PWC to advise on Health Plan contracting strategies.</p> | | | |
| Title | Term | Projected Expenditures | Award Amount |
| EST. GRANT LEVEL 1.2 | 8/15/12 – 6/30/13 | \$194.5 | \$194.5 |
| <p>Purpose: Funds to support the Exchange in moving to the next level of planning, development and implementation. Continued development and refinement of a 3 year business and operational plan, navigator program design and IT infrastructure. Development of plan that ensures the prevention of waste, fraud, abuse and ensures financial self-sustainability.</p> <p>Comments:</p> <p>Assessment:</p> | | | |
| Current Estimate – Net Request to Federal Government | | | |
| Original Level 1 Variance (Timing Surplus) | | (\$6.3) | |
| Establishment Grant Level 1.2 | | <u>\$194.5</u> | |
| Net Request | | \$188.2 | |

1. Consumer Outreach, Marketing and Assistance

Mission

To plan, implement, manage, and evaluate the statewide multi-faceted outreach, education, and marketing strategies required to enroll millions of Californians into affordable, high quality health care programs (e.g., Exchange, Medi-Cal and Healthy Families programs).

Proposed Business Functions / Units

1. Creative Production
2. Public Relations
3. Outreach Coordination and Partnerships
4. Navigators/Assisters Program
5. Grant Management
6. Program Evaluation

Key Milestones

- | | |
|---|-----------------------|
| ▪ Final outreach, education, and marketing plan completed | August/September 2012 |
| ▪ Final design of Assisters Program completed | August/September 2012 |
| ▪ Outreach & Education (O&E) Grant RFP released | January 2013 |
| ▪ Assisters Program training launched | First Quarter 2013 |
| ▪ O&E Grant awardees selected | March 2013 |
| ▪ O&E Grant contracts in place | June/July 2013 |
| ▪ Initial round of media placements and buys secured | July/August 2013 |

Proposed Staffing

- No current staff. By June 30, 2013 staffing is proposed to increase to 31 positions in order to reach the large and varied population of Californians needing access to affordable health care.

Proposed Outside Vendor Services ⁴

1. Outreach, education, and statewide marketing implementation activities and strategies ⁵
2. Navigators/Assisters Program implementation activities and strategies
3. Consumer Assistance Program grants, including RFP development, grant management, and oversight activities

Proposed Interagency Agreements

The following agencies have been preliminarily identified to help the Exchange conduct targeted outreach and education:

1. Employment Development Department

⁴ The budgets reflect working figures from the Preliminary Proposals submitted by the Exchange to the Board on May 22, 2012. In all cases, the "Gold" (or high) budget level was used for illustration purposes. These figures will be revised by board actions and further work between the Exchange and the vendors prior to submission of the Level 1.2 grant request.

⁵ Does not include media placements and buys, which may be conducted in this period but would be the subject of an additional funding request

2. Department of Motor Vehicles
3. Franchise Tax Board
4. Board of Equalization
5. Managed Risk Medical Insurance Board

Core Area Budget Exhibit

Exhibit 1 – Consumer Outreach | Marketing | Assistors Budget by Expenditure Category

| Expenditure Category | 6/1/12 | 8/15– 12/31/12 | 1/1–3/31/13 | 4/1–6/30/13 | Total as of 6/30/13 |
|--------------------------------|---------------|---------------------------|---------------------|---------------------|--------------------------------|
| Positions | 0 | 20/26 ⁶ | 31 | 31 | |
| Salaries | | 587,630 | 533,889 | 533,889 | 1,655,408 |
| Benefits | | 240,928 | 218,894 | 218,894 | 678,717 |
| Sub-Total | | 828,558 | 752,783 | 752,783 | 2,334,125 |
| OE&E | | 233,333 | 217,000 | 217,000 | 667,333 |
| Out of state travel | | 3,250 | 3,288 | 3,288 | 9,825 |
| Contractual | | | | | |
| <i>Outside vendor services</i> | | 10,195,614 | 12,820,614 | 12,820,614 | 35,836,842 |
| <i>Operational & IAA</i> | | 0 | 532,813 | 601,250 | 1,134,063 |
| Sub-Total | | 10,195,614 | 13,353,427 | 13,421,864 | 36,970,905 |
| GRAND TOTAL | | \$11,260,756 | \$14,326,498 | \$14,394,935 | \$39,982,189 |

⁶Positions on August 15 / December 31

2. Qualified Health Plan Management

Mission

To manage the acquisition and oversight of Exchange health plan offerings that will expand Californians' access to affordable, high quality health coverage. This core area is responsible for selecting the QHPs to be offered in both the Exchange's individual and small employer (SHOP) programs, with coverage starting on January 1, 2014. This area is also responsible for:

- Coordinating with state regulators to ascertain compliance with marketwide Affordable Care Act requirements
- Assuring compliance with contract provisions in the QHP contracts, including collecting and evaluating quality monitoring and other data; and developing internal standards for forthcoming recertification and decertification processes

Proposed Business Functions / Units

1. Certification, Decertification/ Recertification
2. Plan Oversight, Quality Monitoring and Contract Compliance
3. Plan Support Services
4. Research / Analytics / Actuarial

Key Launch Milestones

- | | |
|-----------------------------------|--------------------|
| ▪ Draft QHP solicitation released | September 18, 2012 |
| ▪ Final QHP solicitation released | October 15, 2012 |
| ▪ Interagency Agreements in place | November 1, 2012 |
| ▪ QHP solicitation bids due | January 1, 2013 |
| ▪ QHP selections announced | June 1, 2013 |
| ▪ QHP contracts in place | June 30, 2013 |

Proposed Staffing

- No current staff. By June 30, 2013 staffing is proposed to increase to 21 positions to meet core area objectives, including reviewing and evaluating an estimated 175 distinct individual plan proposals.

Proposed Outside Vendor Services

1. **QHP bid review and plan quality and measurement.** Will supplement State staff responsible for applying QHP certification standards, evaluating bid terms, evaluating proposed compliance with QHP standards, and making final QHP plan certification decisions. They will also assist with readiness review and contracting with QHPs.
2. **Actuarial analyses.** Will be used not only to confirm reported actuarial value of QHP bids but also to analyze benefit plan design variation, detect possible benefit plan discrimination, and assure compliance with meaningful difference rules. Plan features such as visit limits, narrow networks, and actuarial impact of proposed delivery system reforms will require actuarial analyses. Actuarial analysis will also support premium negotiations as part of the selection and contracting decisions.

3. **Health economist and evaluation research.** Will support the certification process by supplying econometric analysis of proposed delivery system reforms. QHP bidders may include data in their bid to support quality and program effectiveness claims; these will require independent analysis and evaluation

Potential Interagency Agreements ⁷

1. **California Department of Insurance.** CDI will apply a subset of QHP certification standards before the Exchange applies the non-regulatory certification standards, such as actuarial value and inclusion of Essential Health Benefits, in addition to other marketwide ACA requirements. The Exchange will support the necessary coordination with DMHC to obtain the results of their application of certain QHP certification standards.
2. **California Department of Managed Health Care.** DMHC will apply a subset of QHP certification standards before the Exchange applies the non-regulatory certification standards, such as actuarial value and inclusion of Essential Health Benefits, in addition to other marketwide ACA requirements. The Exchange will support the necessary coordination with DMHC to obtain the results of their application of certain QHP certification standards.

⁷ The potential Interagency Agreements referenced for CDI and DMHC are mostly no-cost insofar as they relate to each regulator conducting the standard reviews for compliance of insurance plans under their oversight. There would, however, be staff needs at the California Department of Insurance and the Department of Managed Health Care specific to supporting the Exchange's certification process. During this period, the budget reflects CDI having one Exchange-supported staff to coordinate the QHP certification process with the Exchange; and, given the anticipated greater volume of DMHC regulated QHPs, the DMHC having three Exchange-supported staff to coordinate QHP certification with the Exchange. The potential of additional federal support through the Exchange for functions that may be undertaken by these or other agencies is subject to additional investigation.

Core Area Budget Exhibit

Exhibit 2 – QHP Management Budget by Expenditure Category

| Expenditure Category | 6/1/12 | 8/15– 12/31/12 | 1/1–3/31/13 | 4/1–6/30/13 | Total as of 6/30/13 |
|---|--------|--------------------|--------------------|--------------------|------------------------|
| Positions | 0 | 9/16 | 21 | 21 | |
| Salaries | | 394,768 | 367,838 | 416,220 | 1,178,825 |
| Benefits | | 161,855 | 150,813 | 170,650 | 483,318 |
| Sub-Total | | 556,622 | 518,651 | 586,870 | 1,662,143 |
| OE&E | | 137,667 | 142,625 | 142,625 | 422,917 |
| Out of state travel | | 46,400 | 12,200 | 12,200 | 70,800 |
| Contractual | | | | | |
| <i>Outside vendor services</i> | | 529,624 | 717,984 | 454,280 | 1,701,888 |
| <i>QHP Bid Review</i> | | 296,944 | 518,544 | 221,600 | |
| <i>Actuarial</i> | | 66,480 | 88,640 | 66,480 | |
| <i>Health economist & evaluation research</i> | | 166,200 | 110,800 | 166,200 | |
| <i>Operational & IAA</i> | | 281,250 | 187,500 | 187,500 | 656,250 |
| Sub-Total | | 810,874 | 905,484 | 641,780 | 2,358,138 |
| GRAND TOTAL | | \$1,551,563 | \$1,578,960 | \$1,383,475 | \$4,513,998 |

3. Small Employer Health Options Program (SHOP)

Mission

To help small employers and their employees access affordable, high quality health care coverage. To provide an array of products and services in a competitive marketplace that empowers them to choose the health plan and providers that give them the best value.

Proposed Staffing

- No current staff. By June 30, 2013, Exchange staffing is proposed to include a Director, Deputy Director, and manager to develop and oversee SHOP planning and contracting activities. Proposed staff will be responsible for implementing a Board-approved design, to be determined, for the Small Employer Healthcare Options Program, including policy and IT development.

Proposed Outside Vendor Services

1. **Solicitation support.** Acquisition of contracted services to support vendor solicitation development, vendor management, and associated contractual services beginning the third quarter of 2012
2. **Agent training program development.** Acquisition of contracted services to develop an agent training program beginning in the second quarter of 2013

Core Area Budget Exhibit

Exhibit 3 – SHOP Budget by Expenditure Category

| Expenditure Category | 6/1/12 | 8/15– 12/31/12 | 1/1–3/31/13 | 4/1–6/30/13 | Total as of 6/30/13 |
|--------------------------------|--------|-------------------|------------------|------------------|------------------------|
| Positions | 0 | 3/3 | 3 | 3 | |
| Salaries | | 99,977 | 66,651 | 66,651 | 233,279 |
| Benefits | | 40,990 | 27,327 | 27,327 | 95,644 |
| Sub-Total | | 140,967 | 93,978 | 93,978 | 328,923 |
| OE&E | | 31,500 | 21,000 | 21,000 | 73,500 |
| Out of state travel | | 0 | 0 | 0 | 0 |
| Contractual | | | | | 0 |
| <i>Outside vendor services</i> | | 528,000 | 487,200 | 389,760 | 1,404,960 |
| <i>Operational & IAA</i> | | 0 | 0 | 0 | 0 |
| Sub-Total | | 528,000 | 487,200 | 389,760 | 1,404,960 |
| GRAND TOTAL | | \$700,467 | \$602,178 | \$504,738 | \$1,807,383 |

4. Eligibility and Enrollment

Mission

To plan, implement, manage and evaluate the eligibility and enrollment functions and operational processes required to enroll (and facilitate the enrollment of) millions of Californians into affordable, high quality health care programs (e.g., Exchange, Medi-Cal and Healthy Families programs). Eligibility and enrollment operations will ensure Californians are able to seamlessly enroll in the appropriate health care programs for which they are eligible.

Proposed Business Functions / Units

1. Eligibility & Enrollment (E&E) Program Management (including CalHEERS' business functions)*
2. Service Center Program Management (Service Center business functions)*
3. Navigators/Assisters Program
4. E&E Reporting and Audits

* These Units will have staff who will identify, address and resolve any policy issues related to eligibility and enrollment and service center functions.

Key Milestones

- | | |
|--|--------------------|
| ▪ Assisters Program training launched | First Quarter 2013 |
| ▪ Federal certification of Exchange issued | March 31, 2013 |
| ▪ Open enrollment kickoff | October 1, 2013 |
| ▪ Full-service Exchange launch | January 1, 2014 |

Additional CalHEERS-related milestones include:

- Developing business rules and workflow documentation
- Eligibility- and enrollment-related testing
- eReporting specifications and requirements
- State regulations completed
- Program materials, forms, notices, and letters completed
- Auto-enrollment designed and implemented

Proposed Staffing

- No current staff. By June 30, 2013 staffing is proposed to increase to 15 positions in order to build efficient processes and workflows to serve over one million enrollees.

Proposed Outside Vendor Services

- Translation services to ensure that all program materials, forms, notices and letters are available in culturally and linguistically appropriate manner (e.g., in Medi-Cal threshold languages).

Proposed Interagency Agreements

- None

Core Area Budget Exhibit

Exhibit 4 –Eligibility & Enrollment Budget by Expenditure Category

| Expenditure Category | 6/1/12 | 8/15– 12/31/12 | 1/1–3/31/13 | 4/1–6/30/13 | Total as of 6/30/13 |
|--------------------------------|--------|-------------------|------------------|------------------|------------------------|
| Positions | 0 | 11/15 | 15 | 15 | |
| Salaries | | 368,245 | 252,627 | 252,627 | 873,499 |
| Benefits | | 150,980 | 103,577 | 103,577 | 358,134 |
| Sub-Total | | 519,225 | 356,204 | 356,204 | 1,231,633 |
| OE&E | | 152,833 | 105,000 | 105,000 | 362,833 |
| Out of state travel | | 3,250 | 3,288 | 3,288 | 9,825 |
| Contractual | | | | | |
| <i>Outside vendor services</i> | | 0 | 0 | 300,000 | 300,000 |
| <i>Operational & IAA</i> | | 0 | 0 | | 0 |
| Sub-Total | | 0 | 0 | 300,000 | 300,000 |
| GRAND TOTAL | | \$675,308 | \$464,492 | \$764,492 | \$1,904,291 |

5. Information Technology

Mission

To provide technical support for the CalHEERS Project, Exchange staff and programs, and the Service Center.

Proposed Business Functions / Units

1. CalHEERS Project Support
2. Exchange Technical Support
3. Service Center Project Support

Exhibit 9A summarizes the entire IT core area budget, including costs for all three units above. The budget for each area is addressed separately within this section

Proposed Staffing

- Current staff of five will grow to 43 positions by June 30, 2013, including:
 - CalHEERS project oversight and support – 25
 - Exchange operations technical support – 18

Core Area Summary Budget Exhibit

Exhibit 5A – IT Summary Budget by Expenditure Category

| Expenditure Category | 6/1/12 | 8/15–12/31/12 | 1/1–3/31/13 | 4/1–6/30/13 | Total as of 6/30/13 |
|---|--------|---------------------|---------------------|---------------------|----------------------|
| Positions | 5 | 36/38 | 43 | 43 | |
| Salaries | | 1,471,624 | 1,013,639 | 1,027,236 | 3,512,498 |
| Benefits | | 603,366 | 415,592 | 421,167 | 1,440,124 |
| Sub-Total | | 2,074,989 | 1,429,230 | 1,448,403 | 4,952,622 |
| OE&E | | 431,667 | 300,125 | 300,125 | 1,031,917 |
| Out of state travel | | 3,250 | 3,300 | 3,300 | 9,850 |
| Contractual | | | | | |
| <i>Outside vendor services</i> ⁸ | | 64,716,612 | 30,841,667 | 18,041,666 | 113,599,945 |
| <i>Operational & IAA</i> | | 11,258,560 | 13,804,127 | 13,273,981 | 38,336,668 |
| Sub-Total | | 75,975,172 | 44,645,794 | 31,315,647 | 151,936,613 |
| <i>Total prior to Medicaid reduction</i> | | 78,485,078 | 46,378,449 | 33,067,474 | 157,931,001 |
| <i>CalHEERS 18% Medicaid/SCHIP Cost Allocation</i> ⁹ | | -13,703,364 | -8,068,969 | -5,696,542 | -27,468,875 |
| GRAND TOTAL | | \$64,781,713 | \$38,309,481 | \$27,370,932 | \$130,462,126 |

⁸ Note: these figures represent estimates of the potential contract. At this point, the Exchange has only issued an Intent to Award a contract and the final terms are subject to federal approval.

⁹ Figures reflect the approved cost allocation per the Implementation Advance Planning Document approved by the federal government on April 23, 2012, reflecting total non-Exchange funded IT development expenses. The 18 percent consists of a 17 percent allocation to the Medi-Cal program and a one percent allocation to the Healthy Families program. The Medi-Cal allocation will be funded based on a 90/10 federal match and the California funded portions of these amounts are reflected in budget requests submitted by DHCS.

5.1. CalHEERS Project Support

Mission

To ensure that the CalHEERS system is built to meet the business needs of the Exchange. Resources include the system integrator's (SI's) work to design, develop and implement the CalHEERS system, as well as the project support services required to ensure that the Exchange's goals and the SI's contractual obligations are fully met.

Key Launch Milestones

- | | |
|---|-------------------|
| ▪ Business analysis and validation complete | September 1, 2012 |
| ▪ Architecture analysis and validation complete | October 1, 2012 |
| ▪ Privacy and security analysis and validation complete | December 1, 2012 |
| ▪ Testing and acceptance complete | July 1, 2013 |

Proposed Outside Vendor Services

1. **Systems integrator.** Design, develop, and implement the CalHEERS system to support the eligibility, enrollment, and other business functions of the Exchange
2. **Project management and technical support.** Provide the Exchange with staff to oversee CalHEERS project work and ensure the timely delivery of the CalHEERS system
3. **Independent verification and validation (IV&V).** Provide independent oversight regarding the quality of the work accomplished during the course of the CalHEERS project

Proposed Interagency Agreements

1. **California Department of Health Care Services.** Support activities at DHCS to build interfaces to the MEDS systems and support the design and testing of the CalHEERS system
2. **Managed Risk Medical Insurance Board.** Support activities at MRMIB to build interfaces to the Maxe2 system and support the design and testing of the CalHEERS system
3. **Office of Systems Integration.** Support project management for the CalHEERS system and oversee the vendor and activities required by the county SAWS consortia to develop and test interfaces and other functionality required to support ACA program eligibility and other CalHEERS-related support

CalHEERS Budget Exhibit

Exhibit 5B – IT / CalHEERS Project Support Budget by Expenditure Category

| Expenditure Category | 6/1/12 | 8/15–12/31/12 | 1/1–3/31/13 | 4/1–6/30/13 | Total as of 6/30/13 |
|--|--------|---------------------|---------------------|---------------------|----------------------|
| Positions | 4 | 24/25 | 25 | 25 | |
| Salaries | | 858,308 | 581,685 | 581,685 | 2,021,678 |
| Benefits | | 351,906 | 238,491 | 238,491 | 828,888 |
| Sub-Total | | 1,210,214 | 820,176 | 820,176 | 2,850,565 |
| OE&E | | 257,833 | 175,000 | 175,000 | 607,833 |
| Out of state travel | | 3,250 | 3,300 | 3,300 | 9,850 |
| Contractual | | | | | |
| <i>Outside vendor services</i> | | 63,399,945 | 30,025,000 | 17,375,000 | 110,799,945 |
| <i>Systems integrator</i> | | 61,374,945 | 28,500,000 | 16,000,000 | |
| <i>Project management & technical support</i> | | 1,175,000 | 1,175,000 | 1,175,000 | |
| <i>IV&V services</i> | | 200,000 | 200,000 | 200,000 | |
| <i>Other outside vendor services</i> | | 650,000 | 150,000 | 0 | |
| <i>Operational & IAA</i> | | 11,258,560 | 13,804,127 | 13,273,981 | 38,336,668 |
| <i>OSI – Interface design; develop & implement CalWIN/CalHEERS</i> | | 3,008,400 | 3,910,300 | 3,910,300 | |
| <i>OSI – Interface design; develop & implement C-IV /CalHEERS</i> | | 3,065,100 | 3,986,950 | 3,986,950 | |
| <i>OSI – Interface design; develop & implement LEADER/CalHEERS</i> | | 2,362,800 | 3,071,600 | 3,071,600 | |
| <i>Various DHCS contract resources (IAA)</i> | | 913,000 | 962,500 | 770,000 | |
| <i>DHCS project-related support (IAA)</i> | | 800,784 | 746,445 | 597,156 | |
| <i>DHCS staff – CalHEERS project related support (IAA)</i> | | 426,650 | 447,867 | 358,294 | |
| <i>Other IAAs</i> | | 681,826 | 678,465 | 579,681 | |
| Sub-Total | | 74,658,505 | 43,829,127 | 30,648,981 | 149,136,613 |
| <i>Total prior to Medicaid reduction</i> | | 76,129,802 | 44,827,603 | 31,647,456 | 152,604,861 |
| <i>18% Medicaid/SCHIP Cost Allocation</i> | | -13,703,364 | -8,068,969 | -5,696,542 | -27,468,875 |
| GRAND TOTAL | | \$62,426,438 | \$36,758,634 | \$25,950,914 | \$125,135,986 |

5.2. Exchange Technical Support

Mission

In service of the Exchange’s mission, to implement, direct, and maintain information technology operations that meet the organization’s current and future information management needs. This includes IT support for Exchange Operations, Financial Management, QHP, SHOP, Program Integration, Eligibility and Enrollment, Consumer Assistance & Outreach.

Proposed Business Functions / Units

1. Enterprise Architecture to support the Exchange operations
2. Information Security Office to support the Exchange operations
3. Operational Support for the full team of Exchange staff

Key Launch Milestones

- Network policies and procedures implemented September 1, 2012
- Security policies and procedures implemented September 1, 2012
- Fully staffed and operational December 1, 2012

Proposed Outside Vendor Services

- Outside vendor services will be obtained to provide expertise in areas that do not need to be fully or permanently staffed on the team.

Proposed Interagency Agreements

- California Department of Health Care Services for infrastructure, IT network installation and support, software and hardware support and licenses.

Exchange Technical Support Budget Exhibit

Exhibit 5C – IT / Exchange Technical Support Budget by Expenditure Category

| Expenditure Category | 6/1/12 | 8/15– 12/31/12 | 1/1–3/31/13 | 4/1–6/30/13 | Total as of 6/30/13 |
|--------------------------------|--------|--------------------|--------------------|--------------------|------------------------|
| Positions | 1 | 16/17 | 18 | 18 | |
| Salaries | | 613,316 | 431,954 | 445,551 | 1,490,821 |
| Benefits | | 251,460 | 177,101 | 182,676 | 611,236 |
| Sub-Total | | 864,776 | 609,054 | 628,227 | 2,102,057 |
| OE&E | | 173,833 | 125,125 | 125,125 | 424,083 |
| Out of state travel | | 0 | 0 | 0 | 0 |
| Contractual | | | | | |
| <i>Outside vendor services</i> | | 666,667 | 666,667 | 666,666 | 2,000,000 |
| <i>Operational & IAA</i> | | 0 | 0 | 0 | 0 |
| Sub-Total | | 666,667 | 666,667 | 666,666 | 2,000,000 |
| GRAND TOTAL | | \$1,705,276 | \$1,400,846 | \$1,420,018 | \$4,526,140 |

5.3. Service Center Project Support

Mission

In service of the Exchange’s mission, to implement, direct, and maintain a Service Center to support multiple channels of interaction with consumers. Consumers will use the Service Center to apply for health care and enroll in health care plans, and manage plan and eligibility changes.

Key Launch Milestones

- RFP development, release, and response evaluation complete September 5, 2012

Proposed Outside Vendor Services

- Service Center alternatives analysis, planning and implementation management, and vendor oversight

Proposed Interagency Agreements

- None

Service Center Budget Exhibit

Exhibit 5D – IT / Service Center Budget by Expenditure Category

| Expenditure Category | 6/1/12 | 8/15– 12/31/12 | 1/1–3/31/13 | 4/1–6/30/13 | Total as of 6/30/13 |
|--------------------------------|--------|-------------------|------------------|-------------|------------------------|
| Positions | 0 | 0 | 0 | 0 | |
| Salaries | | 0 | 0 | 0 | 0 |
| Benefits | | 0 | 0 | 0 | 0 |
| Sub-Total | | 0 | 0 | 0 | 0 |
| OE&E | | 0 | 0 | 0 | 0 |
| Out of state travel | | 0 | 0 | 0 | 0 |
| Contractual | | | | | |
| <i>Outside vendor services</i> | | 650,000 | 150,000 | 0 | 800,000 |
| <i>Operational & IAA</i> | | 0 | 0 | 0 | 0 |
| Sub-Total | | 650,000 | 150,000 | 0 | 800,000 |
| GRAND TOTAL | | \$650,000 | \$150,000 | 0 | \$800,000 |

6. Stakeholder Consultation

Mission

To ensure stakeholder input is collected and incorporated into Exchange policy and operation where possible and appropriate.

Proposed Business Functions / Units

1. Collect, catalogue and assign stakeholder comment letters, reports and other communications for review by appropriate program areas
2. Maintain the stakeholder distribution list and coordinate communication sent to the list
3. Plan and facilitate Tribal consultation including serving as the designated liaison to Tribal official and Tribal health programs
4. Coordinate and attend one-on-one stakeholder meetings and coordinate any necessary follow up or action
5. Plan and staff ad hoc meetings, including meeting preparation; communicate with invitees; and prepare meeting materials including agendas, presentations, meeting summaries and/or reports
6. Plan and staff advisory committee meetings, including meeting preparation; communication with advisory committee members; and preparing meeting materials including agendas, presentations, meeting summaries and/or reports

Key Launch Milestones

- | | |
|--|-----------------------------------|
| ▪ One-on-one stakeholder meetings convened | Throughout grant period |
| ▪ Ad hoc stakeholder meetings convened | Throughout grant period |
| ▪ Stakeholder consultation plan finalized | August 1, 2012 |
| ▪ Tribal consultation plan finalized | October 1, 2012 |
| ▪ Advisory committees convened quarterly | Ongoing beginning January 1, 2013 |

Proposed Staffing

- No current staff. By June 30, 2013, staffing is proposed to increase to two positions to meet core area objectives.

Proposed Outside Vendor Services

- None

Proposed Interagency Agreements

- None

Core Area Budget Exhibit

Exhibit 6 –Stakeholder Consultation Budget by Expenditure Category

| Expenditure Category | 6/1/12 | 8/15–12/31/12 | 1/1–3/31/13 | 4/1–6/30/13 | Total as of 6/30/13 |
|--------------------------------|--------|------------------|------------------|------------------|---------------------|
| Positions | 0 | 1/2 | 2 | 2 | |
| Salaries | | 54,090 | 44,229 | 44,229 | 142,548 |
| Benefits | | 22,177 | 18,134 | 18,134 | 58,444 |
| Sub-Total | | 76,266 | 62,363 | 62,363 | 200,992 |
| OE&E | | 16,333 | 14,000 | 14,000 | 44,333 |
| Out of state travel | | 0 | 0 | 0 | 0 |
| Contractual | | | | | 0 |
| <i>Outside vendor services</i> | | 50,000 | 50,000 | 50,000 | 150,000 |
| <i>Operational & IAA</i> | | | | | 0 |
| Sub-Total | | 50,000 | 50,000 | 50,000 | 150,000 |
| GRAND TOTAL | | \$142,600 | \$126,363 | \$126,363 | \$395,325 |

7. Program Integration

Mission

To coordinate with federal and state health programs to ensure integration of policies and programs where possible and appropriate. In addition to this area, each core area also includes staff and additional resources that focus on closely coordinating with other parts of the State or with the federal government.

Given the particularly close relationships the Exchange maintains with the California Department of Health Care Services and the Managed Risk Medical Insurance Board that cut across numerous core areas and Exchange functions, the Exchange anticipates that it will execute global interagency agreements with these two entities.

Proposed Business Functions / Units

1. Coordinate program integration with state health programs including leading project teams, developing analyses of cross-cutting issues, providing policy guidance to executive management
2. Develop and maintain federally-required agreements with state health programs regarding roles and responsibilities for eligibility and enrollment
3. Work with state departments including Department of Health Care Services, Managed Risk Medical Insurance Board, the Employment Development Department and others to develop targeted outreach and pre-enrollment strategies for populations likely to be eligible for the Exchange
4. Monitor federal activities including regulations, guidance, informational bulletins and webinars, and prepare summaries and analyses for executive management

Key Launch Milestones

- | | |
|---|------------------------------|
| ▪ Monthly Program Integration meetings convened | Monthly through grant period |
| ▪ Agreements with State health program & regulators finalized | August 1, 2012 |
| ▪ Pre-enrollment strategies finalized | December 1, 2012 |

Proposed Staffing

- No current staff. By June 30, 2013 staffing is proposed to increase to two positions to meet core area objectives.

Proposed Outside Vendor Services

- None

Proposed Interagency Agreements

1. Global: Department of Health Care Services
2. Global: Managed Risk Medical Insurance Board

Core Area Budget Exhibit

Exhibit 7 – Program Integration Budget by Expenditure Category

| Expenditure Category | 6/1/12 | 8/15–12/31/12 | 1/1–3/31/13 | 4/1–6/30/13 | Total as of 6/30/13 |
|--------------------------------|--------|------------------|-----------------|-----------------|---------------------|
| Positions | 0 | 2/2 | 2 | 2 | |
| Salaries | | 54,338 | 36,225 | 36,225 | 126,788 |
| Benefits | | 22,278 | 14,852 | 14,852 | 51,983 |
| Sub-Total | | 76,616 | 51,077 | 51,077 | 178,770 |
| OE&E | | 21,000 | 14,000 | 14,000 | 49,000 |
| Out of state travel | | 3,250 | 3,288 | 3,288 | 9,825 |
| Contractual | | | | | 0 |
| <i>Outside vendor services</i> | | 0 | 0 | 0 | 0 |
| <i>Operational & IAA</i> | | | | | 0 |
| Sub-Total | | 0 | 0 | 0 | 0 |
| GRAND TOTAL | | \$100,866 | \$68,365 | \$68,365 | \$237,595 |

8. Governance

Mission

To support the California Health Benefit Exchange Board and ensure a successful federal certification process and compliance with state and federal reporting requirements; and to support legislative, regulatory, and other activities that require the services of legal professionals

Proposed Business Functions / Units

1. Provide analytic and administrative support for monthly Exchange Board meetings
2. Draft and maintain the federal blueprint required for Exchange certification in January 2013 and ongoing operations
3. Monitor and facilitate progress reporting on federal Establishment grant work plan
4. Develop quarterly federal grant reports
5. Develop state mandated annual and specific reports including annual legislative report and other reports required by statute or the Board
6. Provide legislative, regulatory, and legal services

Key Launch Milestones

- | | |
|---|--------------------------------|
| ▪ Monthly Exchange Board meetings convened | Monthly through grant period |
| ▪ Quarterly establishment grant reports submitted | Quarterly through grant period |
| ▪ Annual state legislative report submitted | August 1, 2012 |
| ▪ Exchange Blueprint submitted | November 16, 2012 |
| ▪ Exchange receives conditional/certification for operation | January 1, 2013 |

Proposed Staffing

- Proposed staffing by June 30, 2013 is 39 positions, including:
 - Executive– 11
 - Executive assistants – 9
 - Legal – 9
 - Policy – 6
 - Government relations – 4

Proposed Outside Vendor Services

1. Outside legal counsel
2. Electronic library access (Westlaw Legal/LexisNexis)
3. Assistance developing California's Exchange Blueprint application, including development of required artifacts
4. Exchange participation in national network of Exchanges

Proposed Interagency Agreements

- None

Core Area Budget Exhibit

Exhibit 8 – Governance Budget by Expenditure Category

| Expenditure Category | 6/1/12 | 8/15– 12/31/12 | 1/1–3/31/13 | 4/1–6/30/13 | Total as of 6/30/13 |
|--------------------------------|--------|--------------------|--------------------|--------------------|------------------------|
| Positions | 21 | 37/39 | 39 | 39 | |
| Salaries | | 1,350,512 | 914,603 | 914,603 | 3,179,718 |
| Benefits | | 553,710 | 374,987 | 374,987 | 1,303,685 |
| Sub-Total | | 1,904,223 | 1,289,590 | 1,289,590 | 4,483,403 |
| OE&E | | 400,167 | 273,000 | 273,000 | 946,167 |
| Out of state travel | | 29,250 | 9,025 | 9,025 | 47,300 |
| Contractual | | | | | |
| <i>Outside vendor services</i> | | 507,000 | 332,000 | 145,600 | 984,600 |
| <i>Operational & IAA</i> | | 0 | 0 | 0 | 0 |
| Sub-Total | | 507,000 | 332,000 | 145,600 | 984,600 |
| GRAND TOTAL | | \$2,840,639 | \$1,903,615 | \$1,717,215 | \$6,461,469 |

9. Operations and Financial Management

Mission

In service of the Exchange's mission, to implement, direct, and maintain high-quality operational coordination, execution, and financial support services that fully meet the organization's current and future operational, financial, accounting, auditing, personnel, and business services needs.

Proposed Business Functions / Units

1. Personnel Services
2. Business Services
3. Financial Management

Key Milestones

- | | |
|---|-------------------|
| ▪ Launch Level 1.2 strategic business planning effort | September 1, 2012 |
| ▪ Operational policies and procedures established | December 31, 2012 |
| ▪ Project management methodology fully integrated | December 31, 2012 |
| ▪ Level 1.2 staffing plan fully executed | March 31, 2013 |
| ▪ Exchange headquarters identified | June 30, 2013 |

Proposed Staffing

- Current staff of eight will grow to 46 by June 30, 2013, including:
 - Human resources – 13
 - Business services – 7
 - Individual premium accounting reconciliation – 9
 - Internal accounting, controls, and reporting – 6
 - Fraud prevention/audit – 5
 - Financial planning and analysis – 5
 - Project manager – 1

Proposed Outside Vendor Services

1. Building/space lease
2. Accounting/Finance services – Engage consulting services as needed to build an Accounting/Finance organization to support a multibillion dollar business; areas of focus include:
 - a. Premium accounting/reconciliation
 - b. Fraud prevention
 - c. Policies & procedures
 - d. Accounting/FP&A systems
3. Exchange business planning support
4. Strategic planning support
5. Project Management Support

Proposed Interagency Agreements

1. State Controller's Office (Finance and Personnel support)
2. California Department of Health Care Services (IT support)
3. California State University, Sacramento (meeting logistical support)
4. California Department of General Services (CalHEERS acquisition support)

Core Area Budget Exhibit

Exhibit 9 – Operations Budget by Expenditure Category

| Expenditure Category | 6/1/12 | 8/15– 12/31/12 | 1/1–3/31/13 | 4/1–6/30/13 | Total as of 6/30/13 |
|--------------------------------------|--------|--------------------|--------------------|--------------------|------------------------|
| Positions | 8 | 19/29 | 39 | 46 | |
| Salaries | | 621,472 | 587,319 | 734,964 | 1,943,755 |
| Benefits | | 254,804 | 240,801 | 301,335 | 796,940 |
| Temp Help | | 315,000 | 210,000 | 210,000 | 735,000 |
| Salary Savings ¹⁰ | | -1,000,000 | 0 | 0 | -1,000,000 |
| Sub-Total | | 191,276 | 1,038,120 | 1,246,299 | 2,475,695 |
| OE&E | | 255,500 | 294,875 | 294,875 | 845,250 |
| Out of state travel | | 41,700 | 24,981 | 24,981 | 91,661 |
| Contractual | | | | | |
| <i>Outside vendor services</i> | | 280,000 | 595,000 | 546,000 | 1,421,000 |
| <i>Fiscal review</i> | | 250,000 | 350,000 | 350,000 | |
| <i>Other outside vendor services</i> | | 30,000 | 245,000 | 196,000 | |
| <i>Operational & IAA</i> | | 854,817 | 555,900 | 444,719 | 1,855,436 |
| Sub-Total | | 1,134,817 | 1,150,900 | 990,719 | 3,276,436 |
| GRAND TOTAL | | \$1,623,293 | \$2,508,875 | \$2,556,874 | \$6,689,042 |

¹⁰ As each core area adds staff in order to achieve the Exchange's goals, it is expected that some positions will remain open or may not be filled by the targeted dates. While these savings will likely be somewhat offset by the unbudgeted use of consultants to fill these gaps in the short term, the Exchange has, consistent with State budgeting practices, made an enterprise-wide salary savings adjustment in the Operations and Financial Management core area.

10. Background Research & Evaluation

Mission

The Background Research & Evaluation core area includes data collection activities required to stand up the Exchange and evaluate the quality and effectiveness of its program efforts. Two major Exchange-wide efforts are included in this budget, and each core area also includes staff and additional resources to plan for and evaluate its activities. In particular, the Consumer Outreach, Marketing and Assistance core area has substantial resources dedicated to development and evaluation; the Qualified Health Plan Management core area has ongoing market tracking and actuarial assessment; and the IT/CalHEERS core area includes the collection of data which will be essential for programs evaluation.

Proposed Business Functions / Units

1. Obtain statewide survey data to anchor evaluation of the Exchange
2. Obtain and maintain eligibility and enrollment projections for the Exchange

Proposed Staffing

- No current staff. By June 30, 2013, staffing is proposed to increase to one position to meet core area objectives.

Proposed Outside Vendor Services

- None at this time. (Note that the costs for Actuarial services have been moved to the QHP Management area and will be deleted from this core area in the final budget.)

Proposed Interagency Agreements

1. **University of California.** The Exchange is investigating the potential of providing support for the California Health Interview Survey (CHIS), which serves as the broadest statewide survey that anchors evaluation of the Exchange.
2. **University of California (UCLA/UC Berkeley).** Produce estimates of Exchange eligibility and projected enrollment through the California Simulation of Insurance Markets (CalSIM) model. Eligibility and enrollment estimates are required to develop outreach and marketing strategies, revenue estimates, and caseload projections for IT and service center staffing. (Note that final estimates for the Level 1.2 budget are forthcoming and will be included as appropriate in the final budget.)

Core Area Budget Exhibit

Exhibit 10 – Background Research Budget by Expenditure Category

| Expenditure Category | 6/1/12 | 8/15– 12/31/12 | 1/1–3/31/13 | 4/1–6/30/13 | Total as of 6/30/13 |
|--------------------------------------|--------|--------------------|------------------|------------------|------------------------|
| Positions | 0 | 0/1 | 1 | 1 | |
| Salaries | | 16,128 | 19,353 | 19,353 | 54,834 |
| Benefits | | 6,612 | 7,935 | 7,935 | 22,482 |
| Sub-Total | | 22,740 | 27,288 | 27,288 | 77,315 |
| OE&E | | 5,833 | 7,000 | 7,000 | 19,833 |
| Out of state travel | | | | | 0 |
| Contractual | | | | | 0 |
| <i>Outside vendor services</i> | | 99,720 | 139,608 | 111,686 | 351,014 |
| <i>Actuarial</i> | | 99,720 | 139,608 | 111,686 | |
| <i>Operational & IAA</i> | | 1,000,000 | 350,000 | 280,000 | 1,630,000 |
| <i>Data-related Analytic Support</i> | | 1,000,000 | 350,000 | 280,000 | |
| Sub-Total | | 1,099,720 | 489,608 | 391,686 | 1,981,014 |
| GRAND TOTAL | | \$1,128,293 | \$523,896 | \$425,974 | \$2,078,163 |