From: Rep Richardson
Sent: Thursday, September 20, 2012 9:20 PM
To: John Kitzhaber
Subject: Note from Richardson -- Status of Health Ins. Exchange (HIX-IT) Project--with Attachment

Governor,

I know you are concerned about the success of the Health Ins. Exchange project. We both are.

Below is a status summary table prepared by the Q.A. for the HIX-IT project. I pulled it from the attached QA's August 2012 project status report. As you will see from the table below, the Q.A. is sounding an alarm that this project is in substantial jeopardy of being Oregon's next multi-million dollar I.T. project fiasco. The "Red (High) Risk" list not only refers to the inherent riskiness of the project, but to the project's management team, development, budget and development process.

I like Rocky. Rocky is not the issue. Proper oversight of a $59 million project is the issue. My email below to the Co-Chairs is about good business practices. I met with Rocky King last week and his response to my concerns over the alarms sounded by the project's Q.A. and Bob Cummings in LFO (who agrees with the Q.A.'s bleak assessment), was to become defensive and focus on how busy he and his staff are. Once again, the issue is not about Rocky. Rocky is putting his heart and soul (and possibly his physical well-being and health) on the line. The focus is on good business practices. Rocky wants us to just trust his good intentions and hard work, and hope for the best. In a project such as HIX-IT, just hoping for the best while ignoring good business practices and the recommendations your experts in project management is irresponsible.

 In other words, if you were the investor with $59 million and you hired a professional Quality Assurance expert to help protect your investment, and your QA gave the scathing report we've been given on HIX-IT, would you risk your investment on the good intentions of your project manager or would you require his compliance with the recommendations made by knowledgeable experts you hired to oversee your $59 million investment?

 My email below was not advocating the termination of the HIX-IT project. It was to point out the need for HIX-IT leadership to stop treating the QA and LFO as opponents and comply with their recommendations. Rocky King is extremely knowledgeable about health insurance matters, BUT he is not experienced in overseeing a hundred million dollar start-up company, utilizing untried computer software and doing it without a detailed business plan.

 It is clear to me, Rocky needs to hire a few key, experienced project managers whose job will be the completion of the foundational documents, schedules, etc. that have repeatedly been requested by both the QA and Mr. Cummings in LFO. As is true with any construction project, continuing to build without detailed plans and without a solid foundation should not be tolerated, especially when millions of dollars are at stake. [If you are interested, I have a list of specific

steps that Rocky should consider taking to shore up the HIX-IT project and comply with the QA and LFO "best practices" recommendations.]

In other words, if you were the investor and I your legal counsel, I would be advising you that the QA report makes it abundantly clear, the HIX-IT project is on a path toward failure and disgrace. The best option for avoiding the financial catastrophe warned of in the QA's August 2012 report is for Rocky King to immediately comply with the QA and LFO requests for fundamental project planning documents and other oversight requirements.

Since HIX-IT leadership continues to ignore warnings from me, the QA and LFO, the success of this project and responsibility for the $59 million invested in it, rests on your shoulders as Governor and the Executive Branch's C.E.O. We cannot afford another failed State IT project. Too many times in the past, elected leaders merely went along with well-intending bureaucrats who, after millions of taxpayer dollars had been squandered, could only make apologies, cast blame or retire and begin collecting their generous PERS annuity.

Governor, please review the QA table below and, if time allows, the attached August 2012 QA Report on the HIX-IT project. Please require a course correction on the HIX-IT project before it is too late.

Dennis R.