

**AGENDA****ASSEMBLY BUDGET SUBCOMMITTEE NO. 1 ON HEALTH AND HUMAN SERVICES****ASSEMBLYMEMBER HOLLY MITCHELL, CHAIR****WEDNESDAY, MAY 1, 2013  
1:30 P.M. - STATE CAPITOL ROOM 444**

<b>ITEMS TO BE HEARD</b>		
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## ITEMS TO BE HEARD

### 0530 HEALTH AND HUMAN SERVICES AGENCY

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#### ISSUE 1: BUDGET AND PROGRAMS OVERVIEW

##### PROGRAM OVERVIEW

The primary mission of the Health and Human Services Agency (CHHS) is to provide policy leadership and direction to the departments, board and programs it oversees, to reduce duplication and fragmentation among CHHS departments in policy development and implementation, to improve coordination among departments on common programs, to ensure programmatic integrity, and to advance the Governor's priorities on health and human services issues.

The CHHS accomplishes its mission through the administration and coordination of state and federal programs for public health, health care services, social services, public assistance, health planning and licensing, and rehabilitation. These programs touch the lives of millions of California's most needy and vulnerable residents. The CHHS is committed to striking a balance between the twin imperatives of maintaining access to essential health and human services for California's most disadvantaged and at-risk residents while constantly pursuing ways to better manage and control costs.

The following departments and entities fall under the purview of the CHHS:

- Department of Aging
- Department of Child Support Services
- Department of Community Services and Development
- Department of Developmental Services
- Emergency Medical Services Authority
- Department of Health Care Services
- Department of Public Health
- Department of Rehabilitation
- Department of Social Services

- Department of State Hospitals
- Office of Statewide Health Planning and Development
- Managed Risk Medical Insurance Board

<b>FISCAL OVERVIEW</b>
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Fund Source	2011-12 Actual	2012-13 Projected	2013-14 Proposed	BY to CY Change	% Change
<b>General Fund</b>	\$2,176	\$2,981	\$3,112	131	4%
<b>Federal Trust Fund</b>	797	2,585	2,079	(506)	-20%
Reimbursements	2,857	2,958	3,099	141	5%
Internal Health Information Integrity Quality Improvement Account	-	25	25	0	0%
California Health Information Technology and Exchange Fund	10,486	10,500	9,881	(619)	-6%
Office of Patient Advocate Trust Fund	-	2,477	2,526	49	2%
Office of Systems Integration Fund	116,418	337,336	0	(337,336)	-
Central Service Cost Recovery Fund	835	839	819	(20)	-2%
California Health and Human Services Automation Fund	-	0	309,622	309,622	100%
<b>Total Expenditures</b>	<b>\$133,569</b>	<b>\$359,701</b>	<b>\$331,163</b>	<b>(28,538)</b>	<b>-8%</b>
Positions	184.4	242.3	244.9	2.6	1.07%

<b>SPRING FINANCE LETTERS</b>
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The Subcommittee is in receipt of two Spring Finance Letters from the CHHS. These are described below.

**Aging and Disability Resource Connection Program Continuation.** The CHHS requests an increase in budget spending authority of \$250,000 for 2013-14 and a 12 month extension of two limited-term positions (Staff Services Managers I and II) until June 30, 2014. The extension will be supported via an interagency agreement with the Department of Health Care Services (DHCS) with federal funds under a 2010 Affordable

Care Act grant from the Centers for Medicare and Medicaid Services (CMS). These positions will improve collaboration between community-based Aging and Disability Resource Connection (ADRC) partnerships and Money Follows the Person (MFP) Lead Organizations. Both positions will be 100% federally funded, with no impact to the State General Fund.

CHHS states that approval of the request enables it to maintain the state oversight infrastructure that currently supports ADRC replication and ADRC designation, technical assistance to existing and newly forming ADRC partnerships, collaboration with DHCS and Medi-Cal MFP Lead Organizations and Minimum Data Set (MDS) 3.0 Local Contact Agencies (LCAs). These positions will support the technical development of one or more ADRC business models aimed at securing sustainable ADRC funding under Medicaid, Medicare, Veterans Administration, private insurers and other sources, and will improve local strategies for providing comprehensive and impartial options counseling to individuals seeking information about transitioning from nursing facilities. Current federal grants that have supported the ADRC initiatives expire September 30, 2013. Approval of this proposal will allow CHHS to continue to respond to local requests for state guidance in developing local ADRC partnerships and plan for the state's future administration of this ADRC program.

**Expenditure Authority for the Center for Medicare and Medicaid Services Innovation State Innovation Models Grant.** CHHS requests an increase in federal fund authority of \$1.8 million in 2013-14. In February 2013, CHHS was awarded a \$2.7 million Center for Medicare and Medicaid Services Innovation (CMMI) State Innovation Models (SIM) Grant. CHHS estimates \$850,000 of the grant will be used in the current fiscal year. This proposal requests an appropriation for the remaining grant funds for the budget year. CHHS states that the grant does not require state matching funds and will not result in any additional General Fund costs.

The SIM Initiative is providing nearly \$300 million to support the development and testing of state-based models for multi-payer payment and health care delivery system transformation with the aim of improving health system performance and lowering costs for residents of participating states. California intends to utilize existing state and national initiatives including capitated payment models, accountable care organizations, bundled episode payments, the Coordinated Care Initiative for dual eligible Medi-Cal and Medicare beneficiaries and the state's Section 1115 Medi-Cal Bridge to Health Care Reform Waiver to inform their model design. CHHS states that its design process will involve a broad range of advocacy groups that will address its diverse population in order to develop a model that reflects California's complex health care and financing environment. This design process will enable California to apply for a CMMI SIM Testing Grant, anticipated to be announced later in 2013. If awarded, the CMMI SIM Testing Grant will allow California to implement the SHCIP developed under the CMMI SIM Design Grant.

PANEL
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- Michael Wilkening, Undersecretary, Health and Human Services Agency
  - Overview of CHHS Budget and Programs
- Kiyomi Burchill, Assistant Secretary, Program and Fiscal Affairs, Health and Human Services Agency
  - Aging and Disability Resource Connection (ADRC) Spring Finance Letter
- Katie Johnson, Deputy Secretary, Special Programs, Health and Human Services Agency
  - CMMI Grant Spring Finance Letter
- Legislative Analyst's Office
- Department of Finance
- Public Comment

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**Staff Recommendation:**

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No issues have been raised with the proposals. Staff recommends approval of the two Spring Finance Letters from CHHS as discussed under this issue – (1) Aging and Disability Resource Connection Program Continuation and (2) Expenditure Authority for the Center for Medicare and Medicaid Services Innovation State Innovation Models Grant.

**0530 OFFICE OF THE PATIENT ADVOCATE****ISSUE 1: BACKGROUND AND SPRING FINANCE LETTER – COMPLAINT DATA REPORTING PROJECT****BACKGROUND**

Established originally in 2000, the Office of the Patient Advocate (OPA) previously provided outreach and educational services to approximately 16 million Californians enrolled in managed care plans licensed under the Knox Keene Act and produced the annual Health Care Quality Report Cards. With relatively constant staffing over the past 12 years, OPA has 11.0 positions in 2012-13.

For the current year, OPA's core operational budget is approximately \$2.5 million, which supports its general consumer assistance services and materials with a focus on its cornerstone public reporting products and activities (e.g. the annual California Health Care Quality Report Cards); patient rights and responsibilities; a wide range of education, outreach and partnership activities; and the administrative and technology support services provided by the California Department of Social Services (DSS) and the Department of Health Care Services (DHCS), respectively. OPA's budget remains largely funded from the Managed Care Fund (90%). The newly created Office of the Patient Advocate Trust Fund will also receive moneys from the Insurance Fund (10%).

**Resource History***(Dollars in thousands)*

<b>Program Budget</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>
Authorized Expenditures	\$4,419	\$4,456	\$4,248	\$2,297	\$2,343	\$2,506
Actual Expenditures	\$4,419	\$4,104	\$3,001	\$1,960	\$2,343	\$2,506
Revenues	\$4,419	\$4,456	\$4,456	\$2,357	\$2,343	\$2,506
Authorized Positions	12	12	12	12	12	11
Filled Positions	11	12	12	12	12	11
Vacancies	1	0	0	0	0	0

**Workload History***(Dollars in thousands)*

<b>Workload Measure</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>
Outreach Events (Contractor)	1,324	1,078	1,106	0	0
Consumers Reached (Contractor)	113,752	88,356	102,808	0	0
Outreach Events (OPA)	N/A	32	45	39	21
Consumers Reached (OPA)	N/A	4,218	4,824	3,874	2,672
Materials Distributed	906,095	339,816	103,741	13,656	30,548
Website Visits	N/A	N/A	N/A	142,180	145,910
Report Cards Distributed	55,356	82,695	3,495	2,043	8,799
Consumer Calls and Correspondence	751	498	241	828	1,269

**SPRING FINANCE LETTER REQUEST**

**Spring Finance Letter – Complaint Data Reporting Project.** The OPA requests \$184,000 from the OPA Trust Fund and one two-year limited term position to meet new statutory requirements under AB 922 (Monning, Chapter 552, Statutes of 2011), to develop a Complaint Data Reporting Project. AB 922 designates OPA as a central resource to ensure that consumers get information on how to obtain health care coverage for which they are eligible or entitled and how to receive timely assistance in resolving problems when they have difficulty accessing care or have other problems with their health plan or providers. This multi-department effort is intended to ensure that complaint data can be used to identify gaps and barriers in the health care coverage programs and delivery system for both public and private coverage.

Statute requires that OPA, by January 2013, expand its current audience of commercially covered consumers to serve all publicly and privately covered Californians, as well as the uninsured. This expansion to OPA's public reporting role includes the collection and reporting of standardized complaint data from the following state departments: Department of Managed Health Care, Department of Insurance, Department of Health Care Services, Managed Risk Medical Insurance Board, and the California Health Benefit Exchange.

Under current law, OPA is specifically mandated to provide the following services:

1. Publicly report and analyze aggregate data on consumer complaints regarding health coverage.
2. Render assistance to consumers regarding problems with their health care coverage or services, including assistance with procedures, rights, and responsibilities related to the filing of complaints, grievances, and appeals.
3. Develop protocols and procedures for assisting in the resolution of consumer complaints, including the referral of complaints to the appropriate regulator or health coverage program.
4. Develop, in consultation with specified health coverage programs, education and informational guides to be made available to the public online and through public outreach and education programs.
5. Provide outreach and education about health care coverage options and coordinate with other state and federal agencies engaged in outreach and education regarding the implementation of federal health care reform.
6. Operate a toll-free telephone number that can route callers to the proper regulating body or public program, their health plan, or local consumer assistance program.
7. Operate an Internet website, social media and up-to-date communication systems to provide information regarding consumer assistance programs.

**Advocates' Concerns.** Advocates have registered concern with the timeliness of OPA's progress toward meeting the statutory goals of AB 922, citing the pending implementation of the ACA, as well as other important health care delivery changes underway in government, as reasons for improved and expedited progress. The Subcommittee may wish to request a roadmap of expected milestones from OPA and the administration on how it will realize the requirements of AB 922 to assist with oversight and accountability.

<b>PANEL</b>
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- Amy Krause, Director, Office of the Patient Advocate
- Legislative Analyst's Office
- Department of Finance
- Public Comment

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**Staff Recommendation:**

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Staff recommends holding this issue open, requesting that the OPA provide a roadmap of expected activities and milestones to meet the requirements as set forth in statute pursuant to AB 922.

**0530 OFFICE OF SYSTEMS INTEGRATION****ISSUE 1: STATEWIDE AUTOMATED WELFARE SYSTEM (SAWS) OVERVIEW AND UPDATE****OVERVIEW**

The Statewide Automated Welfare System (SAWS) automates the eligibility, benefit, case management, and reporting processes for a variety of health and human services programs operated by the counties, including the CalWORKs welfare-to-work program, CalFresh (Food Stamps), Foster Care, Medi-Cal, Refugee Assistance, and County Medical Services. The Los Angeles Eligibility, Automated Determination, Evaluation & Reporting (LEADER) system currently serves Los Angeles (LA) County, while a consortium called C-IV serves 39 additional counties and another called Cal-WIN serves the remaining 18 (though each system houses information for roughly one-third of the statewide caseload). Including project management expenditures, as well as the Welfare Data Tracking Implementation Project (WDTIP) system, the total proposed budget for SAWS in 2013-14 includes \$291.7 million (\$151.0 million TANF/GF).

**STATUS UPDATE**

Following is a description of the status of each component in SAWS:

**WCDS-CalWIN.** The WCDS-CalWIN project is currently in the maintenance and operations (M&O) phase. The contract for the current M&O vendor is being extended until July 2015 to allow completion of a competitive procurement for ongoing M&O services. The Request for Proposal was released March 1, 2013 and contract award is expected in FY 2014/15.

**C-IV.** The C-IV Project is currently in the M&O phase. The M&O services contract will terminate in October 2013. OSI is participating in the contract negotiations currently underway between the consortium and the vendor to extend the contract until completion of migration of the C-IV counties to the LRS.

**LEADER.** The LEADER Project is currently in the M&O phase. The Los Angeles Board of Supervisors recently approved exercising the last two option years within the current contract, which is now set to expire in April 2015. Negotiations with the vendor will be required to extend the current LEADER M&O services contract beyond April 2015 until LRS is fully implemented in October 2016. Those negotiations have not yet begun.

**LEADER Replacement System (LRS).** The LEADER Replacement System (LRS) began its design, development and implementation phase on November 7, 2012. The project is currently verifying requirements and will soon begin the design. OSI is managing the LRS IV&V contract and the first report is due in May 2013.

LRS Project Schedule	
Major Tasks	Time Frame
Design and Development	11/7/2012 – 9/30/2015
Pilot Implementation	10/1/2015 – 2/28/2016
Los Angeles Countywide Implementation	3/1/2016 – 10/31/2016
Performance Verification Phase	11/1/2016 – 04/30/2017
Operational Phase	5/1/2017 – 10/31/2023

**WDTIP.** The WDTIP project is currently in the M&O phase.

### SAWS Project Summary

System	2011/12 Persons Count	2011/12 Persons Count %	FY 2012/13		FY 2013/14		Vendor
			Total	GF	Total	GF	
WCDS	3,745,352	39%	\$80,739,821	\$30,534,694	\$86,102,358	\$32,562,618	Hewlett-Packard
C-IV	2,905,078	30%	\$77,049,039	\$28,802,230	\$81,459,465	\$30,358,835	Accenture
LEADER	2,925,961	31%	\$31,624,785	\$11,787,190	\$31,624,785	\$11,787,190	Unisys
LRS	2,946,253	N/A	\$49,055,275	\$18,375,616	\$78,844,592	\$29,406,536	Accenture
WDTIP	N/A	N/A	\$3,791,199	\$0	\$3,831,999	\$0	N/A
<b>Total</b>			<b>\$242,260,119</b>	<b>\$89,499,730</b>	<b>\$281,863,199</b>	<b>\$104,115,179</b>	

#### LRS AND C-IV MIGRATION

As described above, LEADER is one of the existing consortia systems that comprise the SAWS. The proposed 2013-14 maintenance and operations costs for LEADER include \$31.6 million (\$15.7 million GF/TANF). OSI estimates costs for the design, development and implementation phase of a new system to replace LEADER (LRS) at \$363.8 million over four years (\$190.9 million GF/TANF, \$144.1 million federal funds and \$28.8 million county funds). Los Angeles County signed a contract with Accenture for the development of LRS in November 2012. OSI estimates the following schedule for the project:

LRS Project Schedule			
Major Tasks	Revised Start Date	Revised End Date	Duration (Months)
Design and Development	11/7/2012	9/31/2015	35
Pilot	10/1/2015	2/31/2016	5
Countywide Implementation	3/1/2016	10/31/2016	8
Performance Verification Phase	11/1/2016	04/28/2017	6
Operational Phase	5/1/2017	10/31/2023	78

As part of LRS approval, the Department of Finance also required an assessment within 90 days of the contract award to determine which California Healthcare Eligibility, Enrollment, and Retention System (CalHEERS) components may be leveraged by LRS as California's Health Benefit Exchange gets implemented, and the potential risks, timeline, cost savings or other efficiencies that may result. The analysis was completed in early February 2013 and the assessment is currently being reviewed by stakeholders. (More information regarding the interfaces between SAWS and CalHEERS is included in the next agenda item.)

**LEADER Replacement.** LEADER was implemented countywide in LA in 2001. According to OSI and LA County, LEADER technology is outdated and cumbersome (e.g., it uses outdated COBOL language with 9.5 million lines of code). In addition, LEADER relies on proprietary hardware and software components created by its vendor. The federal government has expressed concerns about the state and county's resulting noncompetitive use of that same vendor; and OSI has indicated that no other qualified vendors have been willing to enter a bid to operate the LEADER system. The Legislature first appropriated funding to support the planning process for a new system to replace LEADER in 2005-06. The project was then delayed several times.

**Related Migration Project.** Trailer bill language related to the 2011-12 budget (Chapter 13, Statutes of 2011) directed OSI to migrate the 39 counties currently in the C-IV consortium to the new LRS. As a result, LRS would replace both LEADER and C-IV, and the state would have a two-consortia SAWS system. In 2012-13, the budget additionally included a requirement for a "cost reasonableness assessment" or study conducted by contracted experts who collect data on the costs of other public and

private sector efforts and extrapolate to determine whether the proposed costs for the C-IV migration project are within the realm of reasonableness. In 2012-13, the Legislature also adopted Supplemental Reporting Language directing the Administration to conduct regularly scheduled briefings with legislative staff, and to offer updates during budget Subcommittee hearings, as efforts to develop LRS and migrate C-IV continue. OSI estimates the following timing for the Migration project (to be updated after a migration strategy is chosen):

C-IV/LRS Migration Major Tasks	Start Date
C-IV Migration Planning	11/1/2012 – 4/30/2017
LRS Stabilization/C-IV Migration Preparation	5/1/2017– 4/30/2018
Migrate C-IV Counties	5/1/2018 –10/2019

Estimated costs for the LRS/C-IV Migration have not yet been determined. According to OSI, Los Angeles County, the C-IV consortium, Accenture, OSI, and program sponsors are all currently reviewing various migration strategies and associated costs. Once a strategy is chosen, a cost reasonableness assessment will then be completed.

<b>PANEL</b>
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- Melody Hayes, Deputy Director, Benefit and Enrollment Technology Support Division, Office of Systems Integration
  - SAWS Overview and Status Update on C-IV/LRS Migration
- Legislative Analyst's Office
- Department of Finance
- Public Comment

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**Staff Recommendation:**


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This item is included for information and oversight purposes. Staff recommends that the Subcommittee remind the administration of the continued interest in briefings and updates regarding LRS development and the Migration of C-IV, including at least one briefing for legislative staff before a Migration strategy is selected that includes information about the options being considered and their estimated costs.

**ISSUE 2: BUDGET CHANGE PROPOSAL – CALIFORNIA HEALTHCARE ELIGIBILITY, ENROLLMENT, AND RETENTION SYSTEM (CALHEERS) PROJECT MANAGEMENT SERVICES****BACKGROUND**

As required by the Affordable Care Act (ACA), states must establish a health insurance exchange or use a federally established exchange. California's Health Benefit Exchange (Covered California) was established by AB 1602 (Perez, Statutes of 2010) and SB 900 (Alquist, Statutes of 2010).

The Exchange is an independent state agency that is required to facilitate the purchase of qualified health plans by individuals and small employers no later than January 1, 2014. The California Healthcare Eligibility, Enrollment, and Retention System (CalHEERS) is the Exchange's enrollment system to purchase qualified health plans. The ACA requires coordination between Exchanges, Medicaid (Medi-Cal in California), and Children's Health Insurance Programs to ensure a seamless, integrated process for individuals seeking health care coverage under an Exchange.

In addition, the ACA requires the establishment of a single statewide web portal for Medicaid applicants. This portal can include referrals to the human services programs (e.g., CalWORKs and CalFresh). The ACA's provisions will significantly impact the three Statewide Automated Welfare Systems (SAWS)—LEADER, CalWIN, and C-IV—that currently determine eligibility for CalWORKs, CalFresh, and Medi-Cal.

The CalHEERS Project is jointly sponsored by the Exchange and the Department of Health Care Services (DHCS). The CalHEERS Project has acquired Accenture, LLP as a prime vendor to develop the CalHEERS solution that will support the implementation of a statewide healthcare exchange. The primary business objective of CalHEERS is to provide a "one-stop shop" to determine eligibility for California's entire health coverage program offered by the Exchange, DHCS, and the Managed Risk Medical Insurance Board.

The federally mandated implementation date of January 2014 requires a very aggressive schedule and increases the risks for a project of this size and impact to citizens. CalHEERS has an Independent Validation and Verification (IV&V) contract with an outside entity. The IV&V assesses adherence to established IT project standards and provides recommendations on project improvements to the CalHEERS oversight agencies. Additionally, it provides a monthly assessment report that objectively illustrates the strengths and weaknesses of the project.

**Project Schedule Delays.** At the February 26, 2013 Exchange meeting, two delays to the CalHEERS project schedule were noted: (1) the interface between CalHEERS and the SAWS systems would be delayed from October 1, 2013 until January 1, 2014 and (2) the Medi-Cal health plan selection process in CalHEERS would be delayed until the spring of 2014.

These delays have fiscal and programmatic impact on county eligibility processing, as county workers will be required to double-enter data in both CalHEERS and SAWS for persons applying for Medi-Cal and other human services programs (e.g., CalFresh). Additionally, county staff will now need to be trained to use CalHEERS to complete the Medi-Cal MAGI (Modified Adjusted Gross Income) eligibility processing since the interface between CalHEERS (with the MAGI rules) and SAWS will not be ready in October.

**Contingency Plans.** According to Covered California and DHCS, contingency plans have been created to address a variety of situations in which one or more portions of CalHEERS and/or the share eligibility service via interfaces to SAWS, MEDS, the federal Hub, and other state interfaces are not ready for Go-Live.

In addition to those plans, the CalHEERS Project anticipates creating temporary alternative procedures (either manual or automated) to ensure services are delivered if the system changes cannot be implemented when needed. For example, a County Eligibility and Enrollment Workgroup is developing business process flows and identifying training needs to manage MAGI Medi-Cal enrollment through counties during the open enrollment period until the CalHEERS-SAWS interface is operational, tentatively planned now for December, 2013.

#### BUDGET CHANGE PROPOSAL

OSI has been chosen by the Exchange to provide project management services during the design, development, implementation, and system stabilization of the CalHEERS solution to help meet the federally mandated timelines and requirements. In order to provide adequate project management for the CalHEERS Project, OSI requires reimbursement from the Exchange for the costs associated with these project management services in 2013-14.

**Budget Request.** The Governor's budget requests an increase in Office of Systems Integration (OSI) reimbursement authority in the amount of \$115,356,396. The increase in reimbursement authority is requested for OSI to provide project management services for the design, development, implementation and operation/maintenance for the California Healthcare Eligibility, Enrollment and Retention System (CalHEERS) Project. These costs will be reimbursed by Covered California (California's Health Benefit Exchange), the Department of Health Care Services (DHCS), and the Managed Risk Medical Insurance Board (MRMIB).

The project costs detailed on the next page are only for the activities under the OSI request.

	CY	BY	BY+1
	FY 2012/13	FY 2013/14	FY 2014/15
<b>Development and Implementation</b>	<b>\$146,233,875</b>	<b>\$85,099,492</b>	<b>\$33,466,668</b>
State / Program Partner Personnel	\$7,665,880	\$6,794,514	\$2,248,031
DHCS	\$6,422,495	\$5,688,365	\$1,880,048
MRMIB	\$229,303	\$179,901	\$59,967
OSI	\$651,882	\$592,848	\$197,616
County Consultants	\$362,200	\$333,400	\$110,400
Systems Integration Services	\$123,556,996	\$67,267,027	\$29,919,168
Interface Development	\$5,506,078	\$2,850,588	\$0
MRMIB	\$630,000	\$0	\$0
DHCS	\$1,376,078	\$750,588	\$0
EDD	\$1,500,000	\$900,000	\$0
FTB	\$750,000	\$450,000	\$0
Financial Institution(s)	\$1,250,000	\$750,000	\$0
Project Management and Technical Support Services	\$4,198,422	\$3,249,697	\$1,099,469
OTech Services	\$3,300,000	\$3,600,000	\$200,000
CalHEERS Consultants	\$2,006,499	\$1,337,666	\$0
<b>Operations and Maintenance</b>	<b>\$0</b>	<b>\$30,256,904</b>	<b>\$68,028,489</b>
State / Program Partner Personnel	\$0	\$308,016	\$762,404
DHCS	\$0	\$0	\$0
MRMIB	\$0	\$0	\$0
OSI	\$0	\$197,616	\$541,604
County Consultants	\$0	\$110,400	\$220,800
Systems Operations and Maintenance Services	\$0	\$27,156,988	\$60,398,767
Interface Maintenance	\$0	\$1,715,334	\$3,430,667
MRMIB	\$0	\$212,667	\$425,333
DHCS	\$0	\$212,667	\$425,334
EDD	\$0	\$540,000	\$1,080,000
FTB	\$0	\$300,000	\$600,000
Financial Institution(s)	\$0	\$450,000	\$900,000
Project Management and Technical Support Services	\$0	\$1,076,566	\$3,436,651
OTech Services	\$0	\$0	\$0
<b>Total OSI Costs</b>	<b>\$146,233,875</b>	<b>\$115,356,396</b>	<b>\$101,495,157</b>

**LAO Findings and Recommendation.** The LAO recommends approval of this proposal. It finds that approval of this proposal facilitates the need to complete the project by January 1, 2014, and provides the required project management services to mitigate project risk. It also finds that the CalHEERS project creates an opportunity to

learn lessons about the advantages and disadvantages of a streamlined approach to IT project management processes.

<b>PANEL</b>
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- Office of Systems Integration and Covered California
  - Overview of CalHEERS and Discussion of the Status of and Critical Issues Around the SAWS Interface
- Legislative Analyst's Office
- Department of Finance
- Public Comment

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**Staff Recommendation:**

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No issues have been raised regarding OSI's role in the CalHEERS project. It is recommended to approve this request to ensure continued development and management of the CalHEERS project.

However, the Subcommittee requests that it and budget staff be kept informed by both OSI and Covered California about the continuing discussions regarding the SAWS Interface, including any issues that might lead to a further delay or vital change in the envisioned interface.