



**Oregon Health Insurance Exchange Corporation
(ORHIX) / Cover Oregon (CO)
Monthly Quality Status Report**

September 2012

Deliverable #2.3.c

FINAL

Dated: November 7, 2012



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SECTION 1: Introduction

The Oregon Health Insurance Exchange Corporation (ORHIX), now known as Cover Oregon (CO), recognizes the value of an independent, third-party to provide formal quality assurance (QA) services. To meet this need, CO has engaged MAXIMUS to provide the following QA services:

- **Initial Risk Assessment** - identification of initial risks facing CO
- **Quality Management Plan (QMP)** – recommended activities and tasks to address risks
- **Monthly Quality Status Reports** – monthly tracking of progress of managing risks
- **Quarterly Quality Status Reports** – quarterly summaries of monthly status reports

This document represents the Monthly Quality Status Report for the month of September, 2012. This report builds upon the initial risks that were identified in the Initial Risk Assessment and prior monthly Quality Status Reports and summarizes any relevant updates to findings, risks, or recommendations.

Brief ORHIX / CO Background

The design and implementation of an insurance exchange is a key part of Oregon's current health reform efforts aimed at improving the health of Oregonians by increasing the quality and availability of medical care, and controlling costs. Once implemented, the Oregon Health Insurance Exchange will be a central marketplace where consumers and small employers can shop for health insurance plans and access federal tax credits to help them pay for coverage.

As required by the Affordable Care Act (ACA), the Exchange will offer a variety of services. Through the Exchange website, Oregonians will be able to easily compare plans, find out if they are eligible for tax credits and other financial assistance, select and enroll for health coverage. They also will be able to shop and enroll by calling a toll-free number and working with community-based navigators and insurance agents.

Since July 2011, the Oregon Health Authority (OHA) has led the design and implementation of the Health Insurance Exchange – Information Technology (HIX-IT) solution, building upon the Oracle products and Enterprise architecture envisioned by the State of Oregon.

SECTION 2: Executive Summary

The overall risk has not changed during the period.

The overall risk level for CO is HIGH (red).

It is important for these findings and recommendations to be viewed in a larger context. CO faces some unique challenges due to the nature of the larger health system transformation within the State of Oregon and Nationally. For example, in order to meet the federal requirement that the Exchange be up and running by January 1, 2014, the system must be completed and ready to accept enrollments by October 2013. This is clearly a very aggressive timeline. And this work must be achieved in an environment of evolving federal requirements and user expectations.

The environment within which CO operates is changing rapidly and involves a number of state and federal government agencies, insurance companies, community organizations and public interest groups. In addition, CO is a relatively small public corporation that is fully dependent on the Oregon Health Authority (OHA) for the initial development of the Health Insurance Exchange - Information Technology (HIX-IT) solution.

As a result of this dynamic and complex situation, it is not unexpected that many of the risk levels evaluated were determined to be high (red).

The organization has made significant progress in a number of areas during the month of September. CO has:

- Carefully reviewed the summary and detailed findings of the August QA report and has met with MAXIMUS to discuss the findings in detail
- Cover Oregon and HIX-IT have met and have agreed on a budget modeling methodology. HIX-IT has submitted two budgets as requested by CO. A ceiling and a floor budget were submitted for review by CO. These budgets will be utilized by CO to determine their ask for the level 2 funding from CMS.
- The HIX IT and CO teams have met and reviewed the HIX-IT WBS and Schedule. There was agreement on how the schedules can be linked. HIX-IT has brought on Oracle to continue the scheduling work and CO has met with the new scheduler.
- CO has made significant progress on a variety of priority risk areas, including identification of key milestones for the product delivery and has presented a draft roadmap/timeline for the work to be completed by HIX-IT.

However, while initial progress was made, the progress was not considered significant enough to lower the overall risk of the overall endeavor.

The following table summarizes the priority QA recommendations, along with the high-level response from CO. Additional details for each of these recommendations, including the underlying findings and risks, are included in Section 4 of the report. Similarly, a more detailed response from CO is included in Section 5 of this report.

Table 1: Summary Quality Standards Scorecard

Quality Rating Category	QA Risk Level	Priority QA Recommendations	CO Risk Level	CO Response
OVERALL HEALTH	High	<ul style="list-style-type: none"> • See below for specific priority recommendations. • Continue to review, update, and track all outstanding quality risks and recommendations. 	High	<ul style="list-style-type: none"> • CO agrees with this risk assessment. While much progress is being made, we are still working with state, federal, carrier, agent and other stakeholder partners on several business areas and technical requirements.
Business Mission and Goals	Med	<ul style="list-style-type: none"> • Update the detailed business model for the Exchange, including assumptions, risks, constraints, and contingencies. 	Med	<ul style="list-style-type: none"> • The business plan is being updated with revised enrollment projections. A detailed plan outlining assumptions, risks etc. is still in development as contingency options are being considered.
Roadmap	Med	<ul style="list-style-type: none"> • Finalize the functional roadmap and prioritized features. Clearly communicate requirements and due dates with HIX-IT. 	Med	<ul style="list-style-type: none"> • A system build plan is in its final revisions that will show from a function/feature perspective what will be built for product launch Oct 1, 2013. • Broader business services that will encompass the system view are still in discussion as is noted in the scope section.
Scope	High	<ul style="list-style-type: none"> • Finalize a single, comprehensive Work Breakdown Schedule (WBS), which contains all work required for the establishment and operation of CO and the Exchange, incl. HIX-IT. • Develop contingency plans, see attachment C. 	High	<ul style="list-style-type: none"> • CO is working with the new project scheduling team from HIX-IT and Shared Services to ensure that the WBSs from each organization complement each other so each entity understands the entire work entailed. • Work has also commenced to address contingency plans. Principals from CO and OHA/OIS are starting to frame up contingency plan options.
Schedule	High	<ul style="list-style-type: none"> • Finalize a single, comprehensive schedule, which contains all work required for the establishment and operation of CO and the Exchange, incl. HIX-IT. 	High	<ul style="list-style-type: none"> • The Cover Oregon project team is working with HIX-IT and Deloitte Digital to integrate all project schedules. Shared Services is a critical addition for a complete and integrated schedule. Cover Oregon has

Quality Rating Category	QA Risk Level	Priority QA Recommendations	CO Risk Level	CO Response
				dedicated a project manager to monitor the progress of Shared Services and the formation of its Work Breakdown Structure and Schedule.
Budget	Med	<ul style="list-style-type: none"> • Work with OHA to extend the independent financial audit to include the OHA HIX-IT accounting practices and Grant reporting. • Request comprehensive documentation of all relevant cost allocations to CO. 	Med	<ul style="list-style-type: none"> • Cover Oregon has still not been able to fully ascertain how current HIX-IT grant funds dedicated to Cover Oregon's IT system have been allocated and is continuing to work with OIS leadership to account for current grant expenditures.
Funding	Med	<ul style="list-style-type: none"> • Work with OHA to develop a joint grant funding reporting mechanism to ensure that priorities and goals are aligned. 	Med	<ul style="list-style-type: none"> • Cover Oregon is on track to complete its Level 2 Grant application, which contains budget projections for 2013 and 2014. • While a consistent structure makes sense, federal law does not permit "joint reporting." • Budget priorities are best reported by OHA/OIS to CO through detailed allocations of OHA/OIS grant funds dedicated to CO.
Board Governance	Med	<ul style="list-style-type: none"> • Finalize the Board Policy Manual, including adequate processes and controls related to potential conflicts of interest. 	Med	<ul style="list-style-type: none"> • There is an approved Board Policy Manual as of this risk report. A draft of a conflict of interest policy will be reviewed at the Next Board meeting in early November.
Inter-Org Coordination	High	<ul style="list-style-type: none"> • Define interagency requirements and "to-be" processes. See attachment D. • Define clear roles and responsibilities for each major organization involved in CO. • Update formal Interagency Agreements to document clear boundaries and expectations in detail. 	High	<ul style="list-style-type: none"> • Interagency requirements and "to-be" processes are a top priority with the leadership of both CO and OHA/OIS. • Inter-Governmental Agreements (IGAs) are in process with discussions occurring at many levels of both Cover Oregon and OHA/OIS. This also is a top priority over the next month.
Org Management	Med	<ul style="list-style-type: none"> • Define the CO organization chart, including detailed roles, responsibilities, expectations, 	Med	<ul style="list-style-type: none"> • Cover Oregon has organizational charts and job descriptions spelling out roles,

Quality Rating Category	QA Risk Level	Priority QA Recommendations	CO Risk Level	CO Response
		and authorities.		responsibilities, expectations, and authorities.
Human Resources	Med	<ul style="list-style-type: none"> Finalize the Human Resource Management Plan and Staff Job Descriptions. 	Low	<ul style="list-style-type: none"> Policies and procedures are growing in a normal trajectory for a startup of the size and age of Cover Oregon. An Employee Handbook and supplemental policies have been written as well as a resource management guide for hiring new employees. These documents are in the approval phase. This is a low risk area and should be green.
Stakeholder Management	Low	<ul style="list-style-type: none"> Finalize a comprehensive CO Stakeholder Engagement Plan. 	Low	<ul style="list-style-type: none"> Co agrees with this assessment
Communication	Med	<ul style="list-style-type: none"> Finalize a comprehensive CO Communication Management Plan. 	Med	<ul style="list-style-type: none"> CO's Communications Plan will be reviewed by the Consumer Advisory Committee and the Board in early November.
Project Management	Med	<ul style="list-style-type: none"> Develop and implement a complete set of project management processes and controls, including all applicable "foundational" documents. 	Med	<ul style="list-style-type: none"> The Project Management foundational documents are awaiting a formal QC review. A contractual agreement between CO and Maximus is in process and upon completion the review will commence.
Contract Management	Med	<ul style="list-style-type: none"> Conduct an independent assessment of all contractor activities and proposed deliverables. 	Low	<ul style="list-style-type: none"> CO is confident that its contracts are in order and value to contract amount is in alignment for both deliverables and roles based contracts. Given that CO has only 15 contracts, Cover Oregon does not agree that an independent firm is needed to audit the contracts. The size and number of contracts does not warrant the expense or the amount of risk.
Product Content	High	<ul style="list-style-type: none"> Finalize all JADs and UX 2014 work. See Attachment A for details 	High	<ul style="list-style-type: none"> Cover Oregon agrees with this risk assessment and is following the work plan to

Quality Rating Category	QA Risk Level	Priority QA Recommendations	CO Risk Level	CO Response
		regarding specific security concerns identified in the July monthly report.		complete requirements and address security issues.
Testing	Med	<ul style="list-style-type: none"> • Create a comprehensive Test Plan that outlines the strategy for iteration and UAT & IV&V testing to be conducted by CO • Confirm that a dedicated test environment will be available for CO testing. 	Med	<ul style="list-style-type: none"> • Cover Oregon is further developing its test strategy and plan. It is also assessing how to conduct targeted user acceptance testing at the end of each development iteration. • Oracle is currently testing the new test environment in preparation for release to the development and BA teams and CO.



Table 2: QA Risk Level Tracking

Quality Rating Category	June '12	July '12	Aug '12	Sep t '12	Oct '12	Nov '12	Dec '12	Jan '13	Feb '13
OVERALL HEALTH	H	H	H	H					
Business Mission and Goals	H	H	H	M					
Roadmap	H	H	M	M					
Scope	H	H	H	H					
Schedule	H	H	H	H					
Budget	M	M	M	M					
Funding	M	M	M	M					
Board Governance	M	M	M	M					
Inter-Org Coordination	H	H	H	H					
Organizational Management	M	M	M	M					
Human Resources	M	M	M	M					
Stakeholder Management	M	M	L	L					
Communication	M	M	M	M					
Project Management	H	H	H	M					
Contract Management	M	M	M	M					
Product Content	M	H	H	H					
Testing	H	H	H	M					

SECTION 3: Methodology and Approach

Risk Assessment Methodology

The MAXIMUS risk assessment methodology began with the identification and analysis of initial risks that face the CO project from a number of different perspectives. This work resulted in the Initial Risk Assessment, and was updated by subsequent Monthly Quality Status Reports. These risk reports included a variety of confidential interviews with CO staff and Board members, as well as other State and HIX-IT project stakeholders. On an ongoing basis, MAXIMUS will deliver monthly quality status reports that will continue to track progress on risk transference, remediation or acceptance by Cover Oregon. These monthly reports may also identify new risks or further refine the understanding of existing risks.

In developing the September monthly quality status report, the MAXIMUS Team attended project meetings, conducted interviews, and reviewed various CO artifacts, to assess how risks are being mitigated. The information gained during these activities was used to update the specific findings, risks, and recommendations originally presented in the Initial Risk Assessment and subsequent monthly quality status reports.

This report represents the CO Monthly Quality Status Report for the month of September, 2012.



Section 4: Updated Risk Assessment Findings, Risks, and Recommendations

The detailed findings, risks, and recommendations are presented below. Findings are limited to specific information identified during the period. Risks and Recommendations have been updated, as appropriate. At the client’s request, unique numbering has been introduced for both risks and recommendations, to assist in tracking. For example, risks in the Business Mission and Goals section of the report can be identified as Risk-BMG-1, Risk-BMG-2, etc. Recommendations can be similarly, uniquely identified. The integrity of the numbering will be preserved during future reports.

Table 3: Detailed Quality Standards Scorecard

Quality Rating Category	August 2012	Sept 2012	Risk Assessment Finding, Risks, and Recommendations
<i>Business Mission and Goals (BMG)</i>	High	Med	<p>Findings During Period:</p> <ul style="list-style-type: none"> • There is a concerted effort by CO leadership to update the Business Plan for the organization. It is expected that the plan will be completed at the end of 2012 once the L2 budget is approved. • CO is continuing refinement of a financial model for the Business Plan and level 2 grant application. <p>Risks:</p> <ol style="list-style-type: none"> 1. Without out a sufficiently detailed Business Plan and analysis CO may set the wrong expectations with the Board and various stakeholders. 2. Without a sufficiently detailed Business Plan and analysis, Cover Oregon may not have sufficiently robust model upon which to define the financial sustainability of the Exchange. 3. Without a thorough understanding of the exchange operation the Board may not be able to fully appreciate the Business Plan. <p>Recommendations:</p> <ol style="list-style-type: none"> 1. Identify the model data inputs and outputs for the construction of a detailed financial business model. 2. Define the table of contents for an updated Business Plan and gain concurrence of relevant parties.



Quality Rating Category	August 2012	Sept 2012	Risk Assessment Finding, Risks, and Recommendations
			<ol style="list-style-type: none"> 3. Utilize updated business market data, potentially from Wakely Group and use this to enhance the Business Plan document with more detailed analysis. 4. Update the detailed business model for the Exchange. Document in detail all relevant assumptions, risks, constraints and contingency plans. Update in detail, all revenue projections with justification of why they are valid. Update, in detail all costs with justification of their validity. This information should be used to model and determine long-term sustainability in a variety of circumstances. This information should be appended to the updated Business Plan. 5. Clearly identify the business roadmap and ensure that it is connected with the business modeling and Business Plan. 6. Closed 7. Periodically update the business model and Business Plan as more information comes available and assumptions are validated.
Roadmap (RM)	Med	Med	
			<p>Findings During Period:</p> <ul style="list-style-type: none"> • The high level roadmap/timeline developed in August for the October 2013 deliverable is being used to drive scheduling for both CO and HIX-IT. • The roadmap needs to be further detailed and extended beyond the initial 2013 deliverable date. • CO submitted their official Blueprint to CMS – ahead of schedule and the first state to do so. <p>Risks:</p> <ol style="list-style-type: none"> 1. Without a clear, comprehensive, and authoritative description of the Exchange roadmap, the project will likely continue to have incomplete data for future budgeting and unclear project priorities. 2. Without a roadmap projection beyond 2013 will be difficult to do development budget projections for future grants and operations and development. <p>Recommendations:</p> <ol style="list-style-type: none"> 1. Closed



Quality Rating Category	August 2012	Sept 2012	Risk Assessment Finding, Risks, and Recommendations
			<ol style="list-style-type: none"> 2. Develop comprehensive diagrams to aid in the communications of key ideas to various stake holders. The initial one-page, high-level CO scope diagram that was developed and recently presented to the Board of Directors was a great start. <additional detail available in July QA report> 3. The process of defining and prioritizing the scope should be identified in the Requirements Management Plan. This plan should be updated, approved and implemented within the project. 4. Create an integrated set of roadmap documents to communicate with the HIX-IT project, CO staff, CO Board of Directors, and other stakeholders. 5. Cover Oregon should clearly define the different types of roadmaps that it will generate and what each will depict. For example, a product roadmap may show the features of the electronic exchange over time. This roadmap may be used to drive the business services roadmap, operations roadmap and the development roadmap. 6. The process for developing the roadmap(s) should be documented so that it can be evaluated by stakeholders prior to getting deep into the process. Also, all underlying assumptions should be articulated in the process so they can be agreed upon by executive management. 7. Finalize the functional roadmap, including a high-level schedule of required functionality, and prioritized features. Clearly communicate requirements and due dates with HIX-IT.
Scope (SCP)	High	High	
			<p>Findings During Period:</p> <ul style="list-style-type: none"> • See Attachment C. • A formal walk-through of HIX-IT WBS occurred with Cover Oregon executive management and was productive. The walkthrough proved the value of the organized approach for assessing and detailing work to be accomplished for the project. • A variety of significant gaps still exist in the HIX-IT WBS that are dependencies for CO. <p>Risks:</p> <ol style="list-style-type: none"> 1. Without a clear understanding of the HIX-IT project WBS, including the work elements specifically assigned to CO, there is a risk that the project will not be completed on



Quality Rating Category	August 2012	Sept 2012	Risk Assessment Finding, Risks, and Recommendations
			<p>schedule.</p> <ol style="list-style-type: none"> 2. Without a clearly understood and agreed-upon non-HIX-IT project WBS, CO will continue to primarily focus on immediate work, without the benefit of a longer term plan or sense of progress. Without these as a basis, accurate planning and progress reporting is impossible. 3. See Attachment C. <p>Recommendations:</p> <ol style="list-style-type: none"> 1. Develop a single, comprehensive, authoritative WBS for all CO work. This WBS must include, at least at a high-level, all required non-HIX-IT project work required for the successful implementation and operation of CO and the Exchange. The WBS should include high-level work packages that represent all required CO work, with more details captured for near-term work. <additional detail available in the July QA report> 2. Confirm OHA intention to develop (with significant CO input) a single, comprehensive, authoritative WBS for the HIX-IT project. This WBS must include, at least at a high-level, all required HIX-IT project work required for the successful design and implementation of the HIX-IT solution. <additional detail available in the July QA report> 3. Closed. 4. Define and implement clear project management processes and controls for maintaining the CO WBS, including “rolling wave” elaboration of near-term work. See the Project Management Section of this report for more details on this topic. 5. Combined with IOC Recommendation #6. 6. Clearly define all status and oversight reporting requirements and expectations, including those from Department of Administrative Services (DAS), Legislative Fiscal Office (LFO), and Joint Committee on Legislative Audits and Information Management and Technology (JCLAIMT). Verify that all fiscal budget note items are adequately addressed. Define an integrated, meaningful dashboard report, with appropriate drill-down functionality. 7. Based on the WBS, develop clear duties and assignments for all CO staff, including all current and anticipated contactors. 8. Consider independent QC of the WBS. 9. See Attachment C. 10. (New) Continue to detail the CO WBS until all tasks are identified and scheduled. 11. (New) Continue to work with HIX-IT, OIS Shared Services, Deloitte, to align with their respective WBS documents.



Quality Rating Category	August 2012	Sept 2012	Risk Assessment Finding, Risks, and Recommendations
Schedule (SCH)	High	High	
			<p>Findings During Period:</p> <ul style="list-style-type: none"> Continued progress was made during the month on the CO schedule. A variety of significant gaps still exist in the HIX-IT WBS that are dependencies for CO. Both the HIX-IT and the CO schedules lack baselines for variance measurements. The CO User Interface work and carrier JADs are considered key dependencies for the HIX-IT development scheduling. The Deloitte User Interface (UI) schedule should be incorporated into the CO schedule to ensure a comprehensive view is presented to executive management. The CO schedule, in turn, will be heavily dependent on the HIX-IT development schedule. HIX-IT currently does not have a comprehensive estimation process for estimating development work. In addition, a number of items scheduled by HIX-IT have not materialized on the expected dates, including: HP-ALM implementation, test team implementation, implementation of shared services, implementation of environments, completion of use case documentation, schedule development. A number of schedules will need to be integrated within HIX-IT over the next 30 days to present a more comprehensive view of the complete HIX-IT schedule for this project. These schedules are then expected to be integrated into the CO schedule. The HIX-IT, OIS Shared services, and CO schedules do not have a common methodology for tracking and identifying dependencies, critical paths, work completion, variance, resourcing, etc. The teams are meeting and working through these issues. The lack of reliable estimating by HIX-IT, undiscovered development issues and incomplete requirements by CO will result in continued surprises to CO throughout the project. HIX-IT has a significant dependency on unstaffed components of the OIS organization, i.e., shared services. In addition, HIX-IT has a dependency on the Modernization project. The impact of these dependencies is an open issue and will affect the delivery to CO. Reviews of the HIX-IT Schedule for CO are being conducted on a regular basis.



Quality Rating Category	August 2012	Sept 2012	Risk Assessment Finding, Risks, and Recommendations
			<p>Risks:</p> <ol style="list-style-type: none"> Without a clear understanding of the HIX-IT project schedule, including the activities and tasks specifically assigned to CO, there is a risk that the project will not be completed on schedule. Without a clearly understood and agreed-upon non-HIX-IT project schedule, ORHIX will continue to primarily focus on immediate work, without the benefit of a longer term plan or sense of progress. Without these as a basis, accurate planning and progress reporting is impossible. While clearly unintentional, the potential overall and/or dependencies between the inter-related projects and initiatives may cause significant duplication of effort and/or rework. Decisions may be made in one area without proper consideration of the implications to other efforts. Effort may be duplicated or require unplanned rework. Each of these risks, if not addressed, will likely have an increasing impact on staff morale and may result in increased turnover. August: Without clearly defined dates and features formally provided by Cover Oregon to HIX-IT it will be impossible for HIX-IT to layout a complete development schedule to present to Cover Oregon. Relying on the iterative or “progressive elaboration” approach without a comprehensive estimation process in OHA shared services and the Modernization project, will most likely result in continued surprises and missed delivery dates for CO. <p>Recommendations:</p> <ol style="list-style-type: none"> Develop a single, comprehensive, authoritative schedule for all non-HIX-IT CO work, using the WBS described in Scope Section of this report. This schedule must include <i>all required activities and tasks</i> (at least at a high-level), as well as all durations, resources, and dependencies, required for the successful implementation and operation of CO and the Exchange. Clearly define assumptions, dependencies and constraints. It should also include references (links) to other schedules, including HIX-IT, as well as other relevant DHA, OHA, or DCBS Initiatives. Confirm OIS intention to develop (with significant CO input) a single, comprehensive, authoritative schedule for the HIX-IT project. This schedule must include <i>all required activities and tasks</i> (at least at a high-level), as well as all durations, resources, assumptions and dependencies, required for the successful design and implementation of the HIX-IT solution. It should also include dependencies (links) to other schedules, including relevant OIS Enterprise Initiatives, as well as CO (see below). Any specific



Quality Rating Category	August 2012	Sept 2012	<i>Risk Assessment Finding, Risks, and Recommendations</i>
			<p>activities and tasks that are required by the HIX-IT project to be completed by CO, including requirement definition and testing, must be clearly and explicitly scheduled.</p> <ol style="list-style-type: none"> 3. Closed. 4. (Updated) Define and implement common project management processes and controls for maintaining the schedule across OHA and CO, including “rolling wave” elaboration of near-term activities, baselining, variance tracking, resource loading and common reporting of project progress and status. See the Project Management Section of this report for more details on this topic. 5. Closed. 6. CO should formally define their expectations to HIX-IT with respect to features and timeframes for product delivery. This formal process will allow HIX-IT to develop a delivery schedule that can be presented back to Cover Oregon for review and analysis. 7. Given the difficulty in estimating the development work across the shared services and other projects within OHA, CO should embed sufficient slack in its schedule (on the order of 30+ percent). CO should continue to monitor the IT delivery deviations including the completion of use cases, testing platforms, standing up of environments, on boarding staff, and product delivery. These deviations should be reported to CO Executive staff in the weekly or monthly reports by CO CIO. As OHA OIS shared services and HIX-IT improves their ability to estimate dates and level of effort CO can begin to reduce the slack in its schedule. 8. Consider independent QC of the Schedule.
Budget (BGT)	Med	Med	
			<p>Findings During Period:</p> <ul style="list-style-type: none"> • Budget meetings between CO and HIX-IT for the level 2 grant occurred and HIX-IT presented two budgets for the high and low estimate as requested by CO. The information provided by OHA is sufficient for CO to move forward with the Level 2 grant application. • Despite multiple meetings on the topic, there remains significant concern regarding OHA's cost allocation and accounting of project funds.. Earned value is currently not tracked within the HIX-IT accounting process. <p>Risks:</p> <ol style="list-style-type: none"> 1. Lack of full transparent accounting practices and spending by OHA MAX program will continue to cause issues between CO and OHA. This will result in increased tensions



Quality Rating Category	August 2012	Sept 2012	Risk Assessment Finding, Risks, and Recommendations
			<p>as more money is spent and deadlines near.</p> <p>Recommendations:</p> <ol style="list-style-type: none"> 1. Document and implement a budgeting process for CO. This process should include the tracking of assumptions and dependencies. 2. Update the budget projections for CO. Ensure the Budget projections are aligned with the roadmap items that will be established. 3. CO should work with OHA to jointly review cost allocation methods, estimates of future expenditures, and associated financial controls. 4. (Update) CO should request OHA to extend the independent financial audit to include the HIX-IT accounting practices and Grant reporting. This will give the Board a clear and complete picture of the Health Insurance Exchange financial operations in the State of Oregon. CO should make the transfer of level 2 funding to OHA contingent upon standard auditing practices and transparency be employed by OHA OIS. 5. Request comprehensive documentation of all relevant cost allocations to CO, including indirect overhead and shared service costs
Funding (FND)	Med	Med	
			<p>Findings During Period:</p> <ul style="list-style-type: none"> • (Update) Per CMS request Cover Oregon was asked to provide their Exchange certification materials early because Oregon is an “Early Innovator” of the Health Insurance Exchange. CO submitted these materials. CMS certification and/or comments are expected in December 2012. • CO applied for a \$2.195M Supplement to its Level 1 Establishment Grant on 8/29/12. The supplement was approved in September. • A controller was hired on 8/20/12 • (Update) If the CO transfers the level 2 funding to OHA for continued IT development, OHA will need to have their spending limitation raised to continue the project. <p>Risks:</p> <ol style="list-style-type: none"> 1. Closed. 2. Closed. 3. Lack of a concerted and fully transparent grant financial reporting between CO and HIX-IT may



Quality Rating Category	August 2012	Sept 2012	Risk Assessment Finding, Risks, and Recommendations
			<p>cause confusion among the stakeholders and oversight entities.</p> <p>4. If money transferred to OHA needs to have legislative spending authority provided by the legislature then a Policy Option Package will need to be defined for the 2013-2015 budget.</p> <p>Recommendations:</p> <ol style="list-style-type: none"> 1. Closed. 2. (Update) Work with OHA to develop a process to ensure that funding priorities and goals are aligned and well articulated to CMS, the Board, OHA executive management and LFO. 3. Closed. 4. (Update)CO will need to work closely with OHA budget personnel to ensure the Policy Option Package and increased spending limitation reflects CO's needs with respect to continued development, operations and maintenance.
Board Governance (BG)	Med	Med	
			<p>Findings During Period:</p> <ul style="list-style-type: none"> • The CO Board meets on a regular basis and receives updates from Rocky and his staff on a variety of topics • The Board Policy Manual has been updated. Another round of updates is expected to be completed by Jan 2013. • Discussion of “ends” by which to evaluate the organization and the operationalization of related processes was discussed at the September Board meeting. <p>Risks:</p> <ol style="list-style-type: none"> 1. Without an updated Board Policy Manual, the Board will continue to struggle with its specific roles and responsibilities, including duties defined by the Carver Model. 2. Without clearly documented and enforced procedures regarding annual financial conflict of interest, the Board may become subject to criticism and scrutiny. 3. (Update) Without a set of metrics with which to gauge the progress achieved by the organization it will be difficult for the Board to determine what the status of the project is at any particular point until the launch of the exchange. <p>Recommendations:</p> <ol style="list-style-type: none"> 1. (Update) Assist the Board to update the Board Policy Manual. Review and ensure that clear



Quality Rating Category	August 2012	Sept 2012	Risk Assessment Finding, Risks, and Recommendations
			roles and responsibilities are established, in accordance with the Carver Model. Review and ensure there are adequate processes and controls related to potential conflicts of interest. 2. Closed. 3. Define specific metrics by which the Board will measure the performance of CO, as well as the HIX-IT project.
Inter-Org Coordination (IOC)	High	High	
			<p>Findings During Period:</p> <ul style="list-style-type: none"> • Interagency requirements definition and “to-be” process definition. See attachment D. • There has been progress on establishing the recommended levels of Inter-Organization Coordination. However, most of the required Inter Governmental Agreements (IGAs) need to be updated. CO is reportedly working with DOJ on drafting these documents. • CO and HIX-IT/MAX meet every week in the Technology Management Meeting Mondays at 11 AM in the Portland Office. Attending are members of the CO Executive Team, including the Executive Director, CIO, COO and Program Management, the HIX-IT project manager and the MAX Director. On the agenda are topics that cover inter-project issues across the OHA enterprise that affect HIX-IT. • The HIX-IT software application is integrally tied to the OHA technical infrastructure. <p>Risks:</p> <ol style="list-style-type: none"> 1. Without a professional and collegiate working relationship and full transparency between agencies at the highest executive level, conflicts and communication issues will continue and likely worsen. 2. Without close cooperation, decisions made without appropriate analysis of the impact on CO. 3. Without more detailed IGA's in place, clear delineation of roles and responsibilities may become problematic in the future. 4. Interagency requirements definition and “to-be” process definition. See attachment D. <p>Recommendations:</p> <ol style="list-style-type: none"> 1. CO should lead the effort to clearly define roles and responsibilities for each of the major organizations involved in CO, including both the HIX-IT project and ongoing operations. IGAs should be put in place to clearly identify the working relationships, boundaries, expectations and governance for the development and the operation of the Exchange. 2. CO should lead the effort to clearly document, approve and implement the governance process



Quality Rating Category	August 2012	Sept 2012	Risk Assessment Finding, Risks, and Recommendations
			<p>between CO and HIX-IT. This document should include a clearly defined set of tactical and strategic governing meetings, including scope, intention, and membership. Governance should include immediate project work, as well as ongoing operational responsibilities. CO should enlist the assistance of the LFO as required.</p> <ol style="list-style-type: none"> 3. Closed. 4. CO should request from the OHA CIO a clear definition of all related IT projects, including scope, schedule, and dependencies. 5. CO should create a list of all IGAs that are and will be established. This list should identify/track any inter-agency agreements and/or decisions, including those related to the communication/outreach, processing of paper eligibility applications, and call centers. 6. Establish formal IGAs with each of the organizations and/or projects in the Interagency Agreement Plan so that clear boundaries and expectations are established. Projects include the Department of Human Services Modernization (DHSM) Program, including Initial Win (IW), Master Data Management (MDM), Eligibility Automation (EA), and the Consolidated Automation Project (CAP). Other related efforts include a variety of OIS enterprise infrastructure / enterprise initiatives, including security and environment management, as well as Community Care Organizations (CCO) support efforts. <see Initial Risk Assessment for recommended MOU elements> 7. CO should formally request from the OHA CIO a transparent budget reporting process, as described in Budget Section of this report. 8. Communicate the appropriate inter-agency agreements and processes to the Board and staff. 9. Interagency requirements definition and “to-be” process definition. See attachment D.
Organizational Management (OM)	Med	Med	
			<p>Findings During Period:</p> <ul style="list-style-type: none"> • CO has a current organization chart and job descriptions for each staff member who reports to the Executive Team. Authorities are broad and not narrowly defined as the company is in its formation stage. <p>Risks:</p> <ol style="list-style-type: none"> 1. If not addressed, the unclear, and continually evolving, roles and responsibilities of the CO executive management team will cause challenges with internal project communication and staff coordination. This will result in duplication of efforts and inefficiencies across the entire operation.



Quality Rating Category	August 2012	Sept 2012	Risk Assessment Finding, Risks, and Recommendations
			<p>2. Combined with OM Risk #1.</p> <p>3. Lack of startup experience within a government non-profit organization may affect the ability of the organization to execute its mission as effectively as possible. This may result in missed opportunities for leadership within the State, and gaps in the execution of the Business Plan.</p> <p>4. Each of these risks, if not addressed, will likely have an increasing impact on staff morale and may result in increased turnover.</p> <p>Recommendations:</p> <ol style="list-style-type: none"> 1. As the CO Roadmap, WBS and Schedule are completed, Executive Management should create a presentation that communicates the roadmap and internal organizational plan to the staff. 2. Identify key internal processes and assign these processes to the specific executive management for development. These processes should be developed using process flows, approved and implemented and placed under change control so the staff and QA can clearly understand how the organization is operating. This will relieve the executive management of having to recreate the process each time it is required. This is especially important in areas where experienced contract staff are currently augmenting inexperienced line staff, since this arrangement is temporary. 3. Define the CO organizational chart, including detailed roles, responsibilities, expectations, and authorities. 4. Consider some entrepreneurial resources to assist the CO executive management team in moving toward a more entrepreneurial operating model. 5. Clearly define the organization's vision, purpose, priorities, and plans 6. Communicate this information to the Board and staff.
Human Resources (HR)	Med	Med	
			<p>Findings During Period:</p> <ul style="list-style-type: none"> • The Human Resource Management Handbook and Staff Job Descriptions have been completed and will be reviewed by the relevant Board subcommittee. • In addition to the HR Management Handbook, mentioned above, CO is also in the process of finalizing the Exchange Resource Management Plan. • CO is in the process of adding staff to the HR function.



Quality Rating Category	August 2012	Sept 2012	Risk Assessment Finding, Risks, and Recommendations
			<p>Risks:</p> <ol style="list-style-type: none"> 1. The dynamic nature and fast organizational growth of CO may create significant staff stress and frustration. Communication and HR support systems will be severely taxed. 2. Staff with gaps in their skill sets can create schedule delays, rework and/or incorrect planning and execution for the organization. 3. Closed. <p>Recommendations:</p> <ol style="list-style-type: none"> 1. Continue to focus on defining and implementing the required HR support processes. Complete the CO Human Resource Management Handbook. Complete job descriptions for all filled and anticipated staff positions. 2. Review all current placements to ensure that that appropriate mix of employees and contractors is achieved and maintained. 3. Continue to support team building and informal support structures for staff. 4. Complete, publish, gain approval of, and implement a comprehensive CO Resource Management Plan that includes a required skills matrix. 5. Inventory the skills of the existing staff and perform a gap analysis to the required skills of the organization. The gaps should then be prioritized and either staff should be augmented with consultants, trained or new employees should be sought out with the proper skill sets. 6. Implement formal HR Policies and procedures.
Stakeholder Management (SM)	Low	Low	
			<p>Findings During Period:</p> <ul style="list-style-type: none"> • Cover Oregon has engaged in multiple stakeholder outreach and communication efforts throughout the month. • Cover Oregon has continued Carrier JAD sessions this month. These JAD sessions are to solicit information to develop a common plan management interface for the carriers to submit their plan information electronically to the Exchange, SHOP quoting, member management (enrollment, changes, disenrollment, and reconciliation), provider search and financial processes (including reconciliation). • The first draft of the Stakeholder Engagement Plan is due October 1st. This Plan is part of the Communications Plan.



Quality Rating Category	August 2012	Sept 2012	Risk Assessment Finding, Risks, and Recommendations
			<p>Risks:</p> <ol style="list-style-type: none"> Lack of proactive communication with Exchange stakeholders may limit early participation and/or public support. <p>Recommendations:</p> <ol style="list-style-type: none"> Complete, publish, gain approval of, and implement a comprehensive CO Stakeholder Engagement Plan. Develop scenarios to clearly communicate the benefits of participating in the Exchange.
Communications (COMM)	Med	Med	
			<p>Findings During Period:</p> <ul style="list-style-type: none"> CO contracted with Sandstrom Partners to develop a company communications plan. Metropolitan Group has also been engaged to support this effort. CO has completed a draft, which is being reviewed by the executive team, board of directors, and stakeholders. The final working draft is scheduled to be completed in early November. <p>Risks:</p> <ol style="list-style-type: none"> If the Exchange does not communicate its functions in a consistent manner then confusion and frustration may result for entities that need to oversee, interface with, purchase or supply services to the exchange. If the Exchange does not communicate its functions in a consistent manner then CO's management credibility may suffer. <p>Recommendations:</p> <ol style="list-style-type: none"> Complete, publish, gain approval of, and implement a comprehensive CO communication plan. The internal marketing function of CO should work with the IT, SME's and executive management to identify areas where specialized high level communications need to take place. The Marketing organization can and should utilize the information that should have been produced from the work identified in the Roadmap Section of this report to begin to articulate the functionality of the exchange. As described in the Roadmap Section of this report, comprehensive Exchange diagrams should be developed to aid in the communications of key ideas to various stake holders.



Quality Rating Category	August 2012	Sept 2012	Risk Assessment Finding, Risks, and Recommendations
			4. The Marketing organization should establish consistent messaging for the organization that reflects the roadmap of the Exchange. 5. Design and implement a specific external marketing / education program, including the clear purpose and benefits of participation in the Exchange. 6. Consider independent QC of the final Sandstrom deliverable.
Project Management (PM)	High	Med	
			<p>Findings During Period:</p> <ul style="list-style-type: none"> • Work is continuing on a variety of “foundational” PM documents. • Project tracking and reporting findings are included as Attachment B. • CO has created a set of foundational Documents, and they are in internal review - their expected release to QC is dependent on the contract amendment currently being processed by CO. <p>Risks:</p> <ol style="list-style-type: none"> 1. Without a full set of “foundational” project processes and controls, the project will likely suffer from ad hoc and inconsistent execution of the project work. This will also adversely affect the quality of CO outcomes, as well as staff morale and turnover. 2. Combined with PM Risk #1. 3. Without all of these foundational documents being clearly completed, approved, and enforced by executive management they will not be institutionalized. 4. Combined with PM Risk #1. 5. Without a clear set of metrics from which to track and report progress to the executive management of CO, HIX-IT, the Board, and LFO COs project management will continue to react to requests for a variety of status information. 6. Combined with OM Risk #1. 7. Combined with PM Risk #1. 8. Project tracking and reporting risks are included as Attachment B. <p>Recommendations:</p> <ol style="list-style-type: none"> 1. Closed. 2. Develop a full set of “foundational” operational documents, including human resource management, contract management, grant administration, CO governance, staffing plan,



Quality Rating Category	August 2012	Sept 2012	Risk Assessment Finding, Risks, and Recommendations
			<p>stakeholder communications, and accounting management plans. Publish and enforce.</p> <ol style="list-style-type: none"> 3. Combined with PM Recommendation #2. 4. Closed. 5. Design and implement a comprehensive change control process for all of these foundational documents, as well as the WBS and schedule, as described in the Scope and Schedule Sections of this report, respectively. Include guidelines regarding “rolling wave” elaboration of near-term activities. Coordinate all change control processes with the Project Management Office (PMO). All documents should be placed under formal change control and be available in the Dropbox. 6. The Dropbox should be set-up on a manner that aligns with the WBS so that documents can be easily located. A process for document versioning should be evident. 7. Define and publish common weekly and monthly status reporting standards, including common risk criteria for reporting risk and status. For example, the probability and Impact criteria should be the same for both the HIX-IT project and CO efforts when they report their status (Red, Yellow, or Green) of a particular task, activity or item. 8. Define and publish common guidelines for reporting progress, including % complete. Consider implementation a common earned value management (EVM) approach that can be articulated jointly for both the HIX-IT project and CO schedules. 9. Combined with IOC Recommendation #6. 10. Combined with IOC Recommendation #6. 11. Project tracking and reporting recommendations are included as Attachment B. 12. Consider independent QC review of “foundational” PM documents.
Contract Management (CM)	Med	Med	
			<p>Findings During Period:</p> <ul style="list-style-type: none"> • None. <p>Risks:</p> <ol style="list-style-type: none"> 1. Agreements that allow contractor’s to bill for hours worked, instead of fixed priced payments for satisfactory completion of specific deliverables, leave the onus on CO to verify that the hours were worked and sufficient value was created by the contractors, according to their individual agreements. It may also be difficult to prove or justify the commensurate expenditures. 2. Without clear contractor procurement and management plans, as well as documented contractor deliverable expectations and deliverable-based payments, CO may have difficulty



Quality Rating Category	August 2012	Sept 2012	Risk Assessment Finding, Risks, and Recommendations
			<p>extracting the expected tangible value from these contractors. This may also lead to the inefficient use of contractor staff and the associated Federal funds.</p> <p>Recommendations:</p> <ol style="list-style-type: none"> 1. Complete a thorough review of all existing contracts. Document type of agreement, term, cost per hour, and deliverables. 2. Conduct an independent assessment of all contractor activities and proposed deliverables. Identify opportunities to convert contractor payment method to state approval of specific contractor fixed-priced deliverables. Renegotiate agreements, as appropriate. 3. Closed. 4. Define specific roles and responsibilities for contractors. Clearly assign work, as defined in the WBS and schedule, to specific contractor staff. Use this information to update the CO staffing plan, as appropriate. 5. Closed. 6. Closed. 7. Develop transition plans to move contractor positions to CO employees
Product Content (PC)	High	High	
			<p>Findings During Period:</p> <ul style="list-style-type: none"> • CO is currently developing a change management process - the expected release of this document is unknown at this point. • (Updated) The current Identity and Access Management (IAM aka. IDM), Single Sign On (SSO) and Role Based Access (RBAC) strategy is incomplete. OHA OIS has begun to have security workshops that review security requirements between the MAX and the HIX-IT Projects. These workshops are expected to be completed by the end of 2012. The current IDM strategy is outlined in Attachment A. • Carrier JADS and the UIX 2014 work is expected to be completed by the end of 2012. These requirements are dependencies for the HIX-IT schedule development. <p>Risks:</p> <ol style="list-style-type: none"> 1. Closed.



Quality Rating Category	August 2012	Sept 2012	Risk Assessment Finding, Risks, and Recommendations
			<p>2. Closed.</p> <p>3. The shared services components (Security, MDM) will be implemented later in the process, potentially resulting in significant rework. In addition, process flows may need to change and or expected functionality may not be available when shared services models are over laid on the existing builds.</p> <p>4. If documents are required to be scanned and uploaded it will affect the system capacity requirements and also ability of some people to use the system. If the documents are expected to be mailed or faxed in it may not be realistic. The need to review validation documents needs to be clearly identified and challenged as much as possible. Managing and matching docs in workflow processes will affect system design, customer expectations and HIX staffing requirements.</p> <p>5. Requiring signatures on documents may be an unnecessary burden for the customer, system and customer service organization.</p> <p>6. Closed.</p> <p>7. Closed.</p> <p>8. Informality in the use of BPM or UML will result in varying degrees of process flow quality.</p> <p>9. Please see Attachment A for specific, security-related risks.</p> <p>Recommendations:</p> <ol style="list-style-type: none"> 1. Closed. 2. Implement a product validation procedure and requirements change management process to validate the requirements submitted for development. Implement a change process to correct any defects of requirements. 3. Define the process for integrating the requirements from CO into the shared services components of the development teams early in the requirements process. 4. Identify all areas where documents are expected to be uploaded, faxed or mailed and review the validity for these documents in the workflow process. Ensure that the system architecture has a document management strategy. Ensure that the documents requirements are clearly identified in the current JAD session, Data requirements, use cases etc. An inventory of all document expectations should be identified to assess the magnitude of the effort. 5. Clearly identify where signatures are required for documentation. Validate if they



Quality Rating Category	August 2012	Sept 2012	Risk Assessment Finding, Risks, and Recommendations
			<p>are required by consulting DOJ, IRS, Carriers, etc.</p> <ol style="list-style-type: none"> 6. (Update) CO should have a formal review the existing OUM process (including shared services) as it is implemented (tailored) for the Exchange project. This OIS process should be clearly documented, approved, implemented, and placed under change control. The process, if not controlled, will begin to drift as project managers move their attention to other areas/processes of the project that need to be "stood up". This will also enable QA to monitor the process as it continuously improves. 7. Closed. 8. A complete and accurate record of all iteration use case work packages and Oracle functional and technical design documents and Corporation testing documents should be organized and kept as a complete package in the Dropbox. 9. CO should require all BA work to be done using CMS standards whenever possible. This will help ensure that 1.) the work done by all the BA's is completed with a common language. 2.) this common language can be utilized to communicate more effectively with trained developers and 3.) the products can be archived and reused at a later date potentially with different BA's and Developers. 10. Closed. 11. Please see Attachment A for specific, security-related recommendations.
Testing (TST)	High	Med	
			<p>Findings During Period:</p> <ul style="list-style-type: none"> • The Deloitte contract identifies that CO will conduct usability testing. QA reads this to mean that Cover Oregon will conduct testing with likely public consumers. QA would expect to see this built into the testing plan as well as the testing schedule. Usability of the Exchange and the Security components (ID Proofing) are paramount to determine acceptance of the Exchange by the general public. The first draft of the CO test strategy is currently in internal review, it is currently unknown when this will be available for release. • The CO scheduler and testing manager has developed and initial timeline for UAT. • HIX-IT has planned to provide a testing environment that will be used solely by CO. A schedule for implementation of this environment needs to be identified by CO. <p>Risks:</p>



Quality Rating Category	August 2012	Sept 2012	Risk Assessment Finding, Risks, and Recommendations
			<p>1. Current iterations are being accepted without a formal and methodical review of the product. This may result in defects being found and fixed at a later point as potential issues are found.</p> <p>2. Lack of a dedicated test environment will limit the exposure of the SME's with the product that is being developed. It is very important that SME's have ample time to play with the design so they may be able to refine the design as necessary. The SME's should also be encouraged to use non-industry personnel, i.e., public users to get feedback on the public facing components of the exchange. Lack of a dedicated test environment will require significant coordination with the IT testers and a reduced amount of time to access the system.</p> <p>Recommendations:</p> <ol style="list-style-type: none"> 1. Create a comprehensive test plan that outlines the strategy for iteration and UAT testing to be conducted by CO. Note: this testing should include security requirements. 2. Confirm that a dedicated test environment will be available for CO testing, such that they have sufficient time to review the design of the system as it is being built, allow demonstrations and focus groups to view the design, train, testing, etc. 3. Ensure that usability testing using typical users of the system is included in the testing of the Exchange on-line system. 4. Consider Independent Verification & Validation (IV&V) testing of the final application, prior to production usage.



SECTION 5: CO Management Response

The following table provides space for CO management response and/or state action plans for each of the Quality Standard sections areas or findings described in Section 4 of this report.

Quality Standard Section	CO Management Response and/or Action Plan
Overall Health	CO agrees with this risk assessment. While much progress is being made, there are still areas of business and technical requirements still in discover with our carrier, state and Federal partners.
Business Mission and Goals	The business plan is being updated with revised enrollment projections. A detailed plan outlining assumptions, risks etc. is still in development as options are being considered for contingencies.
Roadmap	<p>A system build plan is in its final revisions that will show from a function/feature perspective what will be built for product launch Oct 1, 2013.</p> <p>Broader business services that will encompass the system view are still in discussion as is noted in the scope section.</p>
Scope	<p>CO is working with the new project scheduling team from HIX-IT and Shared Services to ensure that the WBSs from each organization complement each other so each entity understands the entire work entailed.</p> <p>Work has also commenced to address contingency plans. Principals from CO and OHA/OIS are starting to frame up contingency plan options.</p>
Schedule	The Cover Oregon project team is working with HIX-IT and Deloitte Digital to integrate all project schedules. A critical addition to this convergence is that of Shared Services. Cover Oregon has dedicated a project manager to monitor the progress of Shared Services and the formation of its Work Breakdown Structure and Schedule.
Budget	Cover Oregon has been unable to fully ascertain how current HIX-IT grant funds dedicated to Cover Oregon’s IT system have been allocated and is continuing to work with OIS leadership to account for current grant expenditures.
Funding	<p>Cover Oregon is on track to complete its Level 2 Grant application, which contains budget projections for 2013 and 2014.</p> <p>While a consistent structure makes sense, federal law does not allow “joint reporting.” Budget priorities are best reported by OHA/OIS to CO by detailed allocations of OHA/OIS grant funds dedicated to CO and not joint grant reporting to CMS/CCIIO.</p>
Board Governance	<p>There is an approved Board Policy Manual in effect as of this risk report.</p> <p>A draft of a conflict of interest policy will be reviewed at the Next Board meeting in early November.</p> <p>Metrics by which the Board is measuring CO’s progress has been established and can be</p>



	<p>reviewed by Maximus at its convenience.</p>
Inter-Org Coordination	<p>Interagency requirements and “to-be” processes are a top priority with the leadership of both CO and OHA/OIS.</p> <p>Inter-Governmental Agreements (IGAs) are in process with discussions occurring at many levels of both Cover Oregon and OHA/OIS. This also is a top priority over the next month.</p>
Organizational Management	<p>Risks in the Human Resources section are considered part of organizational development. As a result, This section will address risks in both sections. There are two main risk themes noted in this section and in previous reports: changing staff responsibilities/employee communication; and a skills gap.</p> <p>The first risk theme, evolving staff responsibilities, was born of necessity and is squarely in the normal behavior of a start-up. It has allowed leadership to move resources around to fill many different roles until the organization is of sufficient size to fill roles with full time employees. That turning point has arrived; HR has performed desk audits and written job descriptions for every position in the organization, including the executive staff. Only 5 are still in review. Employees know who they report to, what their responsibilities are and have provided input into the very job descriptions they perform and currently have draft versions. As part of compensation structure and performance management, job descriptions will be finalized and issued more formally to staff. Organization charts are used in new hire orientations and will be given to staff on a regular basis – normally in staff meetings.</p> <p>This is considered a low risk area.</p> <p>The second risk theme is skills and potential gaps. Cover Oregon is approaching an equal mix of ex-private sector and state agency employees totaling close to 45. This team will continue to grow as more skilled recruits join the ranks. Given the Exchange marketplace is new, there will be the perception that many are figuring out new models, letting go of traditional methods as this new insurance market evolves. The skills that will help Cover Oregon succeed are core industry skills and the ability to envision new ways of doing business. Cover Oregon is confident in its ability to continue assembling an adaptable and knowledgeable team.</p> <p>In addition, two executive staff oversaw a mini-exchange as PEBB board members. Another staff person built the financial models for another mini-exchange (OEBC). CO has hired a Business Administration Manager who will be leading training and organizational development with support of HR.</p> <p>This is considered a medium risk area.</p>
Human Resources	<p>Policies and procedures are growing in a normal trajectory for a startup the size of Cover Oregon. An Employee Handbook and supplemental policies have been written as well as a resource management guide for hiring new employees. These documents are in the approval phase.</p> <p>This is a low risk area and should be green.</p>
Stakeholder Management	<p>Cover Oregon is in agreement with this risk assessment. Key Stakeholder groups are being shown mockups of the User Experience – SHOP last month and elements of Individual in early November. This will help cement the collaborative relationship with stakeholders and bring insight into the website design process.</p>



<p>Communi-cation s</p>	<p>CO's Communications Plan will be reviewed by the Consumer Advisory Committee and the Board in early November.</p> <p>The team is working on specific communications pieces that will show how the exchange works; these can be used with stakeholder groups in the ensuing months as the communications plan is executed.</p>
<p>Project Management</p>	<p>The Project Management foundational documents are awaiting a formal QC review. An agreement between CO and Maximus is in process and upon completion the review will commence.</p> <p>Project status reports are in various stages of completion and will address the needs of different stakeholder groups and oversight bodies.</p> <p>Schedule integration is also underway with the concept of a multi-schedule milestone "roll up" in consideration.</p>
<p>Contract Management</p>	<p>Contracts are in review to tighten up deliverable and role based work expectation. However, CO is confident that its contracts are in order and value to contract amount is in alignment for both deliverables and roles based contracts. Cover Oregon does not agree that an independent firm need audit the contracts. The size and number of contracts does not warrant the expense.</p>
<p>Product Content</p>	<p>Cover Oregon agrees with this risk assessment and is following the work plan to complete requirements and address security issues.</p> <p>Shared Services requirements remains a critical risk. (See the section on Schedule.)</p> <p>Currently, Cover Oregon is just now getting partial visibility into very narrow aspects of Shared Services and is observing many delays and governance challenges to completing the requirements and design of the many areas that makeup this OIS service organization.</p>
<p>Testing</p>	<p>Cover Oregon is further developing its test strategy and plan. It is also assessing how to conduct a "mini-UAT" at the end of each development iteration.</p>



SECTION 6: Risk Rating Criteria

The following risk rating criteria were used to evaluate the probability or likelihood of the risk occurring and the impact of the risk if it were to materialize.

Probability

H	Probable/eminently Occurrence	If the risk is probable or imminent then it should be rated as High.
M	Possible/likely Occurrence	If the risk is possible or likely to occur then it should be rated as Medium.
L	Possible/unlikely Occurrence	If the risk is possible, but unlikely to occur then it should be rated as Low.

Impact

H	High Impact	If the risk is considered to significantly affect the schedule, cost, security, project organization or significantly affect the success of meeting the project goals it should be rated as High Impact.
M	Medium Impact	If the risk is considered to somewhat affect the schedule, cost, security, project organization or generally affect the success of meeting the project goals it should be rated as Medium Impact. Note: Multiple Medium ratings that are found in similar areas can result in an aggregate rating of High Impact.
L	Low Impact	If the risk is considered to minimally affect schedule, cost, security, project organization or marginally affect the success of meeting the project goals it should be rated as a Low Impact. Note: Multiple Low ratings that are found in similar areas can result in an aggregate rating of Medium Impact.

Overall Risk Rating

The overall rating of a risk is the combination of the probability of occurrence and the impact of the risk to project. See rating charts below:

PROBABILITY	IMPACT		
		Low	Med
High	MED	HIGH	HIGH
Med	LOW	MED	HIGH
Low	LOW	LOW	MED

Attachment A: Detailed Security Concerns (July Findings)

Findings:

- The current Identity and Access Management (IAM aka. IDM), Single Sign On (SSO), External Self Administered Role and Role Based Access (RBAC) strategy is not well defined and can be characterized as follows (Note: this information was identified in the recent HIX-IT Logical Structure of Account 4 Whitepaper):
 - Every user in the system will have single sign-on capability in the system. This means that individual and business functions are comingled in accounts.
 - Identity proofing approach is currently unclear. Identity proofing is required to provide assurance of non-repudiation. Identity proofing of some form will be required by the Exchange due to the nature of the environment.
 - Identity proofing is currently at the individual level only. It is unclear how an employer, broker, employee, etc., will be proofed in the system for their specialized role.
 - Internal staff roles in the system are not defined.
 - External roles are intended to be self administered, i.e., a user can join or revoke other users into and out of their accounts.

Risks:

1. Comingling of individual and business accounts is highly unusual especially in the health insurance field. While it seems like a convenience, it may not be desirable from a user, technical, or security perspective. For example, an individual user may also be a Broker. This person may log into their account at home on their personal computer. If this computer is infected with key logger, user account login information could be compromised. A malicious user would then have access to the Brokers personal account and also their Broker account which potentially compromises other employer accounts the Broker may be attached.
2. Identity proofing can be costly and can have a customer usability impact. If the ID proofing is considered to be too cumbersome by the public it can affect the use of the Exchange by the general public.
3. Additional levels of verification may need to be exercised for different roles in the system, For example, how will a Broker prove they are a legitimate Broker in the system? Not clearly planning, defining and detailing the strategy up front can result in significant delay or work stoppage in the project due to security, usability or technical issues that will continue to pop up in the project without a proper strategy and planning effort.
4. Internal system role definition may alter the expected business workflow of Cover Oregon. Doing this work later in the development or after the system is developed can cause rework and or surprises in staff workflow.
5. External self administered roles currently known in the industry as Enterprise Dynamic Access Control (EDAC) create additional complexity of the public user experience. These types of architectures are relatively new for public use environments and if deemed too complex and not intuitive for average users, it can result in nonuse of the Exchange by the public.
6. Exchange liability for fraudulent activity due to ineffective identity management and self administered roles is not fully evaluated. For example, Cover Oregon may be held liable or publicly embarrassed if a person fraudulently became a broker in the system and was found to be attached to a number of large Employer accounts. These types of externally, self administered implementations are relatively new and fraught with risk for a known marketplace, let alone a marketplace in its infancy.

Recommendations:

1. Account comingling: Cover Oregon should find an existence proof of individual and business comingling approach in the health care field prior to implementing this strategy. If precedence is

found in the market, Cover Oregon should seek out the entity and be thoroughly briefed by the entity prior to making this decision.

2. Identity proofing: Cover Oregon should understand the requirements from CMS, IRS, etc with regards to what level of ID proofing is required prior to developing the IDM strategy. For more on Federal ID proofing levels please refer to NIST 800-63.
3. Identity proofing: Identity proofing techniques are both a Business and a IT decision. Cover Oregon will ultimately need to bear the risk that the selected approach poses (legal and user acceptance). Cover Oregon should take an active role in deciding and vetting the approach with the IRS, State DOJ and potential customers of the Exchange. Again, this is the front door to the Exchange access as should be a balance between business efficiency (customer acceptance) and security.
4. Identity Proofing/verification: There may be multiple layers of Identity proofing/verification required. Some users may need to provide proof as an individual only, Broker, and / or employer/employee. Cover Oregon should clearly define the requirements to HIX-IT and expect HIX-IT to create a detailed design document for ID and account management that is vetted with Cover Oregon.
5. Internal role definition: Cover Oregon should overlay role requirements on their internal workflow diagrams to ensure these are identified early in the development process. There are a number of engineering articles on methods for diagramming these requirements.
6. External Self Administered Roles: Research should be conducted by Cover Oregon to fully understand what the failure rates of these types of implementations from a usability perspective. An expert should be consulted to guide Cover Oregon of necessary.
7. Much greater emphasis should be placed on defining the IDM strategy for Cover Oregon.
8. Reviewing analogous IDM and External Enterprise Dynamic Access Control implementations in the market place should be conducted by Cover Oregon. A comprehensive, detailed strategy should be developed and vetted by Cover Oregon and potentially an independent expert in this field.
9. Cover Oregon should identify all use cases required to implement the IDM, SSO, EDAC and RBAC strategy selected.
10. Where possible, full mock-ups or prototyping of the Identity proofing and external self administered roles should be made available to the business to determine the usability impact to the customer experience prior to implementation. This determination should use market research and data to fully justify the decisions made.

Attachment B: Detailed Tracking and Reporting (August Finding)

Finding:

- The full scope of the HIX-IT development work is not fully articulated to management at Cover Oregon in a comprehensive manner. The issues are as follows:
 - There are a number of areas that need developed, including:
 - Use cases (general configuration of HIX-IT Components)
 - Interfaces to external IT Systems (approximately 60)
 - User Interface
 - Oracle Policy Automation rule development
 - Security
 - Content Management
 - Data classification and segmentation
 - Rework and refinement
 - Currently the CO Project Management is reporting the state of the 200+ use case work packages as a method of tracking project progress to Cover Oregon Management. While this is important, it only represents a portion of the overall IT development work. For example, current use case iterations being reported on may only comprise 45% of the overall IT work.
 - The current use cases that have been developed in iterations 9 through 12 are reported as “completed”. According to the HIX-IT Product Planning document they are still rated as “blue” or incomplete due to the additional items identified above.

Risks:

1. Measuring Exchange Development progress via the number of use cases only will cause incorrect expectation setting and confusion on the part of Cover Oregon over the coming months.
2. Calling use cases “complete” is problematic and may cause incorrect expectation setting and confusion on the part of Cover Oregon.

Recommendations:

1. Cover Oregon should work with HIX-IT Program Management to establish a more comprehensive methodology for estimating the level of effort required for the major components of the project.
2. The estimating methodology established above should be closely monitored by Cover Oregon to determine its accuracy over the next few months.
3. Cover Oregon PM should clearly articulate, via significant development areas and metrics, the IT development work in a manner that clearly represents a more comprehensive view of the project and progress.
4. The development areas and metrics identified above should be reported to Cover Oregon's management monthly basis at a minimum.



Attachment C: Contingency Planning (September Finding)

Findings:

OHA OIS has embarked on a significant change in the technology and methodology for deploying and redeploying new and existing applications. Any one of these changes individually would require significant effort for the organization. These challenges are exacerbated by the deadline for delivering a Health Insurance Exchange. The changes that OHA has made and/or is currently making include:

1. Assuming the role of prime contractor for the overall state development effort.
2. Deploying technology that is largely new to OHA.
3. Deploying an integrated enterprise architectural vision that is largely new to OHA.
4. Deploying a new software development lifecycle (iterative) that is new to OHA.
5. Re-organizing the delivery model (centralized model) for IT projects within OHA.
6. Standing up new processes to support this new delivery model.
7. Merging the technology and business operations of three organizations (OHA, DHS and CO) and attempting to develop a “no wrong door” approach (see attachment D).

Furthermore, OIS does not have experience in estimating level of effort within the HIX-IT project team or within OIS shared services team using a common estimation methodology. It may take several iterations to sync the methodologies when they are stood up.

A risk was raised by the Oracle development team regarding the use of a single instance of WebCenter for development. Oracle recommended that separate instances be used as the planning and coordination issues are considerable and likely will slow development. It is our understanding that a decision has been made by OIS shared services (no written decision has been made available) to use a single instance.

Application and architecture decisions require Modernization agreement prior to implementation. The projects are on different timelines, have only partially overlapping priorities and have a different sense of urgency. See matrix below for priorities.

	DHS	OHA	CO
Individual Tax Credit	P3	P2	P1
SHOP Tax Credit	NA	NA	P1
MAGI (Medicaid/CHIP) eligibility, shopping and enrollment only	P2	P1	P2
Non-Magi			P3
Other Medical			NA
Non medical	P1	P4	NA

The OIS and HIX-IT overall governance structure as stated in the Project Charter does not appear to be functioning. This process needs to be clarified, documented and made balanced and transparent for the business, and all development teams going forward.

OIS does not appear to have formal, detailed, documented, functioning, transparent technical governance or data governance committees.

The software applications are expected to be merged for the first time towards the end of the HIX-IT project. This has never been attempted within the OHA development teams to date. The technical components of the merge are known to some degree, but how the organization will approach and deal with “collides” on a business level has never been done in OHA/Cover Oregon.

OHA must produce, sync and baseline a variety of detailed schedules (HIX-IT, Modernization, Security, MDM, Environments, OPA/application business rules, SOA, Webcenter, PeopleSoft, IVR, UI, OBIE and CO) for this project to be successful.

OHA and the HIX-IT project has slipped a number of proposed deadlines to date (see scheduling section). Cover Oregon has a schedule that is highly dependent on the HIX-IT, Modernization, and OIS shared services schedules. And vice versa.

A number of basic project processes are not fully implemented within the OIS project structure (e.g., change control, testing, common estimation methodology, common schedule methodology, common activity diagramming methodology, etc.)

Carrier JADs and UI development work under way at CO are expected to continue until the end of the 2012. These items will probably lengthen the overall delivery timeline.

The current high level CO Timeline and the more detailed MS Project Schedule do not have specific usability testing activities identified.

Risks:

1. With the project deadline less than 1 year away and the lack of a stable and experienced organization, development and delivery teams within OHA as well as the requirements delay within CO, the probability of missing the target date is currently an issue.

Recommendations:

1. CO should prepare a number of trigger points over the remaining timeline of the project to ensure that scope is continually sized to meet the target date. For example, on November 5th 2012 OHA OIS is scheduled to deliver a detailed project schedule for the remainder of the HIX-IT project. On this date, CO should have a formal review with the OHA CIO, HIX-IT, shared services project teams and QA to understand in detail the project approach, schedule, dependencies and issues. This information can then be utilized to gauge the

progress against an internal CO confidence checklist. The objective of this review should be to determine if significant components of scope should be deferred. Each trigger point would have a different checklist depending on where the project is on the timeline. An example of a checklist for Nov 5th could be as follows:

- a) Can scope be locked?
- b) What percent of scope is outstanding?
- c) Are schedules for all of the project areas complete, detailed, synced, and tracked using a common methodology?
- d) Are all project schedules being developed with a common estimation methodology?
- e) Are key dependencies identified within the schedules and are they listed for the executive management to review?
- f) Do the schedules have any slack in them and/or does all the scope fit within the current schedule?
- g) Do the schedules allow for any refinement once the system is constructed?
- h) Do the Oracle teams agree with the schedules?
- i) Have Modernization and CO documented the integration points within the application for "No Wrong Door"?
- j) Is the data that is to be passed from each application clearly documented?
- k) Is HP ALM operational?
- l) Are the test teams on board?
- m) Is there a functional, technical and data governance structure that is balanced and transparent to CO in place and operational?
- n) Are notes and decisions from these committees clearly documented for the development teams to build from?
- o) Etc.

The answers to this checklist can then determine a go/no-go for the current scope. If the decision is a no-go for the current scope, CO should have a list of predefined, prioritized and agreed to scope reduction options that can be employed immediately. Scope reduction options could be looked at from a horizontal (across all CO application components) and then, if need be, from a vertical application perspective. An example of scope reduction options could be as follows:

Scope reduction examples from a horizontal perspective:

- a) Reduce the complexity of the current architecture.
- b) Defer the merge and rebaseline of code until after go live.
- c) Implement separate instances of Oracle components that are dependent on interagency business integration.
- d) Reduce the dependency on the integration with other programs by deferring the "No Wrong Door" approach.
- e) Implement UI wireframes using Siebel.
- f) Etc.

Scope reduction examples from a vertical perspective:



- a) Defer significant portions of the PeopleSoft components and process the billing manually.
- b) Defer electronic plan loading from the Carriers.
- c) Defer online Medicaid eligibility, plan selection and enrollment within the Exchange and process them manually.
- d) Etc.

Each of these options would be pre-sized so that depending on the amount estimated schedule variance or slack desired by CO an equal amount of scope can be deferred. For example, if the schedule is off by 20% and reducing the complexity of the architecture can save 20% in the schedule then this would be employed because it is prioritized high and equals the needed time savings.

The formality of this process will give CO executive management a clear understanding of the project status and enable them to pull the appropriate levers to make the project successful at a variety points in the upcoming year.

Attachment D: “No Wrong Door” Cooperation (September Finding)

Findings:

OHA/DHS and CO have a general agreement to create a “no wrong door” approach for eligibility and enrollment for state-sponsored medical programs and commercial insurance. This requires the businesses be aligned from both the operational perspective and the informational technology perspective to create a “to-be”, future business state model. This is truly a transformation to the way that health coverage is to be administered across the state. Unfortunately, there is no clear authoritative document that defines the expectations for all the programs, authority/delegated authority, governance and detailed functional roles and responsibilities.

This overall business transformational effort that is being under taken is also not currently being tracked like a formal project. Typically a project of this size would have specific governance reporting, charter, scope, tasks, milestones, deliverables, and deadlines for the interagency work that is to be accomplished both operationally and technically.

For example, technical/architectural decisions are being made that may not fully align with the intent of the CO business model. The situation is aggravated by the lack of clear and comprehensive documentation for interagency cooperation with respect to requirements, process interface points, data passing, data sharing, portal entry and exit points, identity and access management, and document sharing.

Risk:

1. Lack of a clear, detailed, integrated view of “no wrong door” will hamper a smooth implementation of this vision
2. Lack of clear direction, governance, and delegation of authority from the OHA, DHS and CO leadership will result in a missed opportunity to integrate the “no wrong door” approach in time for the October 2013 opening the Exchange.
3. Lack of a formal structure for this interagency business project will result in open ended work that may or may not yield sufficient information in time to be incorporated into the development schedule.
4. Without clear direction/requirements from the businesses, technical decisions will be made that may or may not align to the long term operational plan for the businesses. This may require rework or additional future project to realign the technical decisions being made.
5. Without clear operational agreements, staff will not be efficient in executing required transitional tasks for their programs, e.g., process reengineering, job reclassification, resource plans, inter-program agreements, etc.
6. Without a defined process, project, and governance transparency, QA, development, operations, and executive management in the stakeholder agencies will not be able to monitor the progress of the effort to ensure that it is implemented in a timeframe and

manner that fits the vision outlined by the Directors of OHA and DHS, the Executive Director of CO for the State of Oregon.

Recommendations:

The Executive Directors from OHA and CO should commission the business leaders to draft a charter document for interagency transition project. An example of the makeup of a charter document may include:

1. General vision of all the leaders.
2. Scope, which identifies all the agency programs that are required to participate in the effort.
3. Governance structure that identifies the two Executive Directors of OHA and CO as the sponsors identifies the business executive's steering committee and their responsibilities.
4. Assignment of a project manager and scheduler that will produce a baseline schedule within 15 calendar days of charter implementation.
5. High level deliverables, such as:
 - a. All relevant agencies submit detailed information to a "no wrong door" operational and technical plan that will identify the "to-be" operational and technical requirements. This document will be required to be delivered to the steering committee no later than 45 calendar days after the project charter is released. This document should include:
 - i. Identification of all policy changes for each program with respect to the "no wrong door" initiative.
 - ii. Identification of the following information about each on-line application:
 1. General screening requirements for all programs (Medicaid, QHP, etc).
 2. Detailed map of how clients will access each program through the on-line portal (client direct, community partner, navigator staff portal, etc).
 3. Specific data elements that is required for each application when they are passed from another application.
 4. Identification of a common point of transfer (after screening, after application completion, etc.)
 5. Identification of a common point of entry from a transfer (at additional screening point, selection of benefit, etc.)
 - iii. Identification of the following information about their handling of paper and fax applications, phone/IVR applications:
 1. Identification of the agency that will handle processing of specific applications/or portions of applications.
 2. "Warm" handoff of clients that call in and require a transfer to another agency.
 3. Identification of common staffing of support and customer service centers, if required.
 - iv. Identification of any issues, risks, barriers, roadblocks or concerns to implementing the operational and technical plan. Along with any roadblocks, barriers or concerns, the agency should propose a solution or solutions as a remedy.
 - v. Recommendations for the content of an integrated transition plan.
6. High-level schedule, including definition of "no wrong door" process flows and detailed requirements