
UHIP/RI Bridges and HealthSource RI Project Costs

Review Report

May 2017

Dennis E. Hoyle, CPA
Auditor General

Office of the Auditor General
General Assembly - State of Rhode Island



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May 25, 2017

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The House Oversight Committee requested this office to audit the UHIP/RIBridges project. As part of that overall audit effort we have accumulated and reviewed project costs for both the development of the UHIP/RIBridges project as well as the related development of the State's Health Insurance Exchange - HealthSource RI (Affordable Care Act Exchange).

We have completed our review and our report is contained herein as outlined in the Table of Contents. We have included certain observations related to the State's administration of the project with the UHIP/RIBridges lead system development vendor.

We anticipate other reports to follow as we continue our audit effort with respect to UHIP/RIBridges.

Sincerely,

Dennis E. Hoyle, CPA
Auditor General

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Executive Summary – Review – UHIP/RIBridges and HealthSource RI Project Costs

Aggregate project costs to develop the integrated eligibility system known as UHIP/RIBridges and the Health Insurance Exchange (Affordable Care Act) known as HealthSource RI totaled \$407.3 million at April 30, 2017. Costs for developing the UHIP/RIBridges technology project include not only payments to the lead systems developer, Deloitte, but also to a large number of other vendors that provided specific oversight and other development and operational support services for what is considered the State's largest information technology project.

Aggregate disbursed project costs (exclusive of retainage, unpaid charges and related credits) as of April 30, 2017 totaled \$402.3 million - \$158.9 million was supported by HealthSource RI funding sources and \$243.4 million for UHIP/RIBridges funding sources. Of the total project outlays – 86.9% was funded from federal grants, 11% from State general revenues, and 2.1% from State restricted revenue sources.

Federal grants totaling approximately \$150 million funded the development and initial operations of HealthSource RI. Other federal funding (primarily Medicaid) also funded development costs of the integrated eligibility system. A federal Implementation Advanced Planning Document (IAPD) detailed the specific project components and proportion in which costs were allocated to the various federal funding sources and programs benefiting from the integrated eligibility system (including HealthSource RI). Of the total disbursed project costs of \$402.3 million at April 30, 2017, approximately \$332.5 million was specified in the IAPD.

Net costs for the contract with the lead systems developer (Deloitte), totaled \$207 million (50.9%) of total project costs at April 30, 2017. Payments to other consultants were \$99.3 million (24.4%) and payments for customer service operations (contact center and premium processing vendors) were \$51.8 million (12.7%) of total project costs. State payroll related to the project totaled \$22.8 million (5.6%). Project costs also included \$8.2 million (2.0%) for the independent verification and validation contractor. Payments to vendors for advertising, marketing and public relations totaled \$7.4 million (1.8%) were made by HealthSource RI primarily to promote the launch of the exchange to consumers.

Approximately \$18.2 million of total project costs were for vendors exclusive to HSRI – the remainder of vendor payments and other project costs were allocated to the various funding sources which include the federal programs (e.g., Medicaid, TANF, SNAP, etc.) utilizing the system to determine eligibility and administer benefits.

While the system is operational, the project is still ongoing - additional costs will be incurred, the allocation of costs to the various funding sources for the project may be adjusted, and additional funding and funding sources will likely be obtained.

Our report also includes certain high-level observations regarding the project management process employed by the State with respect to the lead systems development vendor and other related activities based on our involvement to date.

A large, extended duration contract with significant task complexity such as the contract with Deloitte to build and operate UHIP/RIBridges requires specific controls and processes to ensure contract deliverables are satisfactorily met prior to payment. The State did not have an established and staffed project management function in place to support and facilitate the State's oversight of this large and very complex technology initiative. Without a well-established project management functionality, the State's overall process was not well orchestrated and the connection of monitoring results reported by external parties to decisions made was not always clear.

A single point of contract authority was never clearly defined and varied based on the stage of the project. The process for acceptance of project deliverables was not well defined and consistently observed over the life of the project to date.

There was a likely near term over-emphasis of purported savings that would accrue from the implementation of the UHIP/RIBridges system. Expectations were unrealistic that all the known defects in Phase I of the system were going to be resolved upon implementation of Phase II. This likely resulted in deferred recognition of those system defects and delays in escalating certain known issues to resolution until after the Phase II implementation.

The independent verification and validation contractor provided regular reporting of system progress and repeatedly highlighted system deficiencies and warnings of potential problems. As reported in our Single Audit findings for fiscal 2015 and 2016, it was not clear how these issues were addressed/resolved by the prior project leadership team.

User acceptance testing was planned and performed; however, it is unclear how certain system deficiencies, now known, were not highlighted by that testing. The State's contracted independent verification and validation consultant expressed continual concerns relating to user acceptance testing, delays in developing test cases, and the timing and execution of the testing.

Federal regulations and specific ACA provisions required periodic eligibility testing to ensure the systems are determining program eligibility correctly. These sample tests were not performed timely due to challenges with the system and the need for Deloitte to provide additional system data for many cases. This represented a lost opportunity for the State to learn earlier, and with more precision, the specific system functionalities that were not operating as designed.

There are opportunities for the State to utilize the UHIP/RIBridges experience to assess and improve certain statewide contracting, project management, and information technology outsourcing practices going forward. These areas include contract design, State project management capabilities, IT resources dedicated by the State on outsourced projects, and overall project governance structure. A task force should be assembled to develop information technology project management best practices which could be incorporated into request for proposals, contracts, and the State's standard operational procedures regarding project oversight.

SCOPE AND OBJECTIVE

Our objective was to accumulate all costs related to the overall Unified Health Infrastructure Project (UHIP/RI Bridges) development including the related costs associated with the development and operation of the State's Affordable Care Act (ACA) Exchange (HealthSource RI). The development of the integrated eligibility system known as UHIP/RI Bridges and the development of the ACA Exchange known as HealthSource RI were linked in that they utilize the same information technology platform. Consequently, we have included all costs related to the combined project which includes some costs which are operational in nature to HealthSource RI.

Project costs were accumulated from the State's RIFANS accounting system after identifying the various accounts established to account for project costs reflecting the allocation of multiple funding sources. Many vendor/contractor expenditures were allocated to the various funding sources available for the project. Some, specifically those related to the operation of HealthSource RI, were only paid from funding sources available for the development of the exchange.

Detailed project cost information was derived from RIFANS, vendor invoices, purchase orders, and worksheets maintained by the State to track such costs.

Our report reflects the status of total project expenditures as of April 30, 2017. We emphasize that the project is ongoing. Additional costs will be incurred, allocation of costs to the various funding sources for the project may be adjusted, and additional funding and funding sources will likely be obtained.

BACKGROUND

UHIP/RI Bridges Project Scope

The scope of the UHIP/RI Bridges project was to design, develop, and implement a fully integrated technology infrastructure to support the development of Rhode Island's Health Insurance Exchange (HIX) and an integrated eligibility system (IES). This integrated technology system was initially known as the HIX/IES project.

Rhode Island decided to create a state-based Exchange to comply with the ACA mandate (as opposed to joining the federally operated health insurance exchange) that would allow consumers and small employers to access, evaluate, and purchase plans from commercial insurers, and to apply for health insurance subsidy programs that would best meet their needs for coverage. State-based exchanges were required to be operational beginning October 1, 2013 with consumer coverage effective beginning January 1, 2014.

The implementation of RI's HIX/IES was envisioned in two phases. Phase I included a technology infrastructure to support the required HIX functions, plus MAGI-based Medicaid/CHIP and HIX eligibility. RI's approved Establishment Two application (in addition to the federal funding for the HIX implementation) provided the majority of information regarding Medicaid's share of the revised costs of design, development, and implementation of technology support for a fully functioning health insurance exchange.

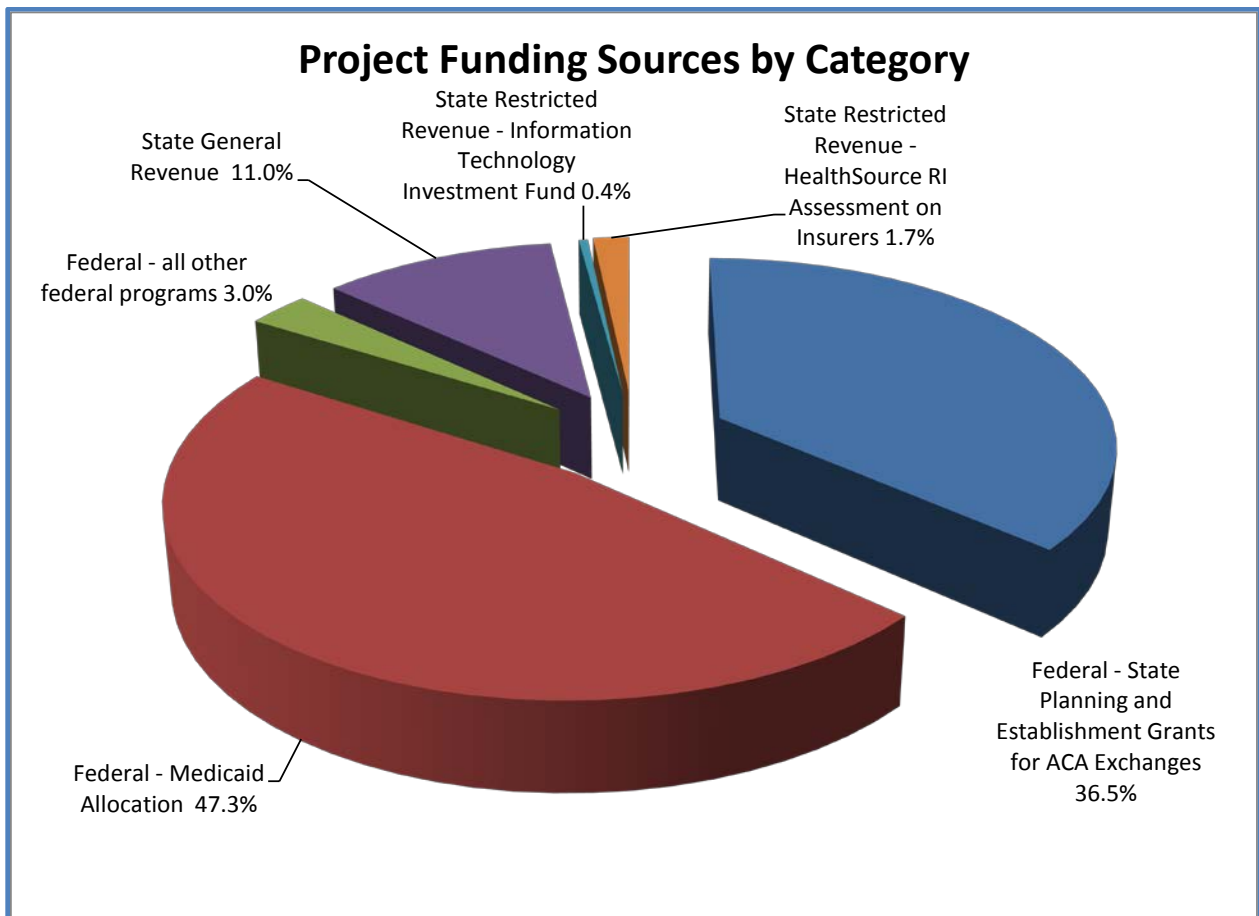
Phase II included two primary components. The first was the technology infrastructure to fully support eligibility determination and related processes for non-MAGI Medicaid populations/programs (disability, long-term care, and other non-MAGI Medicaid eligibility determination).

The second component of "Phase II" related to the eligibility-related technology components being built for the Exchange and Medicaid being configured to accommodate and support eligibility-related functions in several other federally-funded Human Service Programs operated by the Department of Human Services within the Executive Office of Health and Human Services (EOHHS). These programs included Supplemental Nutrition Assistance Program (SNAP), Rhode Island Works (RI's TANF Program), and Child Care Subsidies (CC). Lastly, the eligibility system technology also included two programs that are fully funded by the State (i.e., State Supplemental Payment (SSP) program, and General Public Assistance (GPA)).

Project Funding Sources

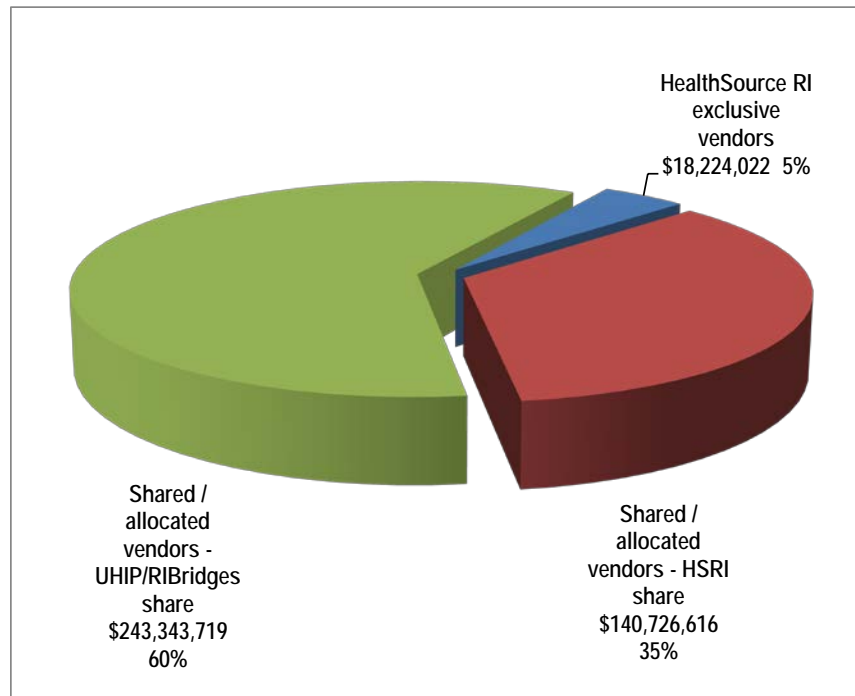
Consistent with the intended scope of the UHIP/RI Bridges integrated eligibility system, multiple programs utilize the system for eligibility determination, and in certain cases for disbursement of benefits as well. Development and operational costs of the system are allocated to the various programs as detailed in the chart and schedule that follows. The details of the federal government’s funding participation are outlined in the Implementation Advance Planning Document (IAPD) document which has been revised, submitted, and approved periodically. An additional submission is being developed.

In addition to the periodic updates and resubmission of the IAPD document, the federal government is actively involved in approving specific vendor contracts related to the project that are funded through the IAPD document. The federal government’s participation rate in specific project costs varies depending on whether the project costs qualify for the enhanced project funding Federal Financial Participation (FFP) rate as well as the specific FFP rate which varies by federal program.



Combined Project Costs - Interrelationship between HealthSource RI and UHIP/RI Bridges development project

As shown in the chart on the next page, the majority of vendors/contractors were cross-allocated among the various funding sources for the combined project; however, some vendors are unique to HealthSource RI. HealthSource RI had approximately \$150 million of dedicated federal funding to establish the exchange and sustain early operations. Part of that dedicated exchange establishment funding was used to support the development of the UHIP platform which is also the information technology used for HealthSource RI.

Cost sharing – aggregate project costs as of April 30, 2017Federal Implementation Advanced Planning Document (IAPD) Process

The federal government affirmed its participation in funding various shares of project costs through an Implementation Advanced Planning Document (IAPD). This document details the specific project cost components that the federal government is funding and the manner and proportion in which such costs are allocated to various federal programs benefiting from the integrated eligibility system.

The process commenced with a federal approval by the US Department of Health and Human Services (HHS) of a planning grant to the State's Health Insurance Commissioner. This ultimately led the State to pursue an integrated software solution to implement a State-based Health Insurance Exchange and an integrated eligibility system for the State's human services programs. HHS's Centers for Medicare and Medicaid Services (CMS) later approved the State's IAPD for the UHIP project. A significant portion of the Integrated Eligibility System was to be allocated through the Medicaid Program.

The Advance Planning Document (APD) process governs the procedure by which States obtain approval for Federal Financial Participation (FFP) in the cost of acquiring automated data processing equipment and services. The APD process was designed to mitigate financial risks, avoid incompatibilities among systems and ensure that a system supports the program goals and objectives and operates as intended by law and regulation. The APD process assists in ensuring that the expenditure of federal funds is made in accordance with federal regulation.

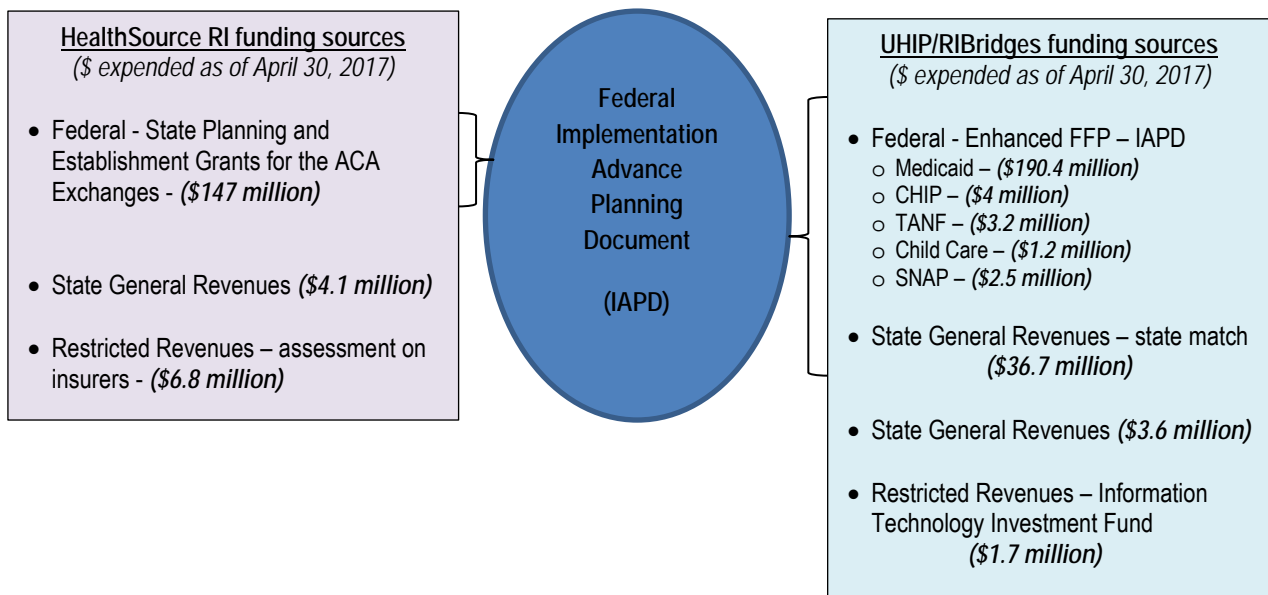
The three primary purposes of the APD process are to 1) describe in broad terms the State's plan for managing the design, development, implementation, and operation of a system that meets federal, State, and user needs in an efficient, comprehensive, and cost-effective manner; 2) establish system and program performance goals in terms of projected costs and benefits; and 3) secure FFP for the State. Federal grantor responsibilities include setting standards for systems and for document approval, reviewing and approving or disapproving State submissions, providing federal funding participation, ensuring performance progress against projected costs and benefits, and serving as an information source on system initiatives across all States.

Federal project approval requires a State to submit an APD to HHS. The APD process may involve one or a series of documents used to secure federal funding. These include two major submissions: the Planning APD, and the Implementation APD. States use three types of APD Updates (APDUs) to update HHS and to obtain continued funding throughout the systems life – these include: a) Annual APD Updates, used for routine reporting on the status of the project and for requesting continued, phased project funding, b) As-Needed APD Updates, used if significant changes occur in project approach, procurement, schedule, or costs and c) Operational APD Updates.

Total Project Costs By IAPD Submission						
IAPD Submission Date	State	Federal	Total	DDI	M&O	
April 2012	\$16,863,338	\$100,655,995	\$117,519,333	\$105,634,667	\$11,881,640	
January 2013	\$43,126,338	\$148,284,446	\$191,410,784	\$148,743,743	\$44,888,428	
October 2014	\$51,728,511	\$177,857,121	\$229,585,632	\$153,292,042	\$76,292,936	
July 2015	\$79,027,048	\$284,654,939	\$363,681,987	\$237,979,328	\$125,702,667	
July 2016	\$96,722,851	\$390,642,681	\$487,365,532	\$363,918,362	\$123,447,115	

The State is currently preparing an IAPD update that estimates total UHIP project costs at approximately \$443 million (through FFY 2018), a reduction of \$44 million from the June 2016 IAPD total of \$487 million. This IAPD update will reflect the credit received from Deloitte in addition to other cost revisions reflected in this update.

The following graphic depicts the interrelationship between the federal Implementation Advance Planning Document and the funding sources unique to the establishment of HealthSource RI and the funding sources specific to the UHIP/RI Bridges integrated eligibility project. This coordination and integration of HIX operations and enhanced federal funding for eligibility and enrollment (E&E) systems was required by the federal Centers for Medicare and Medicaid Services (CMS). One of the 7 conditions for enhanced federal funding for E&E systems was to “ensure seamless coordination and integration with the Health Insurance Exchange and allow interoperability with health information exchanges, public health agencies, human services programs, and community organizations providing outreach and enrollment services”.



The table on the next page details the various functionalities included in the UHIP/RI Bridges integrated eligibility system.

Programs and Functionalities included in UHIP/RI Bridges Integrated Eligibility System

Program	Program Description	Federal Program	Department or Agency	Eligibility Determination	UHIP Benefit Disbursement	Other System Benefit Disbursement
Qualified Health Plan – Individual	Purchase direct premium based health insurance through exchange with tax credit subsidy if eligible	✓	HealthSource RI	Yes – for tax credit subsidy	No	Collection and remittance of premium through NFP
Qualified Health Plan – SHOP – small employer	Small employer based program to allow employees to participate in premium based health insurance of their choice	✓	HealthSource RI	Yes – for tax credit subsidy	No	Collection and remittance of premium through NFP
Medicaid – MAGI	Comprehensive health coverage – majority provided through enrollment in capitated coverage through Managed Care Organizations – (MCO) enrollees can choose MCO	✓	EOHHS	Yes	No	MMIS
Medicaid-non-MAGI LTSS	Comprehensive coverage for elderly and disabled - LTSS are institutional or home and community based services and supports	✓	EOHHS	Yes	No	MMIS
CHIP	Comprehensive health coverage for qualifying children provided through MCO enrollment in capitated coverage	✓	EOHHS	Yes	No	MMIS
SNAP	Supplemental Nutrition Assistance Program (Food Stamps) – EBT based benefits for food purchases	✓	DHS	Yes	Yes	Interface with EBT vendor
TANF	Temporary Assistance to Needy Families – cash benefits – paid through EBT card	✓	DHS	Yes	Yes	Interface with EBT vendor
Child Care	Subsidized child care payments – amount of subsidy reflects number of children and family income	✓	DHS	Yes	Yes	Direct state disbursement
GPA	General Public Assistance – payment assistance for adults 19-64 years of age with limited income / resources with an illness or medical condition that keeps them from working	No	DHS	Yes	Yes	Direct state disbursement
SSP	Supplemental State payment to SSI recipients	No	DHS	Yes	Yes	Direct state disbursement

UHIP/RIBRIDGES CONDENSED PROJECT TIMELINE

State submits application to federal government for Level One Establishment planning grant for RI Health Benefits Exchange.	March 2011		
		August 2011	First IAPD submitted to obtain enhanced FFP for system development – MAGI Medicaid/CHIP and the Exchange.
Level Two Establishment grant awarded for development of the Exchange through integrated, combined technology infrastructure for Exchange and MAGI Medicaid/CHIP.	September 2011		
		January 2012	Revised IAPD consistent with Level Two Establishment Grant for combined technology infrastructure for Exchange and MAGI Medicaid/CHIP.
Contract executed with Deloitte to build integrated eligibility IT application.	January 2013		
		January 2013	Revised IAPD submitted based on negotiated contract with Deloitte and other additional costs.
“As-needed” IAPD update submitted – includes provision for contact center establishment and operations, mail handling capacity, security, privacy and support staffing, eligibility operational support, and outreach and enrollment support.	July 2013		
		October 2013	Phase I UHIP operations commence for HealthSource RI and MAGI Medicaid – open enrollment period for coverage to begin January 1, 2014 for Qualified Health Plans (QHP) coverage and Medicaid Expansion.
QHP coverage and Medicaid expansion coverage begins.	January 2014		
		October 2014	Revised IAPD submitted.
Original planned “go-live date” for Phase II UHIP.	July 2015		
		July 2015	Revised IAPD submitted.
UHIP/RIBridges Phase II “go-live” pushed out to September 2016.	July 2016		
		July 2016	Revised IAPD submitted.
Phase II – “go-live” – Medicaid LTSS, TANF, SNAP, Child Care, and other programs are now managed through UHIP/RIBridges.	September 2016		
		October 2016 to February 2017	UHIP/RIBridges implementation challenges result in significant delays/backlogs and denial of access to benefits for many individuals.
DHS Acting Director Eric J. Beane provides report on 30-day assessment of UHIP system status.	February 2017		
		April 2017	State negotiates a \$27 million credit from Deloitte to compensate, in part, for State’s additional costs due to UHIP system inadequacies.
As part of the May Caseload Estimating Conference, State estimates approximately 20,000 Medicaid recipients’ coverage will be terminated in the coming months due to validation of current income levels which will result in ineligibility.	May 2017		

Funding Source Detail for UHIP/RIBridges Project and HealthSource RI (ACA Exchange) Implementation

	CFDA	Account Source Code	RIFANS Line Sequence	RIFANS line item description	FFP %	State matching %	Cumulative \$ disbursed through April 30, 2017	
Federal Sources:								
SNAP Administrative Grants - IAPD - (Note 1)	10.561	02	2275179	UHIP-SNAP Federal Allocation	50%	50%	(Note 2)	\$ 2,502,421
State Planning and Establishment Grants for the Affordable Care Act (ACA) Exchanges	93.525	02	1187365	Health Exchange - (mirror allocation	100%	0%	3,664	
		02	1201101	Rhode Island Health Benefits Exchange	100%	0%	139,734,454	
		02	1988101	Rhode Island Health Benefits Exchange	100%	0%	(53)	
		02	2191123	All Payor Claims Database	100%	0%	271,927	
		02	1179254	Health Exchange - (mirror allocation a/c)	100%	0%	47,490	
		02	1637105	Exchange Planning Grant	100%	0%	312,475	
		02	1675105	Exchange Policy Grant	100%	0%	667,505	
		02	1675106	Exchange Establishment One Grant	100%	0%	5,203,177	
		02	1675108	Exchange Establishment Two Grant	100%	0%	362,936	
		02	1851101	Exchange Establishment One Grant	100%	0%	400,187	147,003,762
TANF Allocation - IAPD	93.558	02	2275186	UHIP - TANF Federal Allocation	100%	0%		3,155,067
Child Care Allocation - IAPD	93.558	02	2275187	UHIP - Child Care Federal Allocation	100%	0%		1,203,744
CHIP Allocation - IAPD	93.767	02	2018141	UHIP - CHIP - Federal Allocation	66%	34%		\$ 4,025,681
Medicaid Allocation - IAPD	93.778	02	1187366	UHIP- Medicaid - Federal Allocation - (mirror allocation a/c)	90%	10%	\$ 278,755	
		02	2018138	UHIP- Medicaid - Federal Allocation	90%	10%	179,850,307	
		02	2315129	UHIP- Medicaid - Federal Allocation	90%	10%	10,308,468	
		02	1046264	UHIP-Federal (mirror allocation a/c)	90%	10%	1,202	190,438,732
General Revenue Sources:								
General Revenue - State match - IAPD	n/a	01	2270140	UHIP - SNAP State Allocation	50%	50%	2,251,618	
		01	2270138	UHIP -TANF State Allocation	100%	(Note 3)	777,526	
		01	2270142	UHIP - Child Care State Allocation	100%	(Note 3)	2,320,569	
		01	2017123	UHIP - CHIP - State Allocation	66%	34%	1,534,412	
		01	2017122	UHIP - Medicaid - State Allocation	90%	10%	27,780,858	
		01	2270139	UHIP - GPA State Allocation	0%	100%	1,330,347	
		01	2270141	UHIP - SSI State Allocation	0%	100%	669,610	
		01	1186412	UHIP - State - (mirror allocation a/c)	n/a	n/a	5,698	
		01	1186420	UHIP - State - (mirror allocation a/c)	n/a	n/a	31,447	
		01	1045252	UHIP - State - (mirror allocation a/c)	n/a	n/a	134	36,702,220
General Revenue - non match - IAPD	n/a	01	1200101	Healthsource RI	n/a	n/a	4,068,175	
		01	2310113	UHIP - State	n/a	n/a	2,574,075	
		01	1330121	Health Information Exchange	n/a	n/a	1,053,150	7,695,400
Restricted Revenue Sources:								
Information Technology Investment Fund - G.L. Section 42-11-2.5 - Note 4	n/a	03	1188102	Information Technology Investment Fund	n/a	n/a	1,723,232	
Fees assessed on health insurers writing QHP policies for coverage provided through Health Source RI		03	1202101	Rhode Island Health Exchange - restricted revenue	n/a	n/a	6,641,236	
internal mirror account allocation		03	1188243	RI Health Exchange - (mirror allocation a/c) funded by a/c 1202101	n/a	n/a	184,315	8,548,783
Other - (Note 5)					n/a	n/a		918,582
Other - (Note 5)					n/a	n/a		99,965
Total Project Disbursements -- All sources - See Notes to Schedule								\$402,294,357

Funding Source Detail for UHIP/RI Bridges Project and HealthSource RI (ACA Exchange) Implementation										
CFDA	RIFANS line item description	Cumulative \$ disbursed through April 30, 2017	Expenditures disbursed by fiscal year							
			Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	
Federal Sources:										
SNAP Administrative Grants - IAPD - (Note 1)	10.561	UHIP-SNAP Federal Allocation (Note 2)	\$ 2,502,421			\$ 815,062	\$ 906,690	\$ 318,856	\$ 461,812	
State Planning and Establishment Grants for the Affordable Care Act (ACA) Exchanges	93.525	Health Exchange - (mirror allocation a/c)	3,664					17,555	(13,891)	
		Rhode Island Health Benefits Exchange	139,734,454			21,811,292	47,348,145	50,814,401	17,549,663	2,210,952
		Rhode Island Health Benefits Exchange	(53)						(53)	
		All Payor Claims Database	271,927			34,332	118,304	83,222	36,069	
		Health Exchange - (mirror allocation a/c)	47,490			27,791	19,699			
		Exchange Planning Grant	312,475	312,475						
		Exchange Policy Grant	667,505		667,448	57				
		Exchange Establishment One Grant	5,203,177		1,308,827	3,073,563	820,787			
		Exchange Establishment Two Grant	362,936		264,253	97,878	805			
		Exchange Establishment One Grant	400,187		120,324	120,785	159,070		9	
			\$ 147,003,762							
TANF Allocation - IAPD	93.558	UHIP - TANF Federal Allocation	3,155,067			731,657	690,074	914,505	818,831	
Child Care Allocation - IAPD	93.558	UHIP - Child Care Federal Allocation	1,203,744			931,000	206,863	199,192	(133,311)	
CHIP Allocation - IAPD	93.767	UHIP - CHIP - Federal Allocation	\$ 4,025,681			1,543,349	502,440	2,000,501	(20,609)	
Medicaid Allocation - IAPD	93.778	UHIP- Medicaid - Federal Allocation - (mirror allocation a/c)	278,755						278,755	
		UHIP- Medicaid - Federal Allocation	179,850,307		14,917,659	33,413,384	39,061,655	77,690,381	14,767,228	
		UHIP- Medicaid - Federal Allocation	10,308,468			1,539,775	2,717,056		3,195,905	2,855,732
		UHIP-Federal (mirror allocation a/c)	1,202							1,202
			\$ 190,438,732							
General Revenue Sources:										
General Revenue - State match - IAPD	n/a	UHIP - SNAP State Allocation	2,251,618			814,798	906,347	317,917	212,556	
		UHIP - TANF State Allocation	777,526			257,563	523,107		(3,144)	
		UHIP - Child Care State Allocation	2,320,569			327,328	1,192,416	645,909	154,916	
		UHIP - CHIP - State Allocation	1,534,412			818,238	243,556	475,351	(2,733)	
		UHIP - Medicaid - State Allocation	27,780,858		1,796,709	5,288,607	5,405,239	12,540,573	2,749,730	
		UHIP - GPA State Allocation	1,330,347			189,372	210,650	813,808	116,517	
		UHIP - SSI State Allocation	669,610			142,029	157,988	200,358	169,235	
		UHIP - State - (mirror allocation a/c)	5,698				916	4,782		
		UHIP - State - (mirror allocation a/c)	31,447					31,447		
		UHIP - State - (mirror allocation a/c)	134						134	
			\$ 36,702,220							
General Revenue - non match	n/a	Healthsource RI	4,068,175					2,625,841	1,442,334	
		UHIP - State	2,574,075			390,385	596,758	905,530	681,403	
		Health Information Exchange	1,053,150		422,369	422,373	208,408			
			\$ 7,695,400							
Restricted Revenue Sources:										
Information Technology Investment Fund - G.L. Section 42-11-2.5 - Note 4	n/a	Information Technology Investment Fund	1,723,232				1,723,232			
Fees assessed on health insurers writing QHP policies for coverage provided through Health Source RI		Rhode Island Health Exchange - restricted revenue	6,641,236					2,773,520	3,867,715	
Internal mirror account allocation		RI Health Exchange - (mirror allocation a/c) funded by a/c 1202101	184,315					184,315		
			\$ 8,548,783							
Other - (Note 5)			918,582		918,582					
Other - (Note 5)			99,965						99,965	
Total Project Disbursements -- All sources - See Notes to Schedule			\$ 402,294,357	\$ 312,475	\$ 2,360,852	\$ 43,221,017	\$ 96,091,731	\$ 106,168,527	\$ 123,689,288	\$ 30,450,464

Notes to Schedule of Funding Sources for UHIP/RI Bridges and HealthSource RI Project

Note 1 – Implementation Advance Planning Document (IAPD)

The IAPD is the formal request and approval document detailing the federal government's participation in funding specific aspects of project costs and also detailing the specific share applicable to each program when multiple federal funding sources are identified.

Note 2 – U.S. Department of Agriculture – Food and Nutrition Service Pending Disallowance

On January 5, 2017, the Food and Nutrition Service (FNS) within the U.S. Department of Agriculture disallowed and requested repayment for specific contract amendments with the lead systems developer allocated to the SNAP funded portion of the project totaling \$805,197. The State has appealed the disallowance and is pursuing restoration of the funding for system remediation efforts.

Note 3 – TANF and Child Care State accounts for project expenditures

Accounts established for the “state share” of TANF and Child Care UHIP/RI Bridges development costs are not specifically required State match accounts, but are used for meeting overall program maintenance of effort requirements.

Note 4 – Information Technology Investment Fund

The Information Technology Investment Fund (ITIF) is a restricted account funded by the proceeds from the sale of property and other identified sources outlined in General Law Section 42-11-2.5. The ITIF was intended to provide a dedicated funding source for information technology projects. Funding requests are approved by a Committee. The ITIF Committee has approved a total of \$6.6 million of UHIP/RI Bridges project costs to be supported by the fund. As of April 30, 2017, \$1,723,232 has been paid from this funding source.

Note 5 – Other

Certain project costs (\$918,582) were disbursed but mis-labeled in the RIFANS accounting system at the close of the year. Fiscal year end accruals were recorded but reversed in mismatched accounts. Accordingly, these disbursements are not reflected in the appropriate specific project account.

Other disbursements totaling (\$99,965) were charged to a TANF program operating account rather than a UHIP/RI Bridges project account – the planned accounting adjustments had not yet been made at April 30, 2017.

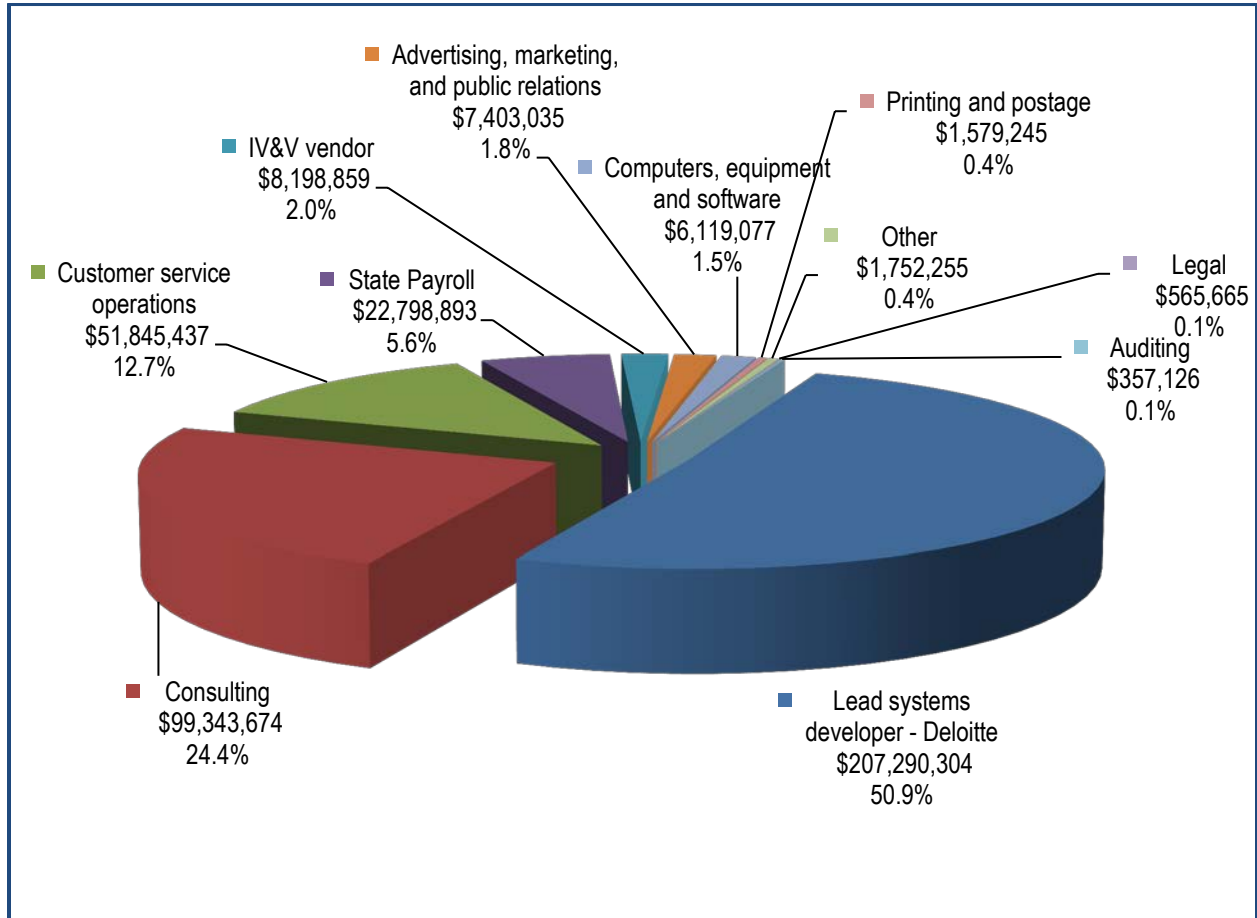
Note 6 – Billed but unpaid amounts, negotiated credit with lead system development vendor

Payments have been suspended to the lead systems development vendor, Deloitte. Amounts totaling \$24,667,118 have been billed but are unpaid. A credit has been negotiated from the vendor in the amount of \$27 million. The credit will be applied to the billed but unpaid amounts together with an additional vendor invoice totaling \$2,332,882. The credit will be applied to the various federal funding sources in the same manner as the original costs were charged.

SUMMARY OF PROJECT COSTS BY VENDOR / CONTRACTOR

A schedule of all project costs by vendor is presented on the following pages. A broad vendor category was assigned for each vendor – the chart below summarizes the major categories of vendor costs. The schedule of project costs by vendor includes a brief description of the nature of the services provided as well as the method of procurement and the basic billing/payment process specified in the contract. Whether the contract provided for reimbursement of vendor travel and other out of pocket costs is also indicated. References to notes, which follow the schedule, provide additional explanation or clarification.

UHIP/RI Bridges and HealthSource RI Project Costs – Summary by Vendor Category



Twenty Largest Project Vendors / Contractors (\$1 million or more)		HSRI share of total payment	UHIP/RI Bridges share of total payment
DELOITTE CONSULTING disbursed payments	\$ 202,331,093	Lead System Developer \$ 59,420,777	\$ 142,910,316
CONNEXIONS, INC	37,733,962	Customer Service Operations 16,980,327	20,753,635
WAKELY CONSULTING GROUP	35,079,561	Consulting 29,763,602	5,315,959
NORTHROP GRUMMAN SYSTEMS CORP	17,927,462	Consulting -	17,927,462
AUTOMATED HEALTH SYSTEMS	12,720,203	Customer Service Operations 2,693,566	10,026,637
DEBORAH T FAULKNER / FAULKNER CONSULTING	11,244,112	Consulting 9,632,574	1,611,538
CSG GOVERNMENT SOLUTIONS INC	8,198,859	Independent Verification and Validation vendor 2,845,264	5,353,595
HP ENTERPRISE SERVICES LLC	8,052,739	Consulting -	8,052,739
PUBLIC CONSULTING GROUP, INC.	6,360,729	Consulting 142,820	6,217,909
RDW GROUP, INC.	4,460,196	Advertising, marketing, and public relations 4,460,196	-
TABNER, INC.	4,106,523	Consulting 3,645,161	461,362
FREEDMAN HEALTHCARE, LLC.	3,634,680	Consulting 3,056,446	578,234
RHODE ISLAND HEALTH CENTER ASSOCIATION, INC.	3,349,017	Consulting 3,146,934	202,083
BELL AND HOWELL, LLC	2,500,168	Computers, equipment and computer software 252,806	2,247,362
NAIL COMMUNICATIONS, INC.	2,450,000	Advertising, marketing, and public relations 2,450,000	-
ONPOINT HEALTH DATA	2,008,863	Consulting 2,008,863	-
XEROX CORPORATION	1,778,240	Computers, equipment and computer software -	1,778,240
NFP HEALTH SERVICES ADMINISTRATORS, LLC	1,391,272	Customer Service Operations 1,391,272	-
THE PROVIDENCE PLAN	1,053,318	Consulting 1,053,318	-
THE RHODE ISLAND QUALITY INSTITUTE	1,053,150	Consulting 1,053,150	-
sub total	\$ 367,434,146	\$ 143,997,075	\$ 223,437,070
All other vendors and allocated costs	\$ 34,860,211	\$ 14,953,563	\$ 19,906,649
Total	\$ 402,294,357	\$ 158,950,638	\$ 243,343,719

Deloitte	
billed but unpaid amounts	24,667,118
invoice for release 7.0 - part of negotiated credit	2,332,882
retainage - unpaid	4,959,211
negotiated credit	(27,000,000)

Total all project costs	<u>\$ 407,253,568</u>
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UHIP/RI Bridges and HealthSource RI (ACA) Implementation Costs - All Vendors - Fiscal Years 2011 to 2017 (through April 30, 2017)

Vendor Name	Expenditures	Vendor Category	Nature of Services Provided - (Note 2)	allocated to multiple funding sources?	HSRI contractor solely?	Type of Procurement (Note 3)	Payment methodology - task completion or hourly plus out of pocket - (Note 4)	Includes travel and out of pocket expenses?	Notes
DELOITTE CONSULTING									
disbursed payments	\$ 202,331,093								
billed but unpaid amounts	24,667,118								
invoice for release 7.0 - part of negotiated credit	2,332,882	Lead System Developer	Implement a unified health infrastructure project per original contract with subsequent amendments.	Yes	No	COMPETITIVE	Task completion with periodic billings	No	Note 1
retainage - unpaid	4,959,211								
negotiated credit	(27,000,000)								
DELOITTE - subtotal	\$ 207,290,304								
CONNECTIONS, INC	\$ 37,733,962	Customer Service Operations	Implement and operate HSRI Contact Center. Vendor was awarded a contract to establish a contact center and perform the following three major services for the State: 1.) Contact Center Operations, 2.) Technical Requirements, and 3.) Administrative Responsibilities. Facilitate services based upon customer requests, resulting from phone calls, email, fax, etc.	Yes	No	COMPETITIVE	Combination - Contact Center Monthly Operation Costs with hourly charging of certain specialty personnel costs (i.e., interpreters)	No	
WAKELY CONSULTING GROUP	\$ 35,079,561	Consulting	Technical assistance and design and implementation services of RI HIX. Initial contract specified 10 general tasks: 1) Exchange business processes, roles, and supporting technology infrastructure; 2) Consumer/partner/stakeholder support; 3) Reporting; 4) Governance, staffing, agreements, and contracts; 5) Health plan certification and qualification; 6) Financial sustainability; 7) Financial management and oversight; 8) Commercial market activities to support the viability of the Exchange; 9) Development of an All Payer Claims Database needed to support reinsurance, risk adjustment, and other Exchange-related activities; and 10) Special Projects	Yes	No - Majority of contract relates to HSRI activities	COMPETITIVE	Combination - hourly personnel charges, administrative mark-up, and task completion	Yes	Note 5

UHIP/RIBridges and HealthSource RI (ACA) Implementation Costs - All Vendors - Fiscal Years 2011 to 2017 (through April 30, 2017)

Vendor Name	Expenditures	Vendor Category	Nature of Services Provided - (Note 2)	allocated to multiple funding sources?	HSRI contractor solely?	Type of Procurement (Note 3)	Payment methodology - task completion or hourly plus out of pocket - (Note 4)	Includes travel and out of pocket expenses?	Notes
NORTHROP GRUMMAN SYSTEMS CORP	\$ 17,927,462	Consulting	Maintenance and support services for InRHODES/RIBridges - Technical Services & Supports (project managers, business analysts, programming analysts, etc.) relating to UHIP Integrated Eligibility System Implementation and Transition from INRHODES System.	Yes - Medicaid only	No	Extension of INRHODES maintenance contract	Portion of Northrop Grumman Resources Allocated to UHIP support tasks were charged to the project on an hourly rate basis.	No	
AUTOMATED HEALTH SYSTEMS	\$ 12,720,203	Customer Service Operations	Implement and operate a Contact Center for EOHHS and HSRI, ensuring seamless, transparent, and timely service for all consumers. Vendor contracted to provide an efficient, high-performing Contact Center that provides RI residents with accurate and timely information which results in high levels of customer satisfaction for anyone who interacts with the Contact Center in a highly cost effective manner. Contract is specific to vendor obligations as follows: 1.) Contact Center transition and Start-Up, 2.) Contact Center General Operational Requirements and Measures of Success, 3.) Contact Center Coordination with EOHHS, HSRI Representatives and Their Agents, 4.) Contact Center Staffing and Staff Skills Requirements, 5.) Contact Center Technical Requirements, 6.) Personnel Requirements, 7.) Reporting Requirements, and 8.) Business Process Requirements.	Yes	No	COMPETITIVE	Monthly Contract Amount covering contractor personnel, IT and Telecommunications Services, Contact Center Facility, and administrative costs.	No	

UHIP/RI Bridges and HealthSource RI (ACA) Implementation Costs - All Vendors - Fiscal Years 2011 to 2017 (through April 30, 2017)

Vendor Name	Expenditures	Vendor Category	Nature of Services Provided - (Note 2)	allocated to multiple funding sources?	HSRI contractor solely?	Type of Procurement (Note 3)	Payment methodology - task completion or hourly plus out of pocket - (Note 4)	Includes travel and out of pocket expenses?	Notes
DEBORAH T FAULKNER / FAULKNER CONSULTING	\$ 11,244,112	Consulting	<p>Project management, technical assistance, and analytical support for RI HIX. Establishment One Services Agreement – Seven Tasks relating to providing project management and technical assistance services to begin establishment of key elements of Rhode Island’s Exchange, as authorized by the Patient Protection and Affordable Care Act (PPACA):</p> <p>(1) Project Management, (2) Financial Analysis, (3) Technology Project Assistance, (4) Consumer Assistance, (5) Evaluation and Reporting, and (6) Technical Writing, (7) Special Projects.</p> <p>Combination of hourly rates and amounts allocated by task were indicated in the base contract.</p>	Yes	No - however, mostly HSRI	COMPETITIVE	Mostly Hourly Rate Charging with 5%-7.5% markup for administrative costs	Yes	Note 5
CSG GOVERNMENT SOLUTIONS INC	\$ 8,198,859	Independent Verification and Validation vendor	<p>Provide technical assistance and oversight to IV&V services. Initial contract included the following tasks:</p> <p>1.) Manage IV&V (independent verification and validation services) 2.) Review all HIX/IES Project Deliverables 3.) Validate Automated Code Review Results 4.) Coordinate and oversee User Acceptance Testing 5.) Verify Implementation Readiness 6.) Verify Component Reusability 7.) Perform System Audit 8.) Perform Financial Reviews</p>	Yes	No	COMPETITIVE	Project budgeted to task and personnel and charged based on hours each billing period.	No	
HP ENTERPRISE SERVICES LLC	\$ 8,052,739	Consulting	<p>Provide fiscal agent services for transition, enhancement, operation, and maintenance of Medicaid management information system.</p>	Yes - mostly Medicaid	No	COMPETITIVE	Periodic billing by task costed out by hourly effort.	No	

UHIP/RI Bridges and HealthSource RI (ACA) Implementation Costs - All Vendors - Fiscal Years 2011 to 2017 (through April 30, 2017)

Vendor Name	Expenditures	Vendor Category	Nature of Services Provided - (Note 2)	allocated to multiple funding sources?	HSRI contractor solely?	Type of Procurement (Note 3)	Payment methodology - task completion or hourly plus out of pocket - (Note 4)	Includes travel and out of pocket expenses?	Notes
PUBLIC CONSULTING GROUP, INC.	\$ 6,360,729	Consulting	<p>PMO and/or IV&V services for support and oversight of MMIS project and EOHHS components of HIX/IES technology program.</p> <p>Project Management Services- MMIS System Transition & HIE/Eligibility System Implementation - PCG Specific Task Description:</p> <p>1.) Provide project management services for EOHHS/Medicaid Portions of HIX/IES Project,</p> <p>2.) IV&V service targeted for the EOHHS components of the HIX/IES development and implementation:</p> <p>a.) Assure compliance of current and future business and technological needs, with the HIX/IES joint components being able to accommodate both EOHHS and Exchange functionality, and the IES components be able to accommodate future eligibility determination for non-Medicaid human services programs.</p> <p>b.) Assure that recommendations, decisions, and implementation of any innovator-state eligibility-related component to the HIX/IES have the flexibility to be able to be configured to accommodate future eligibility determination for non-MAGI Medicaid and non-Medicaid human services programs.</p>	Yes - Mostly Medicaid	No	COMPETITIVE	Periodic billing by task costed out by hourly effort.	No	
RDW GROUP, INC.	\$ 4,460,196	Advertising, marketing, and public relations	<p>Provide communications and marketing services in accordance with provisions of RFP #7461231. Original scope of work was for three years (with two 1 year extensions) at the sole option of the State. RDW will be responsible for providing work within the following categories of services: 1.) Strategic marketing consultation, 2.) Technical services, including production of materials, and 3.) Research based services.</p>	Yes	Yes	MPA	Periodic invoicing of media buys by HSRI	No	
TABNER, INC.	\$ 4,106,523	Consulting	<p>Analysis and predictive modeling to support design and development of marketing, strategic planning, and product development at the Exchange. Advanced analytic solution development and operations, as well as services related to subject area modeling and data integration.</p>	Yes	No - Mostly HSRI	COMPETITIVE	Periodic Invoicing of hourly effort by contract staff	No	
FREEDMAN HEALTHCARE, LLC.	\$ 3,634,680	Consulting	<p>Design, develop, and maintain critical reporting and evaluation capacity for RI Exchange. Contractor created and validated reports using the HSRI application and enrollment database.</p>	Yes	No - Mostly HSRI	COMPETITIVE	Periodic Invoicing of hourly effort by contract staff	No	

UHIP/RIBridges and HealthSource RI (ACA) Implementation Costs - All Vendors - Fiscal Years 2011 to 2017 (through April 30, 2017)

Vendor Name	Expenditures	Vendor Category	Nature of Services Provided - (Note 2)	allocated to multiple funding sources?	HSRI contractor solely?	Type of Procurement (Note 3)	Payment methodology - task completion or hourly plus out of pocket - (Note 4)	Includes travel and out of pocket expenses?	Notes
RHODE ISLAND HEALTH CENTER ASSOCIATION, INC.	\$ 3,349,017	Consulting	Manage a network of individuals and agencies that will outreach to prospective enrollees, provide one-on-one/face-to-face application and enrollment assistance. Vendor to provide outreach and facilitation for Rite Care renewals as well as ACA Medicaid expansion renewals.	Yes	No - Mostly HSRI	COMPETITIVE	Monthly	Yes - PO had allotment for travel reimbursement	
BELL AND HOWELL, LLC	\$ 2,500,168	Computers, equipment and computer software	Vendor to provide a high speed sorting and barcoding machine.	Yes	No	COMPETITIVE	Costs of Equipment, Installation, & 5-Year Maintenance Contract	No	
NAIL COMMUNICATIONS, INC.	\$ 2,450,000	Advertising, marketing, and public relations	Advertising and marketing for Exchange's pre-enrollment period. Vendor was contracted for marketing services under MPA 479. Specific services to be provided by the vendor included advertising creative services, media planning, website work, and outreach content. The vendor was responsible for providing work within the following categories of services: 1.) Strategic marketing consultation and 2.) Technical services, including production of materials.	No	Yes	MPA	Monthly	No	
ONPOINT HEALTH DATA	\$ 2,008,863	Consulting	Provide data-collection and aggregation services. Collect, edit, clean, and organize RI's All Payer Claims Database (APCD). Key activities and deliverables include: 1.) Development of health plan submission requirements and ongoing health plan support for data intake, 2.) Data collection, aggregation, and extract production, and 3.) Ongoing database maintenance.	No	Yes	COMPETITIVE	Combination task and hourly contractor effort	No	
XEROX CORPORATION	\$ 1,778,240	Computers, equipment and computer software	Office equipment purchases and related maintenance agreements	No	No	COMPETITIVE	Equipment purchase and related service costs	No	
NFP HEALTH SERVICES ADMINISTRATORS, LLC	\$ 1,391,272	Customer Service Operations	Sales support and customer service for the HSRI's customer service center to support RI small businesses and their employees.	Yes	Yes	COMPETITIVE	Combination task and hourly contractor effort	No	

UHIP/RI Bridges and HealthSource RI (ACA) Implementation Costs - All Vendors - Fiscal Years 2011 to 2017 (through April 30, 2017)

Vendor Name	Expenditures	Vendor Category	Nature of Services Provided - (Note 2)	allocated to multiple funding sources?	HSRI contractor solely?	Type of Procurement (Note 3)	Payment methodology - task completion or hourly plus out of pocket - (Note 4)	Includes travel and out of pocket expenses?	Notes
THE PROVIDENCE PLAN	\$ 1,053,318	Consulting	Strategic communication and coordinated outreach plan. Public education materials presented at public presentations. Natural helper publications. Research national funding prospects for HSRI and develop draft strategic messaging plan and material. Community Partner that will engage stakeholders in the health insurance premium rate review process. Scope of work will include the following five tasks: 1.) Stakeholder development, 2.) Stakeholder education and engagement in commercial health insurance rate review, 3.) Support the ongoing implementation of OHIC's Affordability Standards, 4.) Stakeholder convening and engagement of other aspects of commercial health insurance, and 5.) Special projects. Contract scope of work (tasks) are described as follows: a. Strategic communication and coordinated outreach and consumer education plans b. Public education presentations and materials c. Communications and strategic policy documents	No	Yes	MPA	Hourly related to specific tasks	No	
THE RHODE ISLAND QUALITY INSTITUTE	\$ 1,053,150	Consulting	Development, implementation, management, oversight, maintenance, and financing of statewide HIX.	No	Yes	Sole Source	Monthly per member	No	
REDWING TECHNOLOGY, INC.	\$ 971,440	Consulting	Provide project management services, technical support and IT planning for MMIS procurement and new Medicaid eligibility determination to interface with HIX.	Yes - Medicaid only	No	Single Source / MPA	Hourly for monthly periods	No	
KPMG, LLP	\$ 904,912	Consulting	Contractor will provide deliverables for the following seven tasks: 1.) Review and provide comments on design documents, 2.) User acceptance test planning, 3.) Individual exchange test scenario and test case creation, 4.) Shop exchange test scenario and test case creation, 5.) Individual exchange user acceptance test management, 6.) Shop exchange user acceptance test management, and 7.) Transition plan for future user.	No	Yes	MPA	Task	No	

UHIP/RI Bridges and HealthSource RI (ACA) Implementation Costs - All Vendors - Fiscal Years 2011 to 2017 (through April 30, 2017)

Vendor Name	Expenditures	Vendor Category	Nature of Services Provided - (Note 2)	allocated to multiple funding sources?	HSRI contractor solely?	Type of Procurement (Note 3)	Payment methodology - task completion or hourly plus out of pocket - (Note 4)	Includes travel and out of pocket expenses?	Notes
DAY HEALTH STRATEGIES LLC / ROSEMARIE DAY	\$ 888,408	Consulting	Scope of work inclusive of four tasks (design new customer assistance process, design an integration plan for new processes with existing customer support processes, development and implementation of a procurement strategy and provide special projects and enhancement activities as needed).	No	Yes	COMPETITIVE	Hourly	No	
THE BOSTON GROUP	\$ 803,477	Consulting	Original contract required vendor to provide consulting services for HSRI website, specific to carrier pages for broker tool enhancements and hosting. Additional contract for website maintenance, which includes new content additions and emergency updates, Spanish site updates and maintenance, calculator and tools updates, maintenance and support, and server maintenance.	No	Yes	MPA	Task	No	
3M COMPANY	\$ 646,600	Consulting	Scope of work inclusive of four tasks (validation and quality assurance, data access for State agency users, reporting, and special projects as needed).	No	Yes	COMPETITIVE	Hourly	No	
HEWLETT PACKARD COMPANY	\$ 534,457	Computers, equipment and computer software	Printers, scanners, monitors, etc.	Yes	No	MPA	Receipt of product	No	
SOFTWARE AG USA, INC.	\$ 353,608	Computers, equipment and computer software	Website software -annual maintenance contract for three years for 4 current subscription services.	No	Yes	Sole Source	Period	No	
DELL MARKETING LP	\$ 348,096	Computers, equipment and computer software	Computers, laptops, etc.	Yes	No	MPA	Receipt of product	No	
ADVOCACY SOLUTIONS, LLC	\$ 323,282	Advertising, marketing, and public relations	Strategic consulting services, sales team management, and public community relations services. Provided work within the following categories of services: 1.) Strategic Marketing Consultation, which include but are not limited to the following types of services: A.) Strategic communication planning, B.) Crisis communication, C.) Media relations and / or public relations, D.) Media training, E.) Special events planning, F.) Creative services, G.) Comprehensive literature reviews, H.) Social media, I.) Evaluation, J.) Media monitoring and K.) General communication and support on a project basis, as needed.	No	Yes	MPA	Hourly / Monthly	No	

UHIP/RIBridges and HealthSource RI (ACA) Implementation Costs - All Vendors - Fiscal Years 2011 to 2017 (through April 30, 2017)

Vendor Name	Expenditures	Vendor Category	Nature of Services Provided - (Note 2)	allocated to multiple funding sources?	HSRI contractor solely?	Type of Procurement (Note 3)	Payment methodology - task completion or hourly plus out of pocket - (Note 4)	Includes travel and out of pocket expenses?	Notes
BERRY DUNN MCNEIL & PARKER, LLC	\$ 301,726	Auditing	CMS required programmatic audits.	No	Yes	COMPETITIVE	Hourly	No	
MANATT PHELPS PHILLIPS, LLP	\$ 295,000	Legal Services	Legal services to the HealthSource RI in connection with developing a Policy Manual.	No	Yes	Legal Services	Installment	No	
MARKET DECISIONS, LLC	\$ 281,533	Consulting	Provide expertise in conducting household surveys to collect information on health insurance coverage and access to coverage, access to and use of health care, out-of-pocket health care costs, and health and disability status, as well as basic demographic and socioeconomic information.	No	Yes	COMPETITIVE	Hourly	No	
WEYBOSSET HILL INVESTMENTS, LLC	\$ 262,538	Leased space -- HSRI	Lease of commercial office space to house HSRI.	Yes	No	COMPETITIVE	Monthly	No	
HINCKLEY ALLEN & SNYDER, LLP	\$ 203,060	Legal Services	Legal services in support of UHIP, such as contract negotiations.	Yes	No	Legal Services	Hourly	No	
MOORE WALLACE NORTH AMERICA INC	\$ 180,113	Printing	Brochures, business cards, forms, etc.	Yes	No	MPA	N/A	No	
BASICS GROUP, INC.	\$ 169,558	Advertising, marketing, and public relations	Professional services for HSRI for advertising and media.	Yes	Yes	MPA	Hourly	No	
HLN CONSULTING, LLC	\$ 156,600	Consulting	Technical and project management support to assist in implementation of RIBridges, focusing on Medicaid programs.	Yes	No	MPA / COMPETITIVE	Hourly	No	
PITNEY BOWES	\$ 154,569	Computers, equipment and computer software	Folding/inserting/sealing machines and mailing/packaging/shipping machines.	Yes	No	Sole Source	N/A	No	
22ND CENTURY TECHNOLOGIES, INC.	\$ 151,248	Consulting	Provide services for UHIP user acceptance testing.	Yes	No	MPA / COMPETITIVE	Hourly	No	
HORTON INTERPRETING SERVICES, INC.	\$ 150,847	Computers, equipment and computer software	Translation software.	Yes	No	MPA	N/A	No	
SEGAL CONSULTING	\$ 138,000	Consulting	Provide actuarial and consulting services, including analysis of state-paid benefits, analysis of health insurance claims reserves, and provide assistance in identifying best practices in benefit plans.	No	No	COMPETITIVE	Hourly	No	

UHIP/RI Bridges and HealthSource RI (ACA) Implementation Costs - All Vendors - Fiscal Years 2011 to 2017 (through April 30, 2017)

Vendor Name	Expenditures	Vendor Category	Nature of Services Provided - (Note 2)	allocated to multiple funding sources?	HSRI contractor solely?	Type of Procurement (Note 3)	Payment methodology - task completion or hourly plus out of pocket - (Note 4)	Includes travel and out of pocket expenses?	Notes
ATRION NETWORKING CORPORATION	\$ 129,433	Computers, equipment and computer software	CISCO switches and other computer hardware	Yes	No	MPA	N/A	No	
KBMAKERS, INC	\$ 99,965	Consulting	Kenneth Brindamour, contracted services - UHIP IT Project Manager	Yes	No	Single Source	Hourly	No	
M2 HEALTH CARE CONSULTING	\$ 95,375	Consulting	Review and analyze existing policy proposals and relevant state regulations, as to be consistent with current regulations.	No	Yes	MPA	Hourly	No	
BROWN UNIVERSITY	\$ 89,660	Consulting	All Payer Claims Database - Epidemiological and other public health data analysis technical services.	No	Yes	COMPETITIVE	Task	No	
EFREM BROMBERG	\$ 83,980	Consulting	Provide services for expansion, conversion, and enhancement of databases related to HIX.	No	Yes	COMPETITIVE	Hourly	No	
RI ASSOCIATION OF INSURANCE AGENTS	\$ 69,314	Insurance	Exchange insurance premium - Management Liability Policy	No	Yes	N/A	Task	No	
INDEPENDENT INSURANCE AGENTS OF RI INC	\$ 68,997	Insurance	Exchange insurance premium - Management Liability Policy	No	Yes	N/A	Task	No	
CAMERON & MITTLEMAN,LLP	\$ 67,605	Legal Services	Legal Service and allowable expenses	No	Yes	Legal Services	Hourly	Yes	
DLGM CONSULTING, LLC	\$ 67,433	Consulting	Financial Consulting - HSRI	No	Yes	Single Source	Hourly	No	
WB MASON CO, INC.	\$ 65,527	Other	Office supplies	Yes	No	N/A	N/A	No	
LGC&D LLP / CITRIN COOPERMAN & COMPANY LLP	\$ 55,400	Auditing	Accounting, auditing services -- annual audit of HSRI trust financial statements - trust accounts for collection and remittance of premiums from HSRI customers	Yes	Yes	COMPETITIVE	Task	No	
NARRAGANSETT PARTNERS LTD INC	\$ 52,000	Consulting	Develop and document process for training HSRI employees for audit and compliance management	No	Yes	Single Source	Task	No	
ENVISION TECHNOLOGY ADVISORS, LLC	\$ 50,897	Computers, equipment and computer software	Laptops, monitors and other hardware	Yes	No	MPA	Per Unit	No	
KEYSTONE OFFICE SUPPLY & PRINTING CO INC	\$ 48,290	Printing	Printing services Master Purchase Agreement (MPA)	Yes	No		Task	No	
WEBSTER BANK NA	\$ 43,389	Other	Cash management services and bank fees	No	Yes		Task	No	
CENTER FOR HEALTH POLICY DEVELOPMENT	\$ 42,888	Consulting	Facilitate peer learning and sharing among state exchange leaders	No	Yes		Task	No	
NETCENERGY, LLC	\$ 42,753	Temporary employees	Desktop Support Specialists	Yes	No		Hourly	No	
PSR, INC.	\$ 42,150	Computers, equipment and computer software	IBM tape drives	Yes	No		Receipt of products	No	

UHIP/RIBridges and HealthSource RI (ACA) Implementation Costs - All Vendors - Fiscal Years 2011 to 2017 (through April 30, 2017)

Vendor Name	Expenditures	Vendor Category	Nature of Services Provided - (Note 2)	allocated to multiple funding sources?	HSRI contractor solely?	Type of Procurement (Note 3)	Payment methodology - task completion or hourly plus out of pocket - (Note 4)	Includes travel and out of pocket expenses?	Notes
BEACON SYSTEMS, INC.	\$ 35,316	Temporary employees	Desktop support specialists	Yes	No		Hourly	No	
KONICA MINOLTA BUSINESS SOLUTIONS USA, INC.	\$ 34,488	Computers, equipment and computer software	Lease of copy machines related to the Exchange	No	Yes		Monthly Lease	No	
COX COMMUNICATIONS, INC.	\$ 34,138	Communications	Telecom bills related to the Health Exchange	Yes	No		Contract amount	No	
SOLOMONS INTERNATIONAL, LLC	\$ 25,847	Temporary employees	Services for Health Benefits Exchange User Acceptance Testing	No	Yes		Hourly	No	
CONTINENTAL RESOURCES, INC.	\$ 24,312	Computers, equipment and computer software	Computer hard drives	Yes, mostly Medicaid	No		Receipt of products	No	
THE BIGWORD, INC.	\$ 24,154	Translation Services	Translation services for applications and Health Exchange website	Yes	Yes		Task / hourly	No	
INTERPRETERS AND TRANSLATORS, INC.	\$ 18,589	Translation Services	Translation services for website and applications	No	Yes		Task / hourly	No	
SHI INTERNATIONAL CORP	\$ 17,813	Computers, equipment and computer software	Subscription and support to Tableau and transaction processing software and support	Yes	No		Per unit	No	
C & K ELECTRIC CO, INC.	\$ 16,432	Other	Electrician services at the EOC	Yes	No		Hourly	No	
VERIZON WIRELESS	\$ 16,788	Communications	Telephone and / or cable utilities provider	Yes	No		Monthly usage billing	No	
CENTER FOR SOUTHEAST ASIANS	\$ 16,092	Translation Services	Translation services	Yes	No		Task / hourly	No	
DORCAS INTERNATIONAL INSTITUTE OF RHODE ISLAND, INC.	\$ 13,910	Translation Services	Translation services	Yes	No		Task / hourly	No	
INTEGRATED SECURITY, INC.	\$ 11,164	Other	Card reader installation to bring the Hazard mailroom up to CMS/IRS standards	Yes	No		Task / hourly	No	
All other vendor payments (individually less than \$10,000) and credits	\$ 54,453		Miscellaneous						
ALLOCATED AND OTHER CHARGES:									
ALLOCATED PAYROLL CHARGES - STATE EMPLOYEES	\$ 22,798,893	State allocated payroll	Allocated payroll for state employees assigned to UHIP/RIBridges development and HSRI operations						Note 6
DV CENTRAL MAIL	\$ 1,350,842	Postage	Postage -- State centralized mail facility						Note 9

UHIP/RI Bridges and HealthSource RI (ACA) Implementation Costs - All Vendors - Fiscal Years 2011 to 2017 (through April 30, 2017)

Vendor Name	Expenditures	Vendor Category	Nature of Services Provided - (Note 2)	allocated to multiple funding sources?	HSRI contractor solely?	Type of Procurement (Note 3)	Payment methodology - task completion or hourly plus out of pocket - (Note 4)	Includes travel and out of pocket expenses?	Notes
CENTRALIZED DISTRIBUTION	\$ 555,388	Other	Distribution of centralized costs for human resources, facilities and maintenance, and information technology services.						Note 9
JP MORGAN CHASE -- STATE CREDIT CARD	\$ 119,244	State employee travel and other small purchases	Primarily travel reimbursements						Note 8
Audit Fees	\$ 75,369	Other	Statewide assessment on federal revenues to fund a portion of the costs of the State's annual Single Audit						Note 10
EMPLOYEE REIMBURSEMENTS - TRAVEL AND OTHER	\$ 63,816	State employee travel and other reimbursements	Primarily travel reimbursements						Note 7
DV CORRECTIONAL INDUSTRIES	\$ 63,995	Other	Furniture						Note 9
DV PASTORE COMMUNICATIONS	\$ 49,028	Communications	Telephone charges						Note 9
DV CENTREX	\$ 3,573	Communications	Central State telephone charges						Note 9
EMPLOYEES RETIREMENT SYSTEM OF RI	\$ 2,439	Other	Retirement assessment on consultant charges						Note 11
Total All Vendors	\$ 407,253,568								

Reconciliation to Schedule of Disbursements by funding source:

Project disbursements by funding source	\$ 402,294,357
Deloitte retainage	4,959,211
	<u>\$ 407,253,568</u>

Notes to Schedule of UHIP/Bridges and HealthSource RI Project Costs – All Vendors

Note 1 – Basis of presentation

Total amounts paid to contractor/vendor from all sources related to UHIP/RIBridges and ACA Implementation (HSRI). Amounts in the schedule include amounts recorded as expenditures in the State's RIFANS accounting system for all line items linked or used to record activity for the various sources of funding for project expenditures. A separate schedule details all the funding sources by line item.

For Deloitte, the lead systems developer for UHIP/RIBridges, certain amounts owed to the contractor have been deferred pending satisfactory completion of tasks. These amounts are shown on a separate line to distinguish from amounts actually disbursed. A credit of \$27 million has been negotiated between the State and Deloitte and is to be applied to amounts billed by Deloitte but for which payment had been deferred. The credit is to be applied to the various funding sources in the manner that the deferred billings would have been charged.

Retainage is included in the schedule for Deloitte but separately identified. Retainage of 10% was required for certain deliverables contained in the overall contract related to design, development and implementation components. Approximately \$3.4 million of retainage has been previously released. As of April 30, 2017, retainage owed to Deloitte totaled \$4,959,211.

Note 2 – Nature of services provided

Information was derived from purchase orders/contracts, vendor invoice information and other information available within the RIFANS accounting system.

Note 3 – Procurement type

The schedule includes the procurement processes followed for all individual vendor payments greater than \$50,000. These procurement processes include:

- Competitive – request for proposals with evaluation, competitive sealed bid process.
- MPA - utilizing master price agreements – standard purchasing terms available for general use – derived from a competitive process.
- Sole or single source vendor.
- Legal services – process unique to engagement of attorneys to provide legal services.
- Items not subject to procurement such as employee wages, travel reimbursements, utilities etc.

Note 4 – Payment methodology

This column delineates the primary invoicing process by the contractor – documentation of task completion/project milestones, or actual hours incurred at an hourly rate plus other out-of-pocket costs.

Note 5 – Contractor administrative mark-up and reimbursed travel and out-of-pocket expenditures

The contracts with certain vendor/contractors included provision for administrative markup on direct hourly charges, a mark-up on subcontractor billings, and reimbursement of contractor travel and out-of-pocket. Such sub-categorization of vendor billing amounts is not consistently recorded in the State's RIFANS accounting system.

The contracts with Wakely Consulting Group and Faulkner Consulting Group contained administrative markup provisions and reimbursement for travel and out-of-pocket expenditures.

Notes to Schedule of UHIP/Bridges and HealthSource RI Project Costs – All Vendors

Note 6 – Allocated State payroll

Payroll expenditures for State employees working on the UHIP/RIBridges development project or as employees working on HealthSource RI are included as project expenditures. These include employees whose salary and benefits were directly charged to project accounts and those that were subsequently adjusted/allocated through accounting journal entries. The following schedule details direct and allocated charges as well as summarizes the originating department/division for the charges.

State employee payroll costs allocated to the UHIP/RIBridges/HSRI Project			
Department	Direct Payroll	Allocated Payroll	Total by Department
Executive Office of Health and Human Services	\$ 803,476	\$ 2,120,477	\$ 2,923,953
Department of Administration	5,732,179	1,861,240	7,593,419
Department of Human Services	10,818,993	559,894	11,378,887
Department of Health	126,004	51,337	177,341
Department of Business Regulation	284,220	41,088	325,308
Office of the Lieutenant Governor	-	399,985	399,985
	<u>\$ 17,764,872</u>	<u>\$ 5,034,021</u>	<u>\$ 22,798,893</u>

Note 7 – State employee travel and other reimbursements

Reimbursements to State employees for travel and other includes mileage reimbursement, out-of-state travel related expenses and other reimbursements.

Note 8 – Expenditures paid through the State purchase card

The State purchase-credit card can be used for small dollar purchases. The total amount of project expenditures disbursed through use of the credit card is summarized by major category below:

<u>Summary:</u>		
Out of State Travel	\$ 99,323	83.29%
Print advertising	3,138	2.63%
Dues and Miscellaneous Fees	7,953	6.67%
Office supplies and other miscellaneous supplies and expenses	8,830	7.41%
	<u>\$ 119,244</u>	<u>100.00%</u>

Note 9 – Internal service funds and other internal allocation of charges

State internal service funds and “mirror accounts” are used to allocate costs such as telephone, information technology, central mail facility, and certain other centralized functions.

Notes to Schedule of UHIP/Bridges and HealthSource RI Project Costs – All Vendors

Note 10 – Audit fees – Single Audit

An assessment of .05% is made on most federal revenues, which is transferred to a restricted receipts account to fund a portion of the annual statewide single audit performed by the Office of the Auditor General.

Note 11 – ERSRI – supplemental contribution based on value of contracts

General Law section 42-149-3.1 requires a supplemental contribution to the Employees' Retirement System plan for State employees based on 5.5% of the value of contracts where the services performed by the contractor were previously performed by State employees.

OBSERVATIONS – CONTRACT ADMINISTRATION

A large, extended duration contract with significant task complexity such as the contract with Deloitte to build and operate UHIP/RI Bridges requires specific controls and processes to ensure contract deliverables are satisfactorily met prior to payment. The Deloitte contract tasks are a mix of deliverables to design, develop and implement system components as well as tasks to provide maintenance and operation services. The scope of the project has continually expanded over the last five years resulting in significant contract amendments (41 amendments as of the date of this report). Additionally, the State's administration of the contract has included multiple departments and agencies and has transitioned from those vested with responsibility to establish the health insurance exchange (HealthSource RI) at the beginning of the contract to the Department of Human Services which is largely responsible along with EOHHS for the Phase II implementation. Most recently, a new project management and leadership team is managing the conclusion of the project to remedy known system deficiencies and improve system performance and reliability.

UHIP/RI Bridges is considered the State's largest information technology initiative both in complexity and level of aggregate dollars expended. The external resources used to assist the State in managing the Deloitte contract to date are extensive and much more robust than those typically allocated by the State for oversight of a contracted service. Certain of the external project management and other consultants engaged to assist the State in overseeing the project were required by federal funding agencies (e.g., independent verification and validation vendor).

The Office of the Auditor General has had opportunity to observe the UHIP/RI Bridges system development and audit certain system functionalities beginning in fiscal year 2013. As part of the annual Single Audit of the State, we have audited the Medicaid and Children's Health Insurance Program (CHIP) as well as the specific federal grants which funded the development of the State's health insurance exchange (which included funding for early phases of the UHIP project). We communicated findings relative to these federal programs in our fiscal 2013, 2014, 2015 and 2016 single audit reports (see summary included in *Appendix 2*). Additionally, by request of the House Oversight Committee we have broadened our audit role to meet certain objectives of the Committee regarding UHIP/RI Bridges.

The following are certain high-level observations regarding the contract management process employed by the State with respect to the contract with the lead systems development vendor to build UHIP/RI Bridges based on our involvement to date:

- There was a significant time constraint at the time of the initial contract award – the federal Affordable Care Act required that the State's exchange had to be operational on October 1, 2013 – the Deloitte contract was executed in January 2013. This requirement to meet an imminent and aggressive timeframe created an understandable near-term focus on meeting the first October 1, 2013 deadline. This may have contributed to the lack of specificity in early contract terms and the need for multiple contract amendments as the scope of the project evolved. Additionally, federal initiatives later expanded the availability of federal funding for integrated eligibility systems. The evolving nature of the project with continual expansion of project scope added additional risk to contract oversight and management of deliverables.
- There were multiple State officials from various departments and agencies who had roles in overseeing the project which resulted in a very complex project governance structure. It could be argued that a large team governance structure with broad representation should enhance oversight and the likelihood of success; however, a single point of contract authority was never clearly defined and varied based on the stage of the project.
- The State did not have an established and staffed project management function in place to support and facilitate the State's oversight of this large and very complex technology initiative. As noted, this was the most robust and complex instance of contract/project oversight with many external resources assembled to assist the State in managing the contract and ensuring contract deliverables were met. However, without a well-established project management functionality, the State's overall process was not well orchestrated and the connection of monitoring results reported by external parties to decisions made was not always clear.

- The process for acceptance of project deliverables was not well defined and consistently observed over the life of the project to date. We did not observe specific use and reference of data provided by the independent verification and validation vendor or user acceptance testing results in the documentation supporting acceptance and payment for specific contract deliverables. We were provided a flowchart which describes a reasonable process for contract deliverable acceptance; however it was unclear that the process described therein had been in place at any point in time.
- There was a likely near-term over-emphasis of purported savings that would accrue from the implementation of the UHIP/RI Bridges system. These estimated savings were used to defend and support the increases in estimated project costs. The reality, which has since been demonstrated, is that costs actually increased in the near term, and the expected degree of precision in eligibility determinations has not been achieved – in fact, caseloads have increased significantly due to ineffective or inoperable system processes to remove ineligible individuals resulting in significant unanticipated costs. Additional costs have also been incurred to remedy the system deficiencies, develop interim solutions to meet the needs of beneficiaries, and bolster personnel with specific expertise to address system issues.
- Expectations were unrealistic that all the known defects in Phase I of the system were going to be resolved upon implementation of Phase II. This likely resulted in deferred recognition of those system defects and delayed escalating the resolution of certain known issues until after the Phase II implementation.
- The independent verification and validation vendor provided regular reporting of system progress and repeatedly highlighted system deficiencies and warnings of potential problems. As reported in our Single Audit findings for fiscal 2015 and 2016, it was not clear how these issues were addressed/resolved by the prior project leadership team.
- User acceptance testing was planned and performed; however, it is unclear how certain system deficiencies, now known, were not highlighted by that testing. The State's contracted independent verification and validation vendor expressed continual concern over inadequate user acceptance testing, delays in developing test cases, and the execution of the testing.
- Federal regulations and specific ACA provisions required periodic eligibility testing to ensure the systems are determining program eligibility correctly (Medicaid Eligibility Quality Control). Additional sampling was required during the system development phase and during the implementation of new Medicaid ACA requirements. These sample tests were not performed timely due to challenges with the system and the need for Deloitte to provide additional extracted system data for many cases. This represented a lost opportunity for the State to learn earlier, and with more precision, the specific system functionalities that were not operating as designed.
- A challenge on any significant scope project such as UHIP/RI Bridges is ensuring there are enough technical and program resources at the State level to support the project. Typically those resources are drawn from the same group of individuals who are managing and supporting existing day-to-day operations. We observed throughout the project (until recently) that there were too few individuals, at the State level, that had sufficient knowledge of each federal program's eligibility requirements and program operations as well as an understanding of information technology to support a project of this complexity. We observed a continual migration of individuals that were attempting to meet that critical need. These "subject matter experts" are key to the critical system design discussions with the vendor, continual monitoring during the development phase, and the design and execution of user-acceptance testing prior to system deployment.

Current UHIP/RI Bridges project and contract oversight and related negotiations with the vendor to ensure satisfactory delivery of the project is proceeding under special, expedited processes. However, there are opportunities for the State to utilize the UHIP/RI Bridges experience to assess and improve certain contracting, project management, and information technology outsourcing practices going forward. While the UHIP/RI Bridges project is somewhat unique due to its size and complexity, the State routinely contracts for Information Technology development projects. Changes to certain statewide practices should be made to ensure the likelihood of success

on these types of projects. The following areas should be reviewed and enhanced, drawing on the State's UHIP/RI Bridges experience with the aim of instituting organization-wide improvements/enhancements:

Contract design – review best practices for contract design with the goals of ease of contract administration, clarity of terms regarding deliverables, agreed-upon measures for defining deliverables, and payment terms that balance the contractors cash flow needs against the State's need to ensure deliverables have been satisfactorily delivered before full payment. Additionally, the required level of documentation should be specified for hourly progress billings, reimbursed travel and other expenses, and administrative fees, etc.

State project management capabilities – build a project management functionality within the Division of Information Technology staffed with individuals that have training and experience in information technology project management.

State dedicated IT resources on outsourced projects – assess the level of State IT resources needed to provide project oversight even when system design, development and implementation are outsourced to vendors.

Project governance structure – establish appropriate project governance structures for projects reflecting the need to include key individuals but without relinquishing a clear point of contract and project governance authority.

A short-term task force should be assembled to develop information technology project management best practices which could be incorporated into request for proposals, contracts, and the State's standard operational procedures for project oversight.

Glossary of Terms and Acronyms

ACA – Affordable Care Act – federal law enacted by Congress in 2010 which among other provisions created the authority and funding for State based health insurance exchanges, created a new category of Medicaid eligibles (Medicaid expansion), and established the authority and enhanced federal funding for integrated eligibility and enrollment systems.

CHIP – Children’s Health Insurance Program – companion program to Medicaid which provides health coverage to children in qualifying families.

DDI – Design, Development and Implementation – program costs for system development.

GPA – General Public Assistance – State funded and administered cash benefit assistance program.

IAPD – Implementation Advance Planning Document – federal document which details federal participation in information technology projects.

IV&V – Independent Verification and Validation – independent contractor service to monitor and validate system development and assess operational readiness during system implementation.

M&O – Maintenance and Operation – costs related to normal operating costs of a system once operations commence.

MAGI – Modified Adjusted Gross Income – Internal Revenue Service classification for tax filing purposes.

RI Works – State program name for federal/state Temporary Assistance to Needy Families Program.

SNAP – Supplemental Nutrition Assistance Program – U.S Department of Agriculture program – previously known as food stamps.

SHOP – Small Business Health Options Program – program administered by HSRI for small business owners to allow employees to participate in premium based health insurance options of their choice.

TANF – Temporary Assistance to Needy Families – federal program funding cash assistance payments to qualifying families.

Summary - Office of the Auditor General findings related to UHIP/RIBridges or Health Source RI project costs or system functionality (previously communicated)

Finding Reference Number	Program / Finding Title	Finding Description
2013-057	HSRI - ALLOWABLE COSTS/COST PRINCIPLES	Controls over consultant billings and allocated state personnel costs should be improved.
2014-057	HSRI - ALLOWABLE COSTS/COST PRINCIPLES	Grant expenditures must meet certain criteria defined in OMB Circular A-87 to be allowable for federal reimbursement. We noted control deficiencies relating to inadequate documentation being obtained and reviewed prior to disbursement authorization and failure to document personnel costs allocated to federal grants.
2014-067	CONTROLS OVER MEDICAID ELIGIBILITY - UHIP	Controls over Medicaid eligibility were weakened during fiscal 2014 due to UHIP system data interfaces that were not operating as designed. These interfaces were required to validate self-attested Medicaid applicant information. Periodic matching of Medicaid enrollee information to interface data sources to ensure continued eligibility (post-eligibility review) was also not operating during fiscal 2014 and has yet to be implemented. Documentation and procedures supporting eligibility determination through UHIP should be enhanced.
2015-050	HSRI - ALLOWABLE COSTS/COST PRINCIPLES	HealthSource RI can enhance its controls and related documentation supporting the allowability of costs reimbursed through the State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges program.
2015-059	CONTROLS OVER MEDICAID ELIGIBILITY - UHIP	Controls over Medicaid eligibility determined through UHIP were weakened during fiscal 2015 due to system design and implementation issues and ineffective oversight of eligibility determination activities.
2015-061	UNIFIED HEALTH INFRASTRUCTURE PROJECT (UHIP) - SYSTEM ERROR RESULTING IN INELIGIBLE MEDICAID BENEFICIARIES	A reconciliation by EOHHS and its contractors of individuals reported as Medicaid eligible in the MMIS compared to those eligible in UHIP detected that approximately 1,900 individuals had been deemed Medicaid eligible when in fact they were eligible to purchase health insurance through the State's Health Exchange. Preliminary research suggests a UHIP coding defect caused the dual classification; however, further investigation is required to determine the actual cause, impact on Medicaid eligibility, and amount of resulting ineligible program costs.
2015-062	UHIP NEWBORN ENROLLMENT DELAYS RESULTING IN INTERIM PROVIDER ADVANCES	Delays in the enrollment of Medicaid eligible newborns within UHIP has resulted in significant delays in related claims adjudication and payments to providers. These processing delays resulted in manual advances paid to providers.
2015-065	MEDICAID ELIGIBILITY QUALITY CONTROL (MEQC) PROGRAM	The MEQC program must be adequately supported so that it can meet its control monitoring responsibilities over Medicaid eligibility. CMS-mandated quality control pilot projects accompanying the implementation of the Affordable Care Act were adversely impacted by unresolved questions regarding what comprises errors and challenges in obtaining required information from the State's new Medicaid eligibility determination system.
2015-067	UHIP PROJECT MANAGEMENT AND GOVERNANCE	Governance for the UHIP development project can be enhanced to ensure contractual requirements are met by the lead development vendor and others and also to ensure that system defects and other implementation issues are identified, prioritized and corrected on a timely basis.

Finding reference number	Program / Finding Title	Finding Description
2015-068	UHIP SYSTEM ACCESS CONTROLS – MULTI -FACTOR AUTHENTICATION	A UHIP system access control feature (multi-factor authentication log-on) was not operating as designed thereby weakening controls over access to the system.
2016-055	HSRI - CONTROLS OVER ALLOWABLE COSTS/ COST PRINCIPLES	HealthSource RI (HSRI) can enhance its controls and related documentation supporting the allowability of costs reimbursed through the State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges program.
2016-061	CONTROLS OVER MEDICAID AND CHIP ELIGIBILITY DETERMINATION – SCOPE LIMITATION	Due to limitations in the operation and documentation of specific controls over eligibility for the Medicaid and CHIP programs during fiscal 2016, we were unable to collectively evaluate the State's compliance with federal regulations regarding recipient eligibility. System access was insufficient to allow us to assess the appropriateness of eligibility determinations and certain other designed system features intended to serve as controls over eligibility.
2016-062	MEDICAID ELIGIBILITY QUALITY CONTROL (MEQC) PROGRAM	The MEQC program must be adequately supported so that it can meet its control monitoring responsibilities over Medicaid eligibility. CMS-mandated quality control pilot projects required by the implementation of the federal Affordable Care Act were adversely impacted by unresolved questions regarding eligibility processing within UHIP/RI Bridges and challenges in obtaining required information from the State's new Medicaid eligibility determination system.
2016-063	INCONSISTENCY OF ELIGIBILITY DATA BETWEEN UHIP AND MMIS	Data discrepancies exist between the systems used to determine eligibility for Medicaid and CHIP and the claims/capitation payments system. The volume of differences continues to increase and the underlying causes have not been sufficiently determined. This impacts controls to ensure payments are only made on behalf of eligible individuals and increases the risk that duplicate capitation payments could be made to managed care organizations.
2016-064	UHIP NEWBORN ENROLLMENT DELAYS RESULTING IN INTERIM PROVIDER ADVANCES	Delays in the enrollment of Medicaid eligible newborns within UHIP have resulted in significant related delays in claims adjudication and payments to managed care organizations (MCOs) and other providers. EOHHS had advanced \$6.5 million in capitation to MCOs covering newborns at June 30, 2016 whose eligibility was still pending.
2016-065	UHIP PROJECT MANAGEMENT AND GOVERNANCE	Governance for the UHIP development project must be enhanced to ensure contractual requirements are met by the lead development vendor and others and also to ensure that system defects and other implementation issues are identified, prioritized and corrected on a timely basis.