



**Cover Oregon Website
Implementation Assessment**

ASSESSMENT REPORT

March 19, 2014

Document History

This document is controlled through the Document Management Process. To verify that the document is the latest version, please contact the First Data team.

Date	Version	Reason for Revision
3/14/2014	1.0	Initial Submission
3/19/2014	1.1	Added Executive Summary and minor document cleanup

TABLE OF CONTENTS

DOCUMENT HISTORY	I
1. EXECUTIVE SUMMARY	1
2. INTRODUCTION	13
2.1 Background	13
2.2 Scope of the Assessment	14
3. ASSESSMENT METHODOLOGY	15
4. FINDINGS	19
4.1 What was the basic oversight and governance accountability as it relates to the multiple parties and the procurement/ administration/finances of vendor services?	19
4.2 Who was in the position to make decisions as it relates to the Website Project?	30
4.3 Why were Oracle products and Oracle services chosen for the Website Project?	33
4.4 Did the State or Cover Oregon consider engaging a system integrator to assist with the Website Project? If not, why not? Did the Website Project Team or any of its members believe the State or Cover Oregon had the expertise to undertake the Website Project without the assistance of a system integrator? If so, why?	41
4.5 How was the original scope of the Website Project determined and by whom? To what degree did the scope of the Website Project delay the implementation? How was the scope managed? After the Website Project Team or any of its members realized that the Website was not going to work, would it have been possible to change the scope? If so, how?	44
4.6 Did the Website Project Team or any of its members have a plan B for operations developed when the Website Project Team or any of its members realized or began to realize the exchange was not going to work? If not, why not?	54
4.7 When did the Website Project Team or any of its members realize or begin to realize the Website was not going to be ready? Who first realized the Website was not going to be ready?	57
5. RECOMMENDATIONS	69
5.1 Statewide Enterprise Oversight Authority for IT Projects	69
5.2 State Procurement Oversight	69
5.3 Project Governance	70
5.4 Strategic IT/Technology Governance	70
5.5 IT Project Staffing	71
5.6 Cover Oregon structure and governing model	71
5.7 Cover Oregon Alternatives Analysis	72
EXHIBIT 1.....	73

1. Executive Summary

In January 2014, the Governor's office executed a Statement of Work with First Data Government Solutions through Master Contract #107-2852-11 to conduct an independent, third party review of the state's health insurance exchange website project. The scope of the assessment was focused on the following seven questions provided by the Governor's Office:

1. What was the basic oversight and governance accountability as it relates to the multiple parties and the procurement/administration/finances of vendor services?
2. Who was in the position to make decisions as it relates to the Website Project?
3. Why were Oracle products and Oracle services chosen for the Website Project?
4. Did the State or Cover Oregon consider engaging a system integrator to assist with the Website Project? If not, why not? Did the Website Project Team or any of its members believe the State or Cover Oregon had the expertise to undertake the Website Project without the assistance of a system integrator? If so, why?
5. How was the original scope of the Website Project determined and by whom? To what degree did the scope of the Website Project delay the implementation? How was the scope managed? After the Website Project Team or any of its members realized that the Website was not going to work, would it have been possible to change the scope? If so, how?
6. Did the Website Project Team or any of its members have a plan B for operations developed when the Website Project Team or any of its members realized or began to realize the exchange was not going to work? If not, why not?
7. When did the Website Project Team or any of its members realize or begin to realize the Website was not going to be ready? Who first realized the Website was not going to be ready?

Assessment Methodology

The project was conducted over a six-week time period comprised of three primary activities: 1) interviews of key staff and stakeholders, 2) documentation review, and 3) final assessment report development. These activities are briefly described below.

Conduct Interviews with Project Staff and Key Stakeholders - First Data began the project by interviewing many of the key staff and stakeholders associated with the health insurance exchange using a set of standardized questions, with a focus on the seven key questions. In total, First Data interviewed 67 people as part of this assessment, including Governor Kitzhaber, several key Legislators, Agency Directors, the Cover Oregon Board of Directors, many project leadership staff, and contractors.

In addition, First Data requested to interview 8 people who were not available to meet with us due to factors beyond the control of the state. These individuals were contractors on the project whose employers did not allow them to be interviewed, as well as one retired state

employee who was not available. The complete list of people interviewed is provided in Exhibit 1 of this document.

Review Website Project Artifacts and Documentation - A key part of First Data's project approach involved conducting a detailed review of project artifacts and documentation. Similar to the interview process, First Data initially identified the types of documents requested for the review. The State of Oregon then collected the documents and made them available to First Data via a secure web site. As a result of information obtained through interviews or document review, First Data identified additional documents that would be helpful to the assessment and requested them from the state. In total, more than 3,200 documents were provided for First Data review.

Oral Presentation and Final Assessment Report - As defined in the Statement of Work, First Data provided an oral briefing to the Governor, staff from the Governor's Office, and DAS representatives on March 11, 2014. The briefing included an overview of the findings associated with each of the seven questions along with a list of high level recommendations for the state. First Data also provided a Final Assessment Report on March 14, 2014.

Findings

A high level summary of the findings for each of the seven questions is provided below. Additional details are provided in the body of this report.

1. What was the basic oversight and governance accountability as it relates to the multiple parties and the procurement/administration/finances of vendor services?

The Cover Oregon Website Project was a complex, multi-agency project with multiple organizations sharing responsibility, including:

- Cover Oregon
- Oregon Health Authority (OHA)
- Oregon Department of Human Services (DHS)
- Multiple oversight organizations, including the Cover Oregon Board, Department of Administrative Services (DAS), Legislative Fiscal Office (LFO), Legislature, and the federal Centers for Medicare and Medicaid Services (CMS)

One of the key themes identified in the assessment related to governance was that there was no single point of authority on the project. Although the project had a governance structure comparable to other large projects of its size - including an Executive Steering Committee, a Tactical Steering Committee, state and federal oversight, and an independent quality assurance vendor - it was not effective at the project level. This assessment documented three primary areas in which the governance structure and processes did not function effectively:

- a. **Competing priorities and conflict between agencies** - A common theme from the assessment interviews was that the entities involved (Cover Oregon, OHA, and DHS) had different, and sometimes competing, priorities. As a result, these disparate entities did not always function as a cohesive unit.

- b. **Lack of universally accepted foundational project management processes and documents** – Although there were numerous attempts to define the governance, roles, responsibilities, communication and decision making processes, the project seemed to lack a consistent, cohesive enterprise approach to managing the project. The problem was not a lack of attempts to create the foundational documents; the problem was a lack of authoritative direction. As late as January 2013, the QA contractor reported that there was a “lack of common or functional governance processes and limited overlap among inter-agency processes with dissimilar priorities and goals among independent state agencies.”
- c. **Communication and lack of transparency** - It is clear that communication across agencies was ineffective and at times contentious. The lack of a single point of authority slowed the decision making process and contributed to inconsistent communication, and collaboration across agencies was limited at best. In addition, communication with oversight authorities was inconsistent and at times confusing or misinterpreted. This resulted in an unclear or incorrect understanding about the true status of the project approaching the October 1, 2013 deadline.

One example of this is the communication that was provided to the Legislative Oversight Committee. Through the interview process, multiple members of the committee told us they were completely unaware of the Maximus QA role and had not received any of the QA reports that raised concerns about the project. Rocky King briefed this committee on a monthly basis and told them he believed the project was on track to go live on October 1.

2. Who was in the position to make decisions as it relates to the Website Project?

The Executive Steering Committee was officially responsible for the majority of key decisions on the project, with Rocky King, Bruce Goldberg, and Carolyn Lawson being the key project decision makers, according to our interviews.

Despite there being regular monthly Executive Steering Committee meetings during 2011-January, 2013, there was a lack of formal meeting notes, decision tracking, and documentation. Notably, the project decision log, (Master Risk, Issue and Decision Log) which was primarily managed by Cover Oregon, reflected only nine decisions. While some decisions were documented in meeting minutes, the extent to which those decisions were conveyed to appropriate parties is unclear. Additionally, while this project required inter-agency coordination, it lacked a single, enterprise decision tracking tool to document and manage decisions across entities.

The lack of decision tracking and communication resulted in many project risks and repeated QA recommendations that were accompanied by high-risk, red status reports.

Although disciplined processes for decision making and managing scope were to have been established, Maximus’ April 2013 QA report stated the following red recommendation: “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.”

3. Why were Oracle products and Oracle services chosen for the Website Project?

The selection of the Oracle software followed a process that engaged multiple vendors and evaluated Commercial-off-the-Shelf (COTS) solutions in the marketplace. The focus was on establishing an enterprise solution for the exchange and for the DHS Modernization project. The process included market research conducted with other states that had purchased framework solutions as well as an agency that represented a transfer solution. The state also conducted a vendor fair and released a Request for Information (RFI) to solicit vendor information on available solutions.

As part of this process, an alternatives analysis was also conducted to confirm the type of solution to use for the combined exchange and modernization efforts. The analysis considered four solution alternatives including purchasing a Commercial-Off-The-Shelf (COTS) solution and transferring an existing system from another state. The analysis concluded that the purchase of a COTS framework was in the best interest of the state.

In May 2011, the state made the formal decision to use the Oracle solution for the health insurance exchange. Some of the reasons stated in the state’s selection document included:

- It would provide a common architecture with the DHS Modernization efforts
- The evaluation document notes that Oracle’s response to a state questionnaire indicated that only about 5% of business requirements would require customization
- The selection of the Oracle rules engine was consistent with several other states
- There was a perceived commitment from Oracle

It should be noted that the decision focused on the software solution, and did not address consulting or system integrator services. At the time that the Oracle solution was selected, the state planned to contract with a separate system integrator to do the configuration and customization. The decision was also made to use the Dell Price Agreement, which was the State’s contract vehicle for purchasing a variety of software.

After the decision was made by the state to not use a system integrator (as discussed in the next question), the state began contracting with Oracle for consulting services to assist with configuration and customization of the system. Most of the Oracle consulting purchase orders specify that services are to be paid on a time and materials basis and do not tie payment to completion of any deliverables. This approach departs from contracting best practices by putting the burden on the state for directing the vendor’s work and providing little financial accountability for the vendor performance.

A total of 43 purchase orders worth approximately \$132M were issued for Oracle by OHA. Using the Dell contract to procure such extensive services seems to go beyond the original intent of the Dell Price Agreement, since services were not included in the scope when the price agreement was competed. In First Data’s experience, most procurement offices would not allow such a dramatic departure from the original scope. Each purchase order was reviewed

and approved for legal sufficiency by the Oregon Department of Justice, but First Data was told those reviews would have been narrowly focused on the legality of the individual purchase orders. The question of appropriateness would have been the responsibility of the OHA contracting office.

As part of the handoff of the project from OHA to Cover Oregon, Cover Oregon established its own contract with Oracle in March 2013. Because the handoff to Cover Oregon was quicker than planned due to financial issues, there was little time to establish a new contract. First Data was told in the interview process that Cover Oregon attempted to modify the terms of the contract to be more in line with best practices and to make Oracle more accountable, but was unsuccessful due to the short timeframe available for negotiations. First Data was also told that Oracle threatened to stop work if a new contract was not in place.

The QA contractor, Maximus, raised numerous concerns about the Oracle software and about the Oracle consulting services. This included concerns about how integrated the various components of the Oracle solution were and about the quality of the Oracle development efforts. The Maximus reports contained detailed criticism of Oracle's performance, noting the missed delivery dates and high number of issues associated with software releases. Some examples from the September 2013 Cover Oregon QA Status Report include:

- "Oracle continues to underperform. It is recommended that CO withhold payment of any invoices until a thorough review the contract is conducted by DOJ for lack of performance."
- "Oracle continues to post dates for specific deliveries and consistently miss delivery targets... "
- "The releases are not stable and fixes and features are appearing randomly in the releases. In addition, more items are breaking then are being repaired... "
- "Oracle's ability to release system environments is problematic..."
- "The lack of reliable estimating by the Oracle teams, undiscovered development issues and incomplete requirements by CO will result in continued surprises to CO...."
- "Oracle's performance is lacking. Their inability to adhere to industry standards and professional software and project management tenants warrants further review."

It should be noted that the amount of Oracle software customization required has been significantly more than anticipated. Although the Oracle software was reported to meet 95% of the original requirements without customization, a HIX-IT Project Assessment Report from May 2013 estimated the system to be 60% COTS and 40% custom configuration.

First Data requested interviews with six Oracle project staff members, but Oracle would not allow any of its project staff to be interviewed for this assessment, with the exception of the company's Chief Corporate Architect, who was not involved with the project until November 2013. In that interview, Oracle stated that the problems were caused by weaknesses within OHA and Cover Oregon, especially the lack of well defined, stable requirements, the lack of discipline in the change control process, the absence of a system integrator, and the lack of timely test cases.

4. Did the State or Cover Oregon consider engaging a system integrator to assist with the Website Project? If not, why not? Did the Website Project Team or any of its members believe the State or Cover Oregon had the expertise to undertake the Website Project without the assistance of a system integrator? If so, why?

One of the key assumptions made by the State on the health insurance exchange initiative from its inception until mid-2011 was that a system integrator would be used to develop/configure and implement the system. In fact, the state even drafted an RFP in 2011 for a system integrator and released the draft to the vendor community for review.

However, soon after Carolyn Lawson began employment at OHA in July 2011, she made the decision to not use a system integrator. This decision was approved by the OHA Director. First Data was told different reasons for the decision by different groups. In a February 28, 2014 interview, Carolyn Lawson said that she called potential system integrators and was told that they were not interested in bidding due to the lack of clear requirements and the limited budget (the state requested \$96M, but was only funded \$48M for the project). She said she believed the state could not afford to hire a system integrator with the budget provided.

Other state staff told us the decision was made because it would make the state less reliant on vendors, it would help the state be more prepared to take over the system operations, and it would save cost. A Maximus report, which also addressed the issue, provided another reason, saying that the time required to conduct a procurement was a major driver of the decision. As a result of this decision, the system integrator procurement was cancelled.

Maximus raised concerns about the state's decision to not use a system integrator in an Initial Risk Assessment Report, dated November 3, 2011. The report stated, "The approach will require the State to act as the prime contractor and assume more of the overall project risk."

Oracle was not in the role of system integrator on this project. When interviewed for this assessment, Oracle stated that their team was working at the direction of the state and Cover Oregon. Most of the Oracle consulting purchase orders included payment terms that were based on hours worked, and not based on the completion of deliverables. This departs from best practices and put the state in the position of having to pay for work that did not always result in the anticipated deliverables or that required more hours (and higher cost) than planned. It also created an environment where there were no consequences for missing deadlines and no financial incentive for being realistic about delivery dates. This seems to have contributed to the confusion and poor communication surrounding the actual status of the system as the October 1, 2013 deadline approached.

In summary, in First Data's experience, the decision to not use an overall system integrator for the project departs from best practices. This decision created a lack of accountability on the project. It contributed to a lack of scope control, a delay in requirements definition, and unrealistic delivery expectations. A system integrator with a stronger financial incentive for ensuring performance most likely would have pushed harder in those areas and been more realistic about delivery dates.

5. How was the original scope of the Website Project determined and by whom? To what degree did the scope of the Website Project delay the implementation? How was the scope managed? After the Website Project Team or any of its members realized that the Website was not going to work, would it have been possible to change the scope? If so, how?

The scope of the Website Project was initially defined in Oregon's Early Innovator Grant request, which was submitted by the Oregon Health Authority in late 2010 and awarded in February 2011. The grant application defined the State's plans to create a solution that would seamlessly integrate the commercial health insurance marketplace with Medicaid eligibility and provide one-stop shopping for individuals and small businesses. It also described Oregon's plans to use the same framework for eligibility automation for Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance to Needy Families (TANF) and Employment Related Day Care clients (ERDC) as part of the DHS Modernization project. The State's ambitious goal was to create a seamless environment for clients and consumers.

Once the grant was awarded, a number of project documents were generated in 2011 and 2012 that were intended to define in more detail the scope of the Exchange, but none of the documents written by OHA or Cover Oregon appear to have been adopted as a universally agreed upon scope definition. The ambitious nature of the scope did not change, however, and the Exchange and Modernization projects were merged to form the MaX project. This created a project that Rocky King described as having the most robust scope of any exchange.

Recognizing the challenges of this robust scope, there were multiple organizations that highlighted issues concerning the project scope including project staff, Legislative Oversight, DAS Oversight, the Legislative Fiscal Office, and the QA vendor (Maximus). Managing any project with such a significant scale of functionality and organizational complexity requires clear definition and significant management discipline. The significant breadth of functional scope defined within the MaX project was clearly at a size and scale that challenged the project team's management capabilities.

One of the common themes we heard in the interviews was that staff associated with each project (Exchange and Modernization) described the other project as negatively affecting its progress. Constraints within DHS and OHA related to staffing, detailed requirements development, and infrastructure integration were all contributing factors to this conflict. When asked in an interview if scope reductions were considered as a solution to this problem, DHS leadership stated that DHS "didn't see how scope could be reduced". Organizational momentum within DHS and OHA to stay with the original concept of an integrated eligibility method across health care and other assistance programs appears to have contributed to resource conflicts through 2012 and 2013.

It is important to note that OHA and Cover Oregon did identify and implement some scope mitigating initiatives, primarily focused on prioritizing the system requirements. Eventually, DHS and OHA decided to decouple the Exchange and DHS/Modernization teams.

Because Cover Oregon did not understand or acknowledge the significance of the website issues until just prior to the October 1, 2013 deadline, there are no significant scope

adjustments that could have been addressed effectively. Details on the timeline leading up to October 1, 2013 are provided in Section 4.7 of this report.

6. Did the Website Project Team or any of its members have a plan B for operations developed when the Website Project Team or any of its members realized or began to realize the exchange was not going to work? If not, why not?

Contingency planning was a core requirement of the Centers for Medicare & Medicaid Services, which is the federal oversight agency for health insurance exchanges. In compliance with this requirement, contingency planning was initiated by Cover Oregon as early as 2012. For example, in the Cover Oregon Business Operations Plan Outline created in late 2012, the possibility of not completing the system development in time for open enrollment on October 1 was identified as a potential risk. It noted the need to identify scope items that could be performed manually or not automated, and to identify business functions that could be automated in the future.

Cover Oregon established a contingency planning team, but as contingency plans were developed in 2013, the focus seemed to shift to planning for system outages rather than for the possibility of the system not being complete by October 1. The primary exception to this was the Medicaid interface. Cover Oregon established formal trigger points for that interface and a work-around involving manual enrollments was eventually established.

As required, Cover Oregon did produce a Contingency Plan that was submitted for review, however, its focus was on system outages. In June 2013, CMS provided a letter following the Final Detailed Design Review with comments to Cover Oregon, noting the need to improve its contingency plans.

In summary, the project did not have a holistic plan B to address contingencies if the website was not going to be available. Through several interviews, we learned the website project team members did not consider that the website would not be operational. Instead, contingency planning was conducted to address an occasional system outage of a day or two. The contingency considered was use of a paper application. We heard in multiple interviews that staff thought, "the rollout would be bumpy", but they had no sense that the system would be unavailable for months.

It should be noted, however, that according to interviews, the state did undertake planning efforts to enable use of a paper supplemental application as defined in the Affordable Care Act regulations. Its planning was conducted separately from the Cover Oregon Website Project. The state was able obtain the appropriate program waivers to allow for the fast track process, which enabled Medicaid enrollment.

7. When did the Website Project Team or any of its members realize or begin to realize the Website was not going to be ready? Who first realized the Website was not going to be ready?

Although there are numerous sources of documented communication regarding project status, scope issues, and concerns about system readiness, there does not appear to be a formal acceptance by the Cover Oregon leadership of issues significant enough to affect the success of the October 1 launch until August 2013. Even once the acceptance of those issues began in

August, the delay in the system rollout was expected to be minimal. It was not until late October or November 2013 that the full extent of the delay was realized.

During the timeframe beginning in August 2013, adjustments to the launch strategy were made by Cover Oregon following a progressive sequence of limiting the functions that would go live. This progression reflects a gradual acceptance of the significance of the issues facing the system:

- August 2013 - User audience limited to agents and community partners
- Late September 2013 - SHOP release put on hold
- Late September 2013 - Initial rollout limited to the first 5-6 pages of the application
- November 2013 - No individual portal launch

Prior to August 2013, several groups raised concerns about the viability of the October 1 launch date, but Cover Oregon continued to assure leadership at the state and other oversight organizations that the project was on track. Some examples include:

- Quality Assurance concerns – The QA contractor, Maximus, consistently raised concerns about the project and its ability to be ready for the October 1, 2013 rollout. Although the Maximus reports regularly rated many areas of the project red and labeled them as high risk, they were generally viewed as nothing unusual for a project of its scope and with such an aggressive schedule. Overall, leadership became de-sensitized to the ongoing red status.
- Starting in late 2012, the Legislative Fiscal Office (LFO) consistently highlighted risks and made recommendations related to business planning, scope, and schedule. The LFO provided support to the Joint Committee on Legislative Audits, Information Management, and Technology that was formed to oversee the project.
- In September 2012, Representative Richardson notified the Governor of concerns raised by Maximus in their August 2012 HIX-IT Project Monthly Status Report. The letter notes that “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.” However, following that communication, the Governor’s Office was told the problems were addressed, and the project was on track.
- The Department of Administrative Services, in its oversight role, consistently raised concerns about requirements, scope, project management, and Oracle’s performance.
- In May of 2013, several reports raised concerns about the project, indicating the possibility of delays. This included status reports, QA reports, and Cover Oregon Board and committee meeting summaries that reflected the project’s red status and comments about critical issues and the likelihood of not going live with all required functionality. However, during the same timeframe, the HIX Project Assessment Report stated that, “Final Delivery is on Schedule for 10/1 delivery. The schedule is still high risk due to remaining development and amount of testing to be completed.”

- In the monthly updates to the Legislative Oversight Committee provided by Rocky King, he told the committee members that the project was on track. He said he was nervous about the October 1 deadline, but that he believed it was on track because Oracle told him it was achievable. The committee members were also not provided the QA reports that raised concerns about the project.
- The initial message from Cover Oregon to the Governor's Office that the website may not be fully ready by October 1 occurred on July 31, 2013 when Rocky King provided an update that Cover Oregon "may need to do a staged launch – but project is on track." Prior to that meeting, there were numerous updates provided to the Governor's Office that indicated the project was on track. Subsequent updates to the Governor's Office continued to indicate the project was on track with the staged launch until September 30, 2013, when Cover Oregon notified the Governor's Office that the website would not be up and running on October 1. At that time, Cover Oregon planned to push back the rollout for agents and community partners by one week and the rollout for the individual portal by two weeks.
- Another major factor affecting the general awareness of the exchange website status was the clarity of the formal communication coming from Cover Oregon prior to October 1, 2013. There is evidence that the messaging related to the system's readiness in September and October had the potential to be misinterpreted. On multiple occasions, the Cover Oregon management team provided updates to oversight entities such as the Cover Oregon Board and a Joint Meeting of the House and Senate Healthcare Committees that acknowledged the need for a staged launch or raised concerns about its readiness, but also used confident language like "on track to launch".
- A consistent theme First Data heard in the interviews was that the continued reassurance of Oracle led Cover Oregon to believe the October rollout was achievable, and Cover Oregon, therefore, continued to reassure the state. Although past performance on the project indicated a history of missed deadlines and problems, the Cover Oregon leadership and the State continued to trust that performance would improve.

Recommendations

As the final component of the assessment, First Data was asked to consider recommendations for the State regarding the Exchange and other state IT projects. First Data has identified seven recommendations below.

Increased Statewide Enterprise Oversight Authority for IT Projects - First Data recommends providing more authority to the state's enterprise oversight of information technology projects. This would provide more authority to the state CIO's office and would equip Oregon with the structure to ensure IT projects are carried out more effectively and economically in the future. This would reinforce the state's authoritative ability to respond earlier and more effectively if a project begins to run off course.

State Procurement Oversight - Since the passage of SB-99, OHA IT procurements have not been subject to procurement oversight. In addition to establishing the Oregon Health Insurance Exchange Corporation as public corporation, SB-99 gave OHA the authority to conduct their own procurements for health care information technology contracts. As a result, the State of Oregon no longer has a single entity responsible for ongoing oversight of IT contracts. First Data recommends authorizing DAS to oversee all procurements, including those executed by OHA and Cover Oregon.

Project Governance - One of the common themes identified in the assessment interviews was that there was no single point of authority on the project. The governance and oversight structure for the project was comprised of different boards, committees, agencies, and teams, all with varying decision-making authority. Authority was not only parceled out to multiple committees, but was also fragmented across Cover Oregon, OHA, and DHS. To complicate things further, all of these entities were making different decisions for the same project. First Data recommends ensuring each state project establishes a single point of decision-making authority. This establishes accountability for the success of the project and provides a project greater control and traceability of its outcomes.

Strategic IT/Technology Governance - Complementing the establishment of minimum governance standards and project management methods, the state should consider establishing a governing strategic technology plan that defines minimum standards for effective IT strategic initiatives. IT project decisions outside of normal, proven approaches should require justification and approval by the state CIO. Two examples from the exchange project that should be included are the decision to not use a system integrator and the decision to not use a fixed price contract for Oracle consulting services.

IT Project Staffing - The exchange project was a large, complex IT project. Complex IT projects introduce an innate resource risk that can only be mitigated through careful staff planning. First Data recommends the State reconsider how IT projects are staffed in the State. The exchange project filled many of its staffing needs using temporary positions, which are difficult to fill due to their lack of employment security. Additionally, qualified staff hired into temporary positions are likely to continue to search for alternate permanent state positions. Consequently, the exchange project regularly struggled to sustain the anticipated project team size and skills. As a result, a large number of staff members were acquired through contracts. Where possible, introducing temporary positions or consultant positions to an organization to backfill or support the systems that will be replaced would naturally align staff attrition with the technology and application lifecycles. Reserving the permanent or long-term positions for the 'go-forward' technologies will also provide the state with the capability to develop stronger, more cohesive IT support teams.

Cover Oregon Structure and Governing Model - As the 2013/2014 Open Enrollment period is nearly closed and Cover Oregon transitions into operations mode, now is the time to begin the evaluation of the Cover Oregon governance model. First Data recommends that both the Cover Oregon Board and the State reassess their governing principals before the 2014 open enrollment period becomes the priority. The Cover Oregon leadership team and the Cover Oregon Board need to collaboratively re-evaluate the effectiveness of their existing governing

model and determine what changes will create a more effective communication and decision-making structure. Secondly, the Cover Oregon leadership should conduct an assessment of the current Cover Oregon structure and internal staffing model to determine if gaps in skills and capabilities exist and how they can be addressed. A review and understanding of the Cover Oregon staffing plan will help ascertain if the right people are in the right roles. Ultimately, the future success of the project will be achieved through a combination of an effective structure for management and a combination of the right individuals. Finally, the state should assess whether it makes sense to keep Cover Oregon as a public corporation long term.

Cover Oregon Alternatives Analysis - In light of the current situation with the exchange project, First Data recommends Cover Oregon conduct a “go-forward” alternatives analysis that focuses on the next steps for the project. Specifically, we recommend the analysis address the following three areas:

- √ IT solution – Is the current solution the right approach for the exchange long term?
- √ Vendor approach – Should Cover Oregon contract with a system integrator to take over the system or continue with the current approach?
- √ Sustainability of enrollment and finances – Is the Cover Oregon financial model sustainable based on the current cost and enrollment projections?

2. Introduction

2.1 Background

The Patient Protection and Affordable Care Act, which was signed into law in March 2010, requires all states to operate a health insurance exchange by January 1, 2014. If states chose not to implement their own exchange, the Act required the federal government to implement an exchange for them. The State of Oregon chose to implement its own exchange with the plan to ensure it could meet the unique needs of the state's individuals, employers, and health insurance market.

According to the Oregon Health Insurance Exchange Business Plan, the exchange is to be a central marketplace where Oregonians can shop for health insurance plans and access federal tax credits to help them pay for coverage. The Oregon Legislature created a public corporation to operate the Exchange in the public interest for the benefit of the people and businesses that obtain health insurance coverage for themselves, their families, and their employees through the Exchange.

The Business Plan also explains one of the goals for the exchange is to enable Oregonians to easily compare plans, find out if they are eligible for tax credits and other financial assistance, and enroll for health coverage. They also will be able to shop and enroll by calling a toll-free number and by working with community-based navigators and insurance agents.

The health insurance exchange will eventually serve two major customer groups:

- Individuals who do not have access to affordable coverage at work will be able to use the exchange to compare health insurance plans and enroll in commercial insurance plans or programs, such as the Oregon Health Plan. They also will be able to find out whether they are eligible for tax credits to help them pay for coverage.
- Small employers with 50 or fewer employees will be able to use the exchange to provide expanded choices of health plans to their employees.

Oregon is one of seven states selected by the Centers for Medicare and Medicaid Services (CMS) as an "Early Innovator" state, and was awarded an Early Innovator information technology grant in February 2011. The project plan called for the system to go live by October 1, 2013, as required by the Affordable Care Act. However, the exchange project encountered numerous problems, and most of the system was not ready for use by October 2013. As of March 14, 2014, the system is still not available for individuals or small businesses to use without the assistance of an agency or community-based navigator.

In January 2014, the Governor's office executed a Statement of Work with First Data Government Solutions through Master Contract #107-2852-11 to conduct an independent, third party review of the State's health insurance exchange website project. This document provides the findings and recommendations from that review.

2.2 Scope of the Assessment

The scope of this First Data Independent Assessment was focused on the following seven questions provide by the Governor's Office:

1. What was the basic oversight and governance accountability as it relates to the multiple parties and the procurement/administration/finances of vendor services, including:
 - ✓ Cover Oregon (both board and management team)
 - ✓ Oregon Health Authority (OHA)
 - ✓ Department of Human Services (DHS)
 - ✓ Oracle
 - ✓ Maximus
 - ✓ All other vendors
2. Who was in the position to make decisions as it relates to the Website Project?
3. Why were Oracle products and Oracle services chosen for the Website Project?
4. Did the State or Cover Oregon consider engaging a system integrator to assist with the Website Project? If not, why not? Did the Website Project Team or any of its members believe the State or Cover Oregon had the expertise to undertake the Website Project without the assistance of a system integrator? If so, why?
5. How was the original scope of the Website Project determined and by whom? To what degree did the scope of the Website Project delay the implementation? How was the scope managed? After the Website Project Team or any of its members realized that the Website was not going to work, would it have been possible to change the scope? If so, how?
6. Did the Website Project Team or any of its members have a plan B for operations developed when the Website Project Team or any of its members realized or began to realize the exchange was not going to work? If not, why not?
7. When did the Website Project Team or any of its members realize or begin to realize the Website was not going to be ready? Who first realized the Website was not going to be ready?

The scope of this assessment was limited to the topics defined by these seven questions. The approach did not seek to address any additional questions or topics that have been raised regarding the project with the exception of the recommendations.

3. Assessment Methodology

This section provides an overview of the project approach and activities conducted by First Data as part of the independent review. In accordance with the Statement of Work, the project was conducted over a six week time period, with the report delivered at the end of the sixth week.

The six week effort was comprised of three primary activities:

- Key Staff and Stakeholder Interviews
- Documentation Review
- Final Assessment Report Development

Conduct Interviews with Project Staff and Key Stakeholders

First Data began the project by interviewing many of the key staff and stakeholders associated with the health insurance exchange. This included staff from Cover Oregon, the Oregon Health Authority (OHA), the Department of Human Services (DHS), the Department of Administrative Services (DAS), and the Governor's Office. First Data compiled a list of project roles and staff to be interviewed and submitted the list to the Department of Administrative Services (DAS). After completing the initial interviews, First Data then requested additional interviews with other staff members and stakeholders, based on information obtained in those initial interviews. In total, First Data interviewed 67 people as part of this assessment, including Governor Kitzhaber, several key Legislators, Agency Directors, the Cover Oregon Board of Directors, many project leadership staff, and contractors.

In addition, First Data requested to interview 8 people who were not available due to factors beyond the control of the State. These individuals were employees of contractors on the project whose employers did not allow them to be interviewed, as well as one retired state employee who was not available. The complete list of people interviewed is provided in Exhibit 1 of this document.

As part of the interview process, First Data used a set of standardized questions to guide the conversation, with a focus on the seven key questions defined in the Statement of Work. It should be noted that the interviews were not conducted as part of any legal proceedings, nor were the individuals under oath. Attorneys were present for only two interviews, as indicated in Exhibit 1.

Although not part of the formal interview process, First Data also met with a panel of senior subject matter experts on two occasions. The purpose of this panel was to address any questions raised by First Data regarding Oregon-specific processes or policies, not specifically associated with the exchange project. For example, First Data asked several questions of the panel regarding the typical procurement practices in the state.

Review Website Project Artifacts and Documentation

A key part of First Data’s project approach involved conducting a detailed review of project artifacts and documentation. Similar to the interview process, First Data initially identified the types of documents requested for the review. The State of Oregon then collected the documents and made them available to First Data via a secure web site. As a result of information obtained through interviews or document review, First Data identified additional documents that would be helpful to the assessment and requested them from the state. In total, more than 3,200 documents were provided for First Data review. The complete list of documents is provided in Exhibit 2 of this report.

The following table identifies the types of documents initially requested by First Data.

Documentation Types	Specific Project Documentation Requested
Website Project Governance Documents	Any materials from the Website Project with respect to Website Project Governance. (Examples: Project Charter, Project Governance Plan, Communication Plan, Decision Making R&Rs, Org charts, Interagency Agreements/ Memoranda of Understanding between agencies, etc.)
Contracts	Copies of contracts for: <ul style="list-style-type: none"> • Oracle • Cognosante • Maximus • CSG • Interactive Intelligence
Website Project RFPs or Solicitation Documents and Proposals	<ul style="list-style-type: none"> • All RFPs or other solicitation documents, proposals, statements of work and detailed costs/cost proposals • Evaluation Plans associated with RFPs or other solicitation documents and proposals • Correspondence between state representatives and vendors regarding procurements
Planning Documents	<ul style="list-style-type: none"> • Any written communication regarding Website Project planning activities (Planning Approach, Deliverables, etc.). • All planning deliverables including feasibility studies, grant requests, PAPDs/IAPDs, etc.
Board of Director and Steering/Executive Committee Meeting Materials	All written documents associated with Board of Director and Website Project Steering/Executive Committee meetings, including Agendas, Minutes, Presentations, Risk and Issue logs, etc. from the planning/procurement phase and development/implementation phase
Documentation Related to the Special Procurement Request(s) and Approval(s) and other Procurement Information	All written communications (including summaries and/or notes arising to the extent that any such communications were conducted verbally) exchanged between the State, Cover Oregon, and Oracle in connection to the selection of Oracle, contract, change orders, and contract amendments. This includes agenda, minutes and notes associated with contract negotiations.
Vendor Selection Reports	All written documents and/or communications/presentations regarding the selection of contractors associated with the Website Project
Website Project	<ul style="list-style-type: none"> • All Project Management Plans Internal to the State or Cover Oregon and

Documentation Types	Specific Project Documentation Requested
Management Plans	prepared by Vendors associated with the Project; <ul style="list-style-type: none"> • Baseline Work Plans and Schedules (contractor(s) and State); • Updated Work Plans and Schedules (contractor(s) and State); • Project Management requirements (Requirements Traceability Matrix); • Project management approaches/plans: issue management, risk management, schedule management, budget/cost management, scope management, contract management, staff management, etc.
Independent Assessment Reports	Any independent assessments conducted during the Website Project
Federal Gate Reviews	Presentations and supporting materials used in CMS Gate Reviews
Website Project Deliverables	<ul style="list-style-type: none"> • All Website Project deliverables associated with all vendor contracts; • All Website Project deliverable approval letters; • Any deliverable rejection letters/ notices
Website Project Requirements	All Website Project requirements and Requirements Traceability Matrices
Website Project Status Reports	<ul style="list-style-type: none"> • All written Website Project status reports and status communications from all contractors; • Any written communications regarding project issues and escalation; • Any written communications regarding Website Project risks and escalation
Contingency Planning Information	All Website Project documentation associated with contingency planning including meeting agenda and minutes
Corrective Action Information/Plans	Any written communications, documentation and/or plans related to contractor performance, corrective action plans, and/or delivery issues.
Test Reporting Artifacts	<ul style="list-style-type: none"> • All written documents and deliverables including System Test Plans (including performance and regression testing), Independent Test Plan and UAT Plan • All test reports including pass/fail rates, defects, criticality of defects, defect fix rates, retest results, etc. • Documentation/materials associated with meetings with interface/integration partners regarding test progress • Any Requirements Traceability Matrix updates associated with Testing Artifacts

Initial Documents and Artifacts Requested

The documentation review was used for three purposes:

- Inform the Interview process
- Corroborate the interview content
- Generate the report findings

As much as possible, First Data sought to corroborate all key information obtained in the interviews with documentation.

Oral Presentation and Final Assessment Report

As defined in the Statement of Work, First Data provided an oral briefing to the Governor, staff from the Governor's Office, and DAS representatives on March 11, 2014. The briefing included an overview of the findings associated with each of the seven questions along with a list of high level recommendations for the State.

After the interviews were conducted and documentation was reviewed, First Data developed this Final Assessment Report.

Schedule

The table below describes the schedule for the assessment.

Schedule	Tasks
Week 1	<ul style="list-style-type: none"> • Conduct interviews • Review website project artifacts and documentation • Request additional interviews • Request additional project artifacts and documentation
Week 2	<ul style="list-style-type: none"> • Conduct additional interviews • Continue to review artifacts and documentation • Request additional interviews and documentation
Week 3	<ul style="list-style-type: none"> • Conduct additional interviews • Reconcile information collected and continue to review documentation • Request additional artifacts and documentation
Week 4	<ul style="list-style-type: none"> • Conduct final interviews • Continue to reconcile information collected and continue to review documentation • Request additional artifacts and documentation
Week 5	<ul style="list-style-type: none"> • Continue to reconcile information and request final artifacts and documentation • Prepare Final Assessment Report
Week 6	<ul style="list-style-type: none"> • Conduct oral briefing with the Governor’s Office • Complete and deliver Final Assessment Report

Assessment Schedule

4. Findings

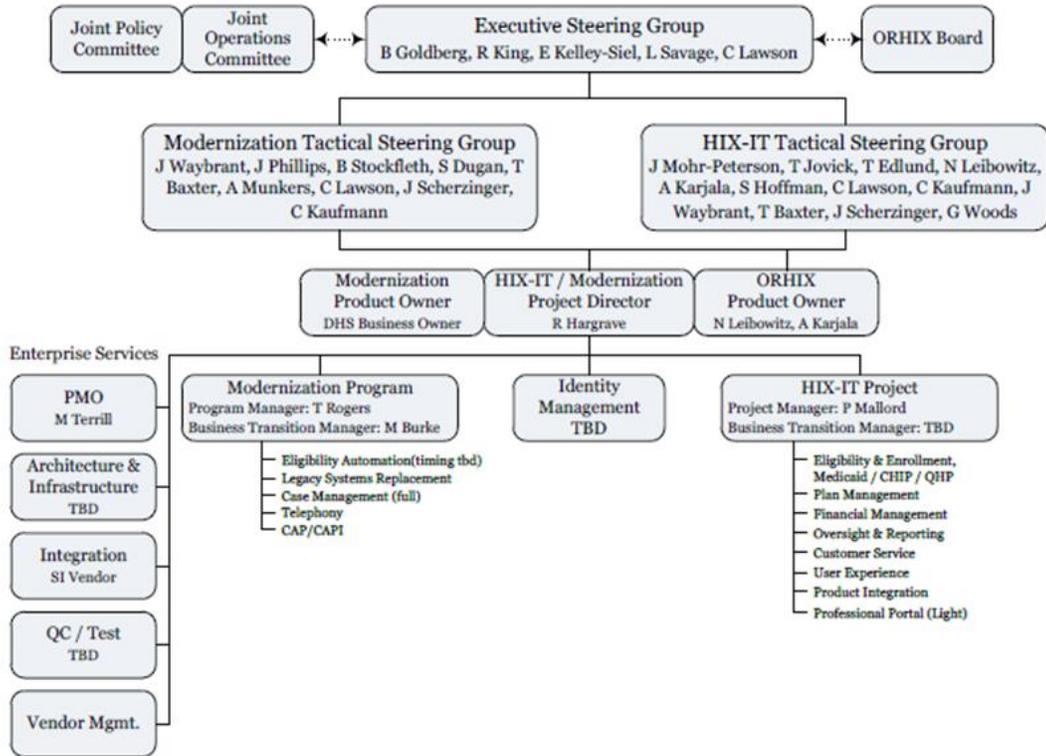
4.1 What was the basic oversight and governance accountability as it relates to the multiple parties and the procurement/administration/finances of vendor services?

Agencies and Project Structure

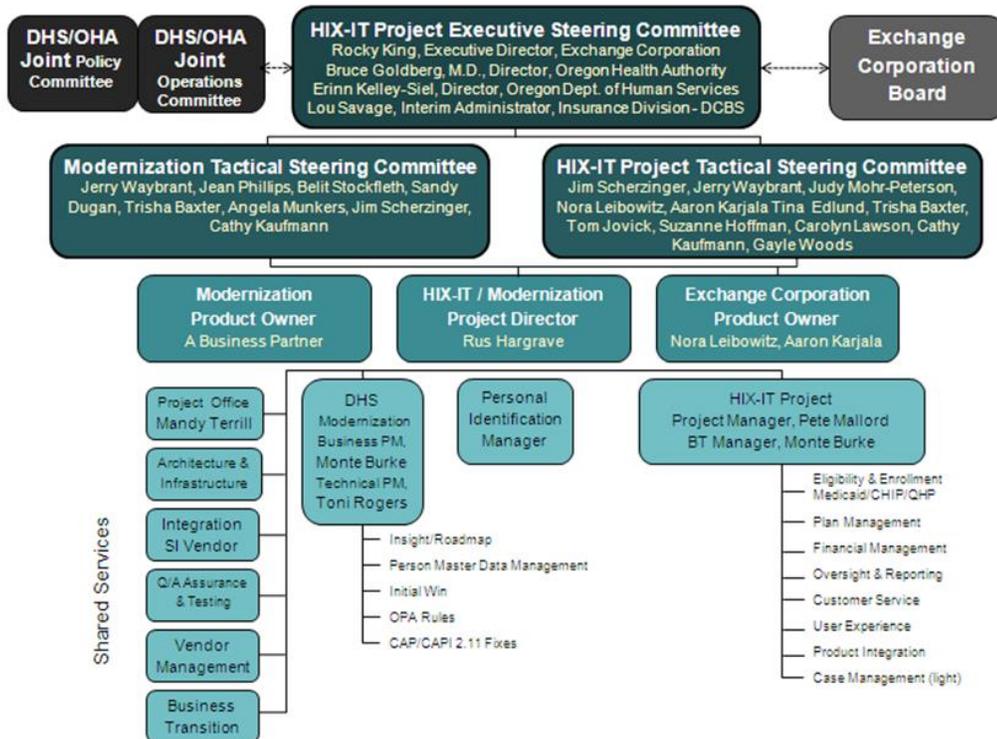
Multiple organizations were responsible for different facets of the website project over time. The HIX-IT Project is described as a joint project between OHA and the HIX Corporation (Cover Oregon). Numerous documents defined governance, roles and responsibilities, communication, and decision making processes. The HIX-IT Project Charter (created March 4, 2011 and updated several times prior to Tactical Steering Committee approval on November 28, 2011) was published by the OHA Office of Information Services (OIS) in partnership with:

- Oregon HIX Corporation
- Oregon Department of Human Services
- DHS / OHA Chief Information Officer
- Oregon Department of Consumer & Business Services
- Centers for Medicare and Medicaid Services (CMS), Center for Consumer Information and Insurance Oversight (CCIIO)

A common theme from the assessment interviews was that the entities involved with the project had different and sometimes competing priorities. As a result, these disparate entities did not always function as a cohesive unit. The initial HIX-IT project was merged with the DHS Modernization effort to form the integrated MaX project team led by a Project Director reporting directly to the DHS/OHA CIO. This occurred in November 2011 and was conveyed to the Federal government in the February 15, 2012 Implementation Advance Planning Document Update (IAPDU) and amended June 15, 2012. The organizational chart presented for the MaX project was similar, but different, from the HIX-IT/Modernization Project, even though the charter and the IAPDU were finalized within two months of each other. Both organizational charts are presented below. Notably, Carolyn Lawson, DHS/OHA CIO, was included as part of the Executive Steering Group and both Tactical Steering Groups in the HIX-IT/Modernization Governance model, but is only reflected as a member of the Tactical Steering Committee in the MaX model.

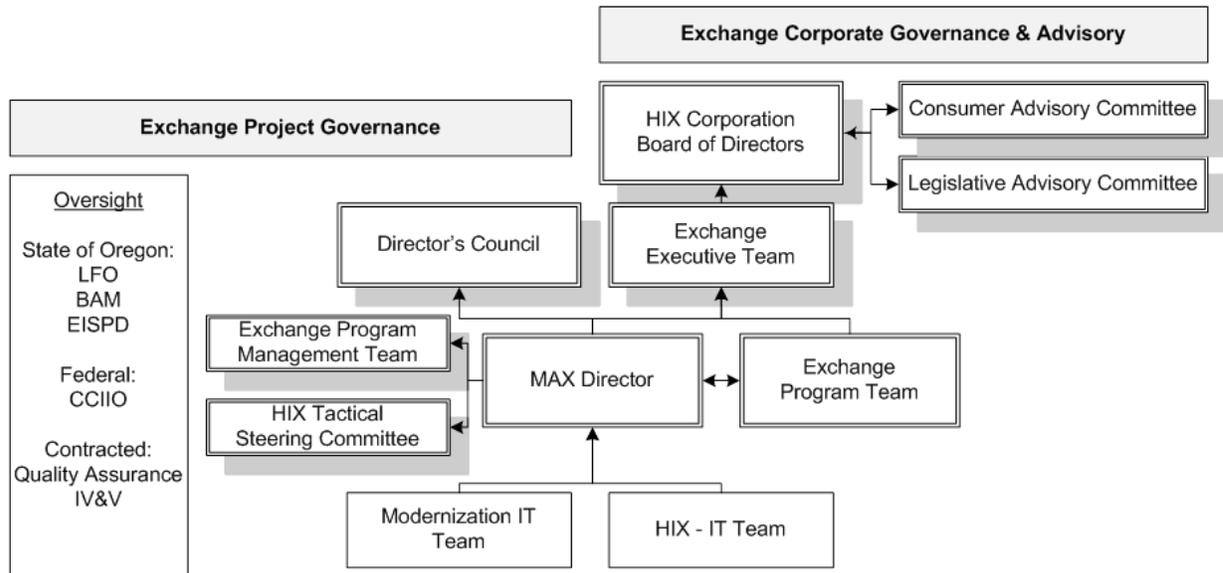


HIX-IT/ Modernization IT Governance Model



Max Governance Model and Escalation Process

The Oregon Health Insurance Exchange Corporation Program Management Plan defined an updated governance structure and processes and distinguished project governance from corporate governance. This plan stated that the Exchange, as a partner with OHA and the technology team (HIX-IT), collectively serve as the system integration team. This plan was dated February 22, 2012 and updated July 15, 2012.



Program Management Plan Governance Structure

There were several other key organizational changes of note, including the following:

- Per House Bill 2009, the Oregon Health Authority was created by transferring health functions from DHS to OHA. The single umbrella organization, DHS, was basically split into two organizations: DHS and OHA.
- Per Senate Bill 99, the Health Insurance Exchange Corporation was established in June 2011 as a public corporation to be governed by a board of directors and supervised by an executive director.
- In May 2013, control of the HIX-IT Project was transferred from OHA to Cover Oregon.

Governance and Oversight

Oversight functions were performed by State, Federal, and contracted entities. The project decision making entities included the Executive Steering Committee and the Cover Oregon Board of Directors (Board). Other State and Federal oversight entities included the Department of Administrative Services (DAS), Legislative Fiscal Office (LFO), and Department of Justice (DOJ). A common theme from the assessment interviews was that there was no single point of authority on the project.

The **Executive Steering Committee** took on several forms from 2011 through 2013. It was referred to as the Executive Steering Committee, Executive Steering Group, Executive Committee, and Director’s Council (subset of the committee). The Committee met almost monthly from August 2011 through January 2013. In January 2013, the Committee stopped meeting as a formal entity. The members of the Committee continued to meet frequently on an as-needed basis, but documentation regarding agendas, action items and key decisions were not made available.

Although a formal Executive Steering Committee existed, there were risks and recommendations voiced throughout the project for improved governance and oversight. From May 2012 through August 2012, Maximus documented the following findings and recommendations related to governance and executive roles and responsibilities:

- “On-going executive discussions between HIX-Corp and HIX-IT regarding roles and responsibilities will need to continue on a routine basis to gain clear understanding of roles and responsibilities now and in the future. This should result in the development of a formal interagency agreement (IAG) between OHA and HIX Corporation in order to formalize mutual understanding of project milestones and other matters requiring coordination.”
- “Implement, and clearly document, Senior Executive governance and decision-making.”
- “The Governance structure has included the Executive Steering Committee (ESC) composed of the Directors of OHA, DHS, the Executive Director of HIX-Corp, the Administrator of the Oregon Insurance Division (OID) and the CIO of OIS. Certainly there is executive interest in the project but there has been very limited visibility into the operation of this group and no minutes have been made available to Maximus. We are aware that informal meetings of executives occur routinely and are likely the current decision making forums.”
- “Governance structure needs to be more clearly defined. Technical governance does not currently exist. Results of informal business governance meetings are not consistently communicated to the project team.”

Additionally, as early as July 2012, Issue 4 of the Master Risk, Issue and Decision (RID) Log stated that HIX Corp, OHA and DHS are working together to build a new eligibility and enrollment system. The governance structure does not have a single point of accountability. Nora Leibowitz responded to this issue stating that “efforts are underway at the Executive Director and mid-management levels to craft a governance structure that can address the converging business and IT needs. This effort is being spearheaded by OHA and OIS. Cover Oregon Leadership is working with OHA and OIS to ensure that Cover Oregon has a place at the table in all decision making that affects its policy and IT progress. Part of resolution is to separate technology infrastructure and on the business side, to delegate authority to leadership in DHS, OHA and CO.”

A month later, in August 2012, Maximus provided a recommendation that the Executive Steering Committee should function as a formal body with set agenda and minutes to record

decision making. In response to the Maximus recommendation, Monte Burke formed a work group that initially met to establish a go-forward strategy for identification and resolution of cross project issues. Details about this work group were not documented and were not provided as part of this review.

Governance and oversight risks continued into September 2012, when Risk R-0025 stated, “Without a professional and collegiate working relationship between agencies at the highest executive level, conflicts and communication issues will continue and likely worsen.” Rocky King responded to this risk by stating that “a three-member leadership team designated by the directors of OHA (Bruce Goldberg), DHS (Erinn Kelly-Siel), and Cover Oregon (Rocky King) have been given authority to make decisions and where needed make recommendations to the (Board of) Directors. Intergovernmental Agreements (IGAs) are in process with Cover Oregon’s partners and this continues to be a top priority. IGAs with OHA will be completed in early March.”

A common theme from the assessment interviews was that both Rocky King and Carolyn Lawson were perceived as supremely confident. The interviews also confirmed that the overly optimistic schedule/scope projections were based on continued trust in Oracle and the HIX-IT leadership (Rocky King, Carolyn Lawson, and Bruce Goldberg), despite repeatedly missed deadlines.

The creation of the work group formed by Monte Burke and the creation of a three-member leadership team did not resolve the governance and oversight concerns. In October 2012, Maximus found that the OIS and HIX-IT overall governance structure as stated in the Project Charter did not appear to be functioning. Further, Maximus recommended that the process be clarified, documented and made balanced and transparent for the business and all development teams going forward.

In November 2012, Maximus also provided the recommendation that “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.” Furthermore, “CO should lead the effort to clearly document, approve and implement the governance process 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.”

As late as January 2013, Maximus continued to report that there was no clear authoritative document that defined the expectations for all the programs, authority/delegated authority, governance and detailed functional roles and responsibilities. The report also stated that there was a “lack of common or functional governance processes and limited overlap among inter-agency processes with dissimilar priorities and goals among independent state agencies.”

Cover Oregon Quality Monthly Report

Quality Rating Category	Jun '12	July '12	Aug '12	Sep '12	Oct '12	Nov '12	Dec '12	Jan '13	Feb '13	Mar '13	Apr '13	May '13	Jun '13	Jul '13	Aug '13	Sep '13
OVERALL HEALTH	H	H	H	H	H	H	H	H	H	H	H	H	H	H	H	H
Board Governance	M	M	M	M	L	L	L	L	L	L	L	L	L	L	L	L
Inter-Org Coordination	H	H	H	H	H	H	H	H	H	H	H	H	H	H	H	M
Communication	M	M	M	M	M	L	L	L	L	L	M	M	M	M	M	M

Maximus Quality Status Ratings Table

The table above shows the Maximus Cover Oregon Quality Status Ratings for governance related items from June 2012 to September 2013. Although the table is glaringly in “Red” status (and normally cause for concern), it was a common theme from the assessment interviews that Maximus’ Red status risks were viewed as nothing unusual for a project of this scope and with such an aggressive schedule. Overall, leadership became de-sensitized to the ongoing Red status.

The **Cover Oregon Board** based their governance structure on the Carver Model, which emphasizes “Ends” and “Means.” Under this model, the Board selected and closely monitored “Ends,” which were the effects to be produced by the organization (what benefit, to what group, and what cost). The “Means” under Policy Governance were generally organizational activities, such as decisions around finance, human resource issues and organizational actions including programs and services. The “Means” decisions, other than those concerning the Board governance, were in the purview of the Executive Director. The Board used “Executive Limitations” (EL) policies to proscribe what the Executive Director (staff) cannot do, which served to create a framework around the “Means.” For Rocky King (and the Board) to stay in EL compliance, the project had to be on track to go-live on October 1, 2013 (Policy 1.0.1). From Board establishment through September 2013, the Board still voted Rocky King (and the Board) in compliance with this policy. Mr. King provided regular IT updates to the Board, which were positive in nature and expressed confidence in achieving the launch in October 2013. On October 17, 2013, although Mr. King informed the Board that he was in compliance with Policy 1.0.1, the Board voted not to approve compliance.

The **DAS** oversight role from the Enterprise Information Strategy and Policy Division (EISPD) was the predecessor to the Office of the Chief Information Officer (OCIO). They were limited to Quality Assurance (QA) oversight, which did not encompass the entire project, as described here:

- SB 99 also gave OHA the authority to conduct its own procurements for health care IT. As of June 2011, DAS no longer had any oversight responsibility for OHA procurements or contracts. DAS also had no official oversight responsibility for Cover Oregon as a public corporation.

- Public corporations are not subject to the same oversight and accountability requirements as state agencies. This was raised as a consistent theme throughout the interviews.

The **Legislative Fiscal Office (LFO)** provided research, analysis, and evaluation of state expenditures, financial affairs, program administration, and agency organization. It was both technology and budget focused. The Principal Legislative IT Analyst, Bob Cummings, engaged in overseeing this project, and was involved with the oversight of several other projects concurrent with this one. As a result, the oversight was limited. Despite this limited oversight, there was still a sincere desire on the part of the LFO to implement structure and rigor. The LFO consistently highlighted risks and made recommendations related to business planning, scope, and schedule. The LFO provided support to the Joint Committee on Legislative Audits, Information Management, and Technology that was formed to oversee this project. This committee did not meet from late December 2012 through late September 2013, although no reason was given.

Additionally, a Legislative Oversight Committee (LOC) was established. Based on interviews with multiple members of the LOC, they were completely unaware of the Maximus QA role and never received any of the Maximus QA reports. Rocky King briefed this committee on a monthly basis and confirmed that the project was on track.

The Department of Justice had limited involvement. They were charged with oversight of RFPs and contracts, but this primarily consisted of reviews for legal form and compliance only.

For information about governance and oversight of Oracle, refer to Sections 4.3 and 4.4 of this report.

Quality Assurance

Maximus, an independent consulting firm, functioned in a QA role for both OHA (HIX-IT project) and Cover Oregon. Maximus provided quarterly QA reports to OHA that were straightforward, detailed and comprehensive. The QA reports highlighted key risks in nineteen categories, as well as key mitigation strategies and solutions. The HIX-IT QA reports were concluded in May 2013.

Maximus also provided monthly QA status reports to Cover Oregon. Not only did the reports highlight key risks in twenty-three areas, but they also recommended mitigation strategies and solutions.

During 2012 and 2013, Maximus clearly indicated high priority risks in the following governance related areas: communication, governance, and inter-governmental coordination. Many of those risks are mentioned within this assessment report. Both OHA and Cover Oregon responded to most of the QA findings; however, the responses were often not considered sufficient by Maximus to close the risks.

Program and Project Management

Evidence was not found to support a real, cohesive enterprise approach to Program and Project Management. A number of formal management plans, including project/program plans, communication plans, a governance model, decision matrix, scope/change management plans, schedule management plans, risk and issue management plans, budget management plans and escalation processes were created. Although these plans were created, several stayed in draft form (were not approved or defined as master files) and many were duplicated by different agencies (i.e., OHA and the OR HIX Corporation created separate plans). A total of twenty-seven management plans were created, with four plans as duplicates. Twelve of the fourteen management plans listed in the Program Management Plan were created, with exception of the Operational Plan and Vendor Performance Management Plan.

On September 6, 2012, Risk R-0033 was created stating that “without all of these foundational documents being clearly completed, approved, and enforced by executive management they will not be institutionalized.” The RID Management team was in concurrence with this risk, yet almost all of the management plans remained as drafts and were not updated even after this risk was created.

As shown in the following table, many management documents vary in content, even though they were in the same management plan category (i.e., Communication Plan.doc and 12 Exchange Communication Plan 20120706.doc varied in overall content, despite both being communication plans.)

Document Name	Owner	Creation Date	Last Updated	Approval Date	Author
COMMUNICATION PLANS					
Communication Plan	DHS/OHA	11/21/2011	05/15/2012		Janel Pettit, Joanne Mayberry
13 - Oregon HIX-IT Communication Plan	OHA	11/21/2011	12/21/201		Janel Pettit
12 Exchange Communication Plan 20120706	ORHIX	04/12/2012	04/18/2012		Mark Penserini
RISK AND ISSUE MANAGEMENT PLANS					
doc10030 Oregon HIX -IT Risk and Issue Management Plan	OHA/DHS	02/06/2012	05/14/2012		
Risk and Issue Management Plan	OHA/DHS	None	05/14/2013	02/11/2013, 05/14/2013	
Risk Issue and Decision Management D4 04182012	ORHIX	03/07/2012	04/18/2012		Mark Penserini
PROGRAM/PROJECT MANAGEMENT PLANS					
02 Exchange Program	ORHIX	02/22/2012	07/15/2012		Matt Lane

Document Name	Owner	Creation Date	Last Updated	Approval Date	Author
Management Plan_02120706					
doc8502 Copy of 07_HIX-IT Project Management Plan	DHS/OHA	02/06/2012	04/23/2012		
HIX-IT Project Management Plan	DHS/OHA	07/25/2012	10/15/2012	07/25/2012	Toni Maries
09 - HIX-IT Integrated Project Plan v0.1 (draft)	OHA	02/06/2012	02/06/2012		
MAX PMO Plan	DHS/OHA	04/02/2012	02/04/2013		KPMG, Merri LeClerc
PROJECT CHARTERS					
01 Exchange Charter_02120706	ORHIX	None	None		None
1 - HIX-IT Project Charter	OHA	04/04/2011	None	11/28/2011	Mandy Terrill, Pete Mallord
TEST PLANS					
10 exchange Test Plan_20120706	ORHIX	05/23/2012	05/23/2012		Robert Brock
14 Exchange Quality Management Plan_20120706	ORHIX	05/25/2012	05/25/2012		Mark Penserini
Test Plan for HIX-IT Project v7 Draft 3-4-13	DHS/OHA	10/16/2011	03/04/2013		Pete Mallord, Rebecca Sponse
SCOPE MANAGEMENT / CHANGE MANAGEMENT PLANS					
24 exchange scope-change management plan 7-25-12	ORHIX	None	12/10/2012		
doc10034 Oregon HIX-IT Scope Management Plan	DHS/OHA	None	08/02/2012	06/30/2012	
doc8497 Copy of 12_Change Management Plan	DHS/OHA	02/13/2012	04/06/2012		Tom Cogswell, Merri LeClerc, KPMG,...
12_Change Management Plan					
MaX Scope Management Plan					
BUDGET / FINANCIAL MANAGEMENT PLANS					
15 Exchange Finance Management Plan_02120711					
11 Exchange Budget Management Plan_02120706	ORHIX	04/17/2012	05/21/2012		Mark Penserini
Financial Management Plan	DHS/OHA	None	08/08/2012	08/08/2012	

Document Name	Owner	Creation Date	Last Updated	Approval Date	Author
QUALITY MANAGEMENT					
HIX-IT Quality Management Plan	OHA	08/09/2012	08/09/2012		Karen Edgecomb MAXIMUX QA
14 Exchange Quality Management Plan_02120706	ORHIX	05/25/2012	05/25/2012		Mark Penserini

Duplicate Management Plans

Due to the many duplicated and draft management plans, it was unclear which management plans were in effect and for what period of time. Based on the assessment interviews and an analysis of the RID Log and other project documents, it appears that the many of the management plans were used to some degree by the project teams, but to what extent remained unclear.

The RID Log was one project document that was consistently used and updated from April 2012 through September 2013. Though actively used, the formality associated with closing risks, issues and decisions was inconsistent. For example, of the 139 risks in closed status by September 23, 2013, only 36% of those included a closed date. Risks were also marked as closed when there was no real mitigation.

In spite of the management plans that were in place, based on the Maximus QA Reports, the RID Log and information conveyed in assessment interviews, it is clear that communication across agencies was ineffective and at times contentious. The lack of a single point of authority slowed the decision making process and contributed to inconsistent communication, and collaboration across agencies for decision making purposes was limited at best.

Status Reporting and Communication

Although the effort to provide project status updates was evident through several different weekly, monthly, and quarterly status reports (13 different status report layouts) and status meetings, communication of project status was inconsistent depending on the author and the audience. Internal communication of project status and project health varied. Throughout the spring of 2013, Maximus QA status ratings most often did not match the HIX-IT status ratings. These different status ratings were at times reflected in the same report, with QA status ratings as Red status and HIX-IT status ratings as primarily Yellow status. External (i.e., CMS) communication of project status sometimes varied from internal reporting sources. These variances also reflect the differences in perspectives of the organizations creating the reports. Some specific examples of these status reporting variances are as follows:

- January 2013 Internal Status: The Cover Oregon Monthly Status Report rated scope, schedule, and quality as Red.
- February 2013 Internal Status: The Cover Oregon Monthly Status Report rated scope, schedule, and quality as Red.

- February 2013 External Status to CMS: Status was split up by the DHMS and HIX project components. The DHMS budget status was Red, while all other project categories were Yellow and Green. The HIX update showed only “Finalized Functional Design” and “Jan/Feb Interface Delivery” as Red status. All other status categories were Yellow status or blank.
- April 2013 External Status to CMS: Status continued to be split up by the DHMS and HIX project components. The DHMS status update had all categories as Yellow and Green status. The HIX update showed only Red status for “Federal Interfaces (CMS)” because of “(Rework due to CMS)”. All other status categories were Yellow or mostly Green.
- There are also multiple instances where the CMS Status Reports did not include the ratings associated with the risks identified by the QA vendor.

To reinforce the differences found in project status communication, on July 21, 2013 the Cover Oregon Monthly Quality Status Report stated that “the communication related to a slow launch to date has been strictly internal, the use of the terms unstable and unreliable have not been used.” Additionally, as stated in the LOA section above, CMS was provided more positive project status. The Legislative Oversight Committee was also briefed by Rocky King on a monthly basis that the project was on track.

Invoicing and Finance Oversight

With multiple agencies involvement, over twenty vendors, several different Federal grants, and a budget well in excess of \$100M, invoicing and financial oversight was necessary. Additionally, with project components being combined and split out throughout the project timeframe, and ownership of purchase orders and invoicing spanning multiple agencies, the complexity of financial management was tremendous. Examples of this financial complexity were found in May 2012: “The OPA FPE Contract combined HIX and Modernization milestones. Unless all portions of a milestone are completed, the milestone cannot be accepted and paid.” Again in the spring of 2013, purchase orders and invoicing for Oracle and Dell were transitioned to Cover Oregon from OHA.

In spite of this financial complexity, other than the Board and committees receiving budget status updates via status reports, other decision documentation on this topic was not located. Financial Management and Budget Management Plans were created, but Contract and Vendor Management Plans were not. The need for all of these plans was expressed in the Program Management Plan. Further, “Cover Oregon did not agree that an independent firm was needed to audit the contracts.”

Although governance and oversight documentation was not found, the Financial Management Plan stated that “all payment requests typically come directly to the accounting department where they are given to the appropriate code. Invoices must be approved by Controller prior to being paid.” Additionally, the Finance Office implemented new PeopleSoft financial software and had invoice, contract and financial processes in place. There was also a deliverable acceptance checklist, which stated that “contractor deliverables must follow approval acceptance criteria processes as outlined in their contract.” Several contract and invoice

tracking spreadsheets were provided for review. There was no documentation found that supported the notion that oversight or governance committees were involved in the review of these tracking spreadsheets or overall vendor payments.

It should be noted that House Bill 4122 would require an independent third-party contractor to oversee the creation and execution of IT projects worth more than \$5 million. If they are worth less than \$5 million, they must meet other criteria as well to require the oversight. Beyond requiring third-party oversight, it would also require the contractor who monitors a project to submit reports to the state’s chief operating officer, chief information officer and others, who will be required to act on any problems outlined in the reports.

4.2 Who was in the position to make decisions as it relates to the Website Project?

Leadership Accountability and Decision Making

Although formal governance, oversight, decision making, and escalation processes and procedures were documented, several risks and recommendations were raised throughout the project timeframe regarding improved governance, executive accountability, and decision making. It was the Executive Steering Committee who was responsible for the majority of project decision making, as reinforced in the RACI (Responsible, Accountable, Consulted, and Informed) Diagram from the 02 Exchange Program Management Plan shown below.

Description	Exchange Board	Executive Team	Exchange Team
Strategic Direction	C	R	C
Scope Changes	I	R	C
Budget Changes	I	R	A
Schedule Changes	I	C	A
Vendor Management	I	R	C
Grant/Funding Decisions	C	R	I
Business Case Decisions	I	R	A
Function Team Charters, Deliverables, Schedules	I	C	R
QA Resolutions	I	A	R
Program Communications	C	R	I
Operational Decisions	I	R	C
Resources Management	I	R	C

RACI Diagram

Despite there being regular monthly Executive Steering Committee meetings during 2011-January, 2013, there was a lack of formal meeting notes, decision tracking, and documentation. Further, the assessment interviews found that Rocky King, Bruce Goldberg, and Carolyn

Lawson were the key project decision makers. The full complement of Executive Steering Committee participants consists of Rocky King, Bruce Goldberg, Carolyn Lawson, Erinn Kelley-Siel, and Lou Savage.

Notably, the only project decision log, (Master Risk, Issue and Decision Log) which was primarily managed by Cover Oregon, reflected only nine decisions. While some decisions were documented in meeting minutes, the extent to which those decisions were conveyed to appropriate parties is unclear. Additionally, while this project required inter-agency coordination, it lacked a single, enterprise decision tracking tool to document and manage decisions across entities.

The lack of decision tracking and communication resulted in many project risks and repeated Maximus QA recommendations that were accompanied by high-risk, red status reports. As stated in Section 4.1, Maximus provided a recommendation in August 2012, that the Executive Steering Committee should function as a formal body with set agenda and minutes to record decision making. In response to the Maximus recommendation, a work group was established for identification and resolution of cross project issues. Maximus recommendations around project governance, inter-organization coordination, and communication continued throughout the project.

The Board of Directors (Board) met monthly to receive project updates and discuss governance structures and executive limitations (ELs). Very few Board decisions were documented outside of approving compliance with ELs. The Board meeting minutes from November 1, 2011 through August 14, 2012 include steps and actions about the Carver Model (further explained in Section 4.1 of this report.) The Carver Model includes Principle #7: The board speaks with one voice or not at all. Counter-supportive to Principle #7, the Board meeting minutes reflect decisions made solely by Rocky King (i.e., on October 7, 2013, “Mr. King talked about the technical difficulties Cover Oregon is experiencing and said he has made the decision not to open to the whole state yet.”).

In addition to the Executive Steering Committee and the Board, a three-member leadership team designated by the directors of OHA (Bruce Goldberg), DHS (Erinn Kelly-Siel), and Cover Oregon (Rocky King) was given authority to make decisions and make recommendations to the Board when needed. As stated in Section 4.1, this three-member leadership team was created in response to Risk R-0025 dated September 6, 2012: “Without a professional and collegiate working relationship between agencies at the highest executive level, conflicts and communication issues will continue and likely worsen.”

Around the same time that the three-member leadership team was established, an additional risk was documented (R-0026: “Without close cooperation, decisions are made without appropriate analysis of the impact on OR HIX.”). In response to that risk, Aaron Karjala stated that, “resolving this risk is a work in progress” with a cross-team working group created on the business side, and Cover Oregon’s CIO opened talks with Oracle’s acting CTO on the technical side. Cover Oregon also requested that OHA insert Cover Oregon’s needs into the decision-making process at MaX and HIX-IT.

Along with the Executive Steering Committee weekly meetings, the Board's monthly meetings, the establishment of a three-member leadership team, and the creation of multiple working groups, OHA/DHS CIO Carolyn Lawson also instituted a daily stand-up meeting from November 16, 2012 through February 15, 2013 to allow for escalation and resolution of urgent project issues. Attendees of these daily meetings were not documented, along with a lack of meeting notes, decision tracking, etc. Coincidentally, around the same time that the daily stand-up meetings were created, the Executive Steering Committee stopped meeting (January 31, 2013). There was no documentation found regarding why the committee stopped meeting, or the effectiveness of the three-member leadership team or daily stand-up meetings.

Within the over three thousand documents provided for review, there were no documents found regarding cross-organizational coordination other than having key members from the different offices/agencies on the Steering and Executive Committees. A master/enterprise level work plan that contained agency/stakeholder responsibilities, in addition to all vendor responsibilities was not located. To this end, risks like R-0025 (dated September 6, 2012: "Without a professional and collegiate working relationship between agencies at the highest executive level, conflicts and communication issues will continue and likely worsen.") remained open throughout most of the project timeframe.

Project Teams Accountability and Decision Making

Decision making was also delegated to manager levels, such as the project director, project manager, product owner, and IT lead. To assist with decision making, as well as risk and issue tracking and management, a Risk Issue and Decision Management Plan was completed on April 18, 2012. Along with the completion of this plan, a Risk, Issue and Decision (RID) Management Team was created, RID Management Team meetings were established, and a RID Log was created and actively managed. The RID Management Team met bi-weekly to discuss current project risks and issues and make decisions, recommend resolutions, and define mitigations. On September 6, 2012, risk R-0022 was defined, stating that 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. Aaron Karjala closed this risk on February 8, 2013, stating that CO and HIX (in a coordinated effort) have invested a significant amount of resources in the establishment of disciplined processes for decision making and managing scope between multiple projects. To compound the project environment even more, a common theme from the assessment interviews was that there was a lack of qualified state resources that resulted in greater reliance on contractors.

Although disciplined processes for decision making and managing scope were to have been established, Maximus' April 2013 QA report (finalized June 5, 2013) stated the following red recommendation: "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."

Additionally, as of September 23, 2013, the RID Log included 150 emergent risks and twenty-eight (28) issues. The RID Management Team and RID Log continued to document the progress of risks and issues resolution and mitigation, yet fell short on documenting decisions. The decisions section of the RID log contained only nine entries.

Change Control

The project had a formal change control process put in place by early 2013, which described the process steps for requesting a project or system change (CR) and the approval/denial decision steps. From January 16, 2013 through September 6, 2013, 120 formal change requests (CRs) were made, with forty-three percent (43%) approved, four percent (4%) denied, and fourteen percent (14%) deferred – the remaining change requests are still pending. There is no documented evidence of formal change control prior to 2013. The CR decision makers/approvers also varied. While it is recognized that approvers could vary dependent upon the nature of the CR, there still was not an official oversight team confirming all CR decisions from a global perspective.

4.3 Why were Oracle products and Oracle services chosen for the Website Project?

Market Research and Software Selection Process

The selection of the Oracle software followed a process that engaged multiple vendors and evaluated Commercial-off-the-Shelf (COTS) solutions in the marketplace. The focus was on establishing an enterprise solution for the health insurance exchange and for the DHS Modernization project. As defined in the state's Early Innovator grant request, "Oregon's solution has an ambitious goal: to build a system in which the Health Insurance Exchange's eligibility system is seamless with Medicaid." It defined a solution "rooted in the State's enterprise technology plan, which outlines a series of enterprise capabilities that streamline and modernize various business functions, including eligibility and enrollment programs." The grant described the system as "based on a configurable technology framework and shared information technology architecture."

The COTS solution selection process, which is documented in the Oracle Solution Recommendation & Evaluation document, dated May 27, 2011, included market research conducted in 2010 with other states that had purchased framework solutions as well as an agency that represented a transfer solution. The state also conducted a vendor fair and released a Request for Information (RFI) to solicit vendor information on available solutions. Oracle and Curam responded to the RFI with framework solutions and were invited to conduct product demonstrations with the state, but Curam declined to participate further. The State then conducted an Oracle solution demonstration and detailed product evaluation.

As part of this process, an alternatives analysis was conducted to confirm the type of solution to use for the combined exchange and modernization efforts. The analysis considered four solution alternatives:

- Maintain the status quo

- Build a new system through custom development
- Purchase and implement a commercial-off-the-shelf (COTS) solution
- Transfer an existing system from another state

The analysis is documented in the Business Case dated May 25, 2011 and updated October 9, 2012. It concluded that the purchase of a COTS framework was in the best interest of the state given that the decision aligns with the long term IT strategy, because it provides a development environment that supports Service Oriented Architecture (SOA), workflow management, application configuration, and support for consolidated data management of all health and human services information.

Oracle Solution Selection

In May 2011, the state made the formal decision to use the Oracle solution for the health insurance exchange. It was unanimous among the key decision makers, which included Monte Burke, Jeanette Burket, John Koreski, Nora Leibowitz, Kathryn Naugle, Steve Novick, Belit Stockfleth, and Jerry Waybrant. Some of the reasons stated in the state's selection document include:

- It would provide a common architecture with the DHS Modernization efforts
- It is in alignment with the technical roadmap and documented business needs
- The evaluation document notes that Oracle's response to a state questionnaire indicated that only about 5% of business requirements would require customization
- The selection of the Oracle rules engine was consistent with the decision of several other states
- There was a perceived commitment from Oracle. The decision document notes "Oracle appears to be ready to work with the State to make it a reference account for other EA and HIX clients."

It should be noted that the decision focused on the software solution, and did not address consulting or system integrator services. At the time that the Oracle solution was selected, the state planned to contract with a separate system integrator to do the configuration and customization. This was documented in numerous plans, as noted in Section 4.4 of this report. At the time of the selection, the state also noted a risk associated with conducting discussions with only Oracle. The document titled Oracle Summary Briefing dated May 6, 2011, noted that since Curam took itself out of the running, the state would have less contract negotiation leverage with Oracle.

The Wakely Consulting Group, which assisted the state in conducting a review of the Oracle solution, agreed with the selection of the Oracle software, but made some key recommendations that were not followed by the State. These recommendations are also documented in the Oracle Solution Recommendation & Evaluation document dated May 27, 2011. Specifically, Wakely noted the state's plan to procure a system integrator and recommended the following:

- Oregon should seek to contractually obligate Oracle to deliver on the verbal commitments that it has made.
- Oregon should take the steps to insulate itself from a contractual arrangement where more than one entity is ultimately responsible for the success of the implementation.
- Oregon should take care when selecting its system integrator to ensure the vendor has the requisite skills, capabilities and experienced/certified staff in the platform technology.
- The State should structure the procurements to ensure both the selected technology platform vendor and the system integrator are vested in the success of the project.
- The state should define a clear and simplified baseline scope and keep a close and strict eye on management of the scope.
- In order to meet the tight deadlines, the State needs to implement the “must haves” first and, once in place, then go back and implement the “nice to haves.”
- Emphasized the importance of an experienced Project Management team and strict Project Management principles and SDLC best practices to reduce risk.

Procurement Process

On May 23, 2011, DAS approved a Request for Special Procurement that provided approval to procure a framework for the HIX-IT and Modernization projects using alternative approaches if needed. Without the Special Procurement, the agency was required to purchase the software via the Dell Price Agreement #0450. However, under the terms of the Special Procurement, the agency was allowed the use of alternative methods, such as the GSA Schedule 70 or the open market, if the agency had an offer that was 5% better than Dell was willing to offer under the Price Agreement. The agreement included the purchase of software, licenses, hosting services, and services related to setting up the software, with a total estimated cost of \$10 million. The Special Procurement document also specifically stated that it did not include acquisition of system integrator services. The state decided to purchase the Oracle software through the Dell Price Agreement, so the Special Procurement authority was not exercised.

On June 22, 2011, DAS issued Amendment 1 to the Dell Price Agreement #0450 to enable OHA and DHS to procure Oracle services through the agreement. Oracle software was already on the Dell Price Agreement, but services were not. On June 30, 2011, the initial Oracle statement of work was signed by the state, with the actual purchase order 314398 issued on August 24, 2011. The total amount of the PO was \$8,712,591. It included software, licenses, hosting services, and consulting services. The consulting services consisted of \$1,069,889 for fixed price deliverables-based services to develop the business rules and put them in the OPA rules engine and \$87,000 for 256 hours of services on a time and materials basis. Note that these initial services were not a replacement for system integrator services; the state was still planning to use a system integrator.

On June 17, 2011, Governor Kitzhaber signed Oregon's Exchange authorizing legislation (Senate Bill 99) into law. SB 99 also gave OHA the authority to conduct its own procurements

for health care information technology contracts. At that point, DAS no longer had oversight responsibility for OHA procurements.

On October 7, 2011, Oracle purchase order 316258 was issued for \$1,326,018 to develop the L0, L1, and L2 Enterprise and Solution Architecture Models. This appears to be the first purchase order that includes work that would normally be performed by a system integrator. However, it specifies that services are to be paid on a time and materials basis and does not tie payment to completion of any deliverables. It states that the Oracle team will provide 535 person days to “assist you with” the models “at your direction.” This approach departs from contracting best practices by putting the burden on the state for directing the vendor’s work and providing little financial accountability for the vendor performance. This contracting approach also goes against the assumptions made by the state when selecting Oracle and against the recommendations of the Wakely report.

A total of 43 purchase orders worth approximately \$132M were issued for Oracle by OHA. The consulting purchase orders continued the time and materials approach established on PO 316258, which put the burden on the state for directing the vendor work and offer little accountability for performance. The statements of work were usually not very definitive, but included terms such as “assist with” and “support.” Some of the purchase orders also included the following statement: “You acknowledge and agree that completion of deliverables is not a condition precedent to payment of fees for services.” A list of the Oracle purchase orders and their amounts is provided at the end of this section.

Using the Dell contract to procure such extensive services seems to go beyond the original intent of the Dell Price Agreement, since services were not included in the scope when the price agreement was competed. In First Data’s experience, it is best procurement practice to stay within the intended scope of vendor agreements. Any one individual purchase order reviewed on its own wouldn’t necessarily be inappropriate, due to Amendment 1, which allowed services on the contract, but when looking at the bigger picture of the combined value of the many purchase orders, it goes against best practices and seems to go beyond the intent of the Dell Price Agreement. If system integrators had known that level of services would be procured through the contract, more of them might have tried to compete to be a part of it. According to Carolyn Lawson, several vendors complained to OHA about the services being procured through the Dell contract.

Each purchase order was reviewed and approved for legal sufficiency by the Oregon Department of Justice, but First Data was told those reviews would have been narrowly focused on the legality of the individual purchase orders. The question of appropriateness would have been the responsibility of the OHA contracting office. In addition, it does not appear as if CMS reviewed or approved the Oracle purchase orders. First Data was told that they were discussed with CMS in quarterly calls, but CMS did not ask to review them.

Another unusual aspect of the Oracle procurements is the large number of purchase orders issued. For example, on one day, September 12, 2012, six separate purchase orders were issued for Oracle totaling more than \$51 million. The purchase orders state that the purchase had to be split across multiple POs due to ADPICS controls. OHA explained that this was due to

a limitation on the authority of the OHA purchaser entering the POs into the ADPICS procurement system. On another day, December 1, 2011, seven purchase orders were issued for Oracle totaling more than \$32 million. When asked why so many separate purchase orders were issued, Carolyn Lawson said it was done that way to provide more flexibility if something changed (a task could be cancelled without affecting everything else).

As part of the handoff of the project from OHA to Cover Oregon, Cover Oregon established its own contract with Oracle on March 14, 2013. Because the handoff to Cover Oregon was quicker than planned due to financial issues, there was little time to establish a new contract. First Data was told in the interview process that Cover Oregon attempted to modify the terms of the contract to be more in line with best practices and to make Oracle more accountable, but was unsuccessful due to the short timeframe available for negotiations. First Data was also told that Oracle threatened to stop work if a new contract was not in place. As a result, the Cover Oregon contract continued with terms similar to the OHA contract.

Oracle Performance

The QA contractor, Maximus, raised numerous concerns about the Oracle software and about the Oracle consulting services. They noted that Oregon was the first state to use the framework for both eligibility automation and HIX and raised concerns about how integrated the various components of the Oracle solution were. In November 2011, Maximus conducted an initial risk assessment of the project. The report dated November 3, 2011 stated the following about the use of the Oracle framework: “The Oracle framework is not currently used in other states on similar projects. Oregon is the first State to use the framework for both EA and HIX. The commercial framework presented from Oracle is a number of products that Oracle has purchased over the years. It is unclear as to how integrated these products are currently.” First Data heard comments consistent with this in interviews, noting that the core system environment took longer to stand up than expected and noting that the Oracle team sometimes seemed to operate in silos.

Maximus has been very critical of Oracle’s development capabilities on the project, noting the missed delivery dates and high number of issues associated with software releases. Many of the Quality Assurance reports contained detailed criticism of the Oracle performance. One example is the September 2013 Cover Oregon QA Status Report, which includes the following statements:

- “Oracle continues to underperform. It is recommended that CO withhold payment of any invoices until a thorough review the contract is conducted by DOJ for lack of performance.”
- “Oracle continues to post dates for specific deliveries and consistently miss delivery targets, a clear example is that of environment delivery. Oracle was to delivery 7 environments by 9/26/13 and to date they have only delivered 5. Given this pattern CO should consider the use of “cure” letters to, at a minimum, formally document the pattern by the Vendor. “

- “Software releases into test from development are being implemented daily/weekly. The releases are not stable and fixes and features are appearing randomly in the releases. In addition, more items are breaking than are being repaired. This is indicative if too much concurrent Oracle development in an uncontrolled development environment.”
- “It is likely that scope will continue to be trimmed if issues arise with the current plan or if development (Oracle) continues to under deliver.”
- “Oracle’s ability to release system environments is problematic. The UAT environment is to be repurposed by CO on Oct 1st as an alternate development environment.”
- “Oracle’s ability to properly estimate the work for any release is significantly lacking.”
- “The inability of Oracle to deliver previous roadmaps makes it difficult to expect them to deliver against the new fall roadmap.”
- “The lack of reliable estimating by the Oracle teams, undiscovered development issues and incomplete requirements by CO will result in continued surprises to CO throughout the initial launch and subsequent releases in the fall.”
- “Oracle has not delivered to plan for the previous iterations. Typically, in an iterative environment, the delivery variance is reduced over time (a number of iterations) and quality improves as the organization matures. This is most likely an indication of lack of formal, industry standard development processes within the Oracle organization.”
- “Oracle’s performance is lacking. Their inability to adhere to industry standards and professional software and project management tenants warrants further review.”
- “Each software release from Oracle increases the overall amount of defects. Typically over time defects will level out and begin to recede as the features are honed. This can be indicative of too many developers working on too many releases simultaneously without proper processes and controls.”
- “Oracle SIT testers do not have a full grasp of the desired functionality of the system, therefor their testing quality is insufficient.”

The amount of Oracle software customization required has been significantly more than anticipated. In a response to a questionnaire from the state on March 16, 2011, Oracle stated that 230 of the 237 identified requirements are met “out-of-the-box.” The document defines that as follows: “Functionality provided out-of-the-box: The vendor provides the functionality from its own code base. No customizing or working around is required.” However, a HIX-IT Project Assessment Report from May 2013 estimated the system to be 60% COTS and 40% custom configuration.

Oracle would not allow any of its project staff to be interviewed for this assessment, with the exception of the company’s Chief Corporate Architect, who was not involved with the project

until November 2013. In that interview, Oracle stated that the problems were caused by weaknesses within OHA and Cover Oregon, especially the following:

- **The lack of well defined, stable requirements** - Oracle said that deadlines were often missed because requirements were not well defined or they were frequently changed after development was underway.
- **The lack of discipline in the change control process** – Oracle said that Cover Oregon’s use of the change control process was not consistent, resulting in undocumented, ad hoc changes.
- **The absence of a system integrator** – Oracle said they had not been involved in any other projects this complex that did not have a system integrator, and the lack of a contracted integrator made it easier for the undisciplined behavior to occur.
- **The lack of timely test cases** – Oracle stated that test cases for some use cases were not provided until mid-October 2013.

A list of the Oracle purchase orders issued by OHA is provided in the table below.

PO Number	Date	Value	Purpose
322689	4/5/2013	\$246,509	On Demand services 4/2013 – 4/2014
314398	8/24/2011	\$8,712,591	<ul style="list-style-type: none"> • Software • Licenses • Hosting services • Consulting services for \$1,156,889
315203	8/4/2011	\$500,000	Time and materials services which are not defined by a scope of work
320019	8/22/2012	\$0.01	Amendment to OLSA
320157	9/7/2012	\$5,980,359	Consulting services
320232	9/12/2012	\$9,000,000	Consulting services. POs note that \$36,094,504 purchase must be split across POs due to ADPICs controls.
320166	9/12/2012	\$9,000,000	Consulting services. POs note that \$36,094,504 purchase must be split across POs due to ADPICs controls.
320167	9/12/2012	\$9,000,000	Consulting services. POs note that \$36,094,504 purchase must be split across POs due to ADPICs controls.
320168	9/12/2012	\$8,094,504	Consulting services. POs note that \$36,094,504 purchase must be split across POs due to ADPICs controls.
320233	9/12/2012	\$8,000,000	Consulting services. POs note that \$16,267,408 purchase must be split across POs due to ADPICs

PO Number	Date	Value	Purpose
			controls.
320234	9/12/2012	\$8,267,408	Consulting services. POs note that \$36,094,504 purchase must be split across POs due to ADPICs controls.
321461	12/28/2012	\$232,877	On Demand services
321881	2/7/2013	\$6,310,733	On Demand services
322007	2/20/2013	\$531,918	On Demand services
323356	6/7/2013	\$305,003	On Demand services
323514	5/31/2013	\$23,265	Software
323515	5/31/2013	\$4,689	Software
323469	6/10/2013	\$552,956	On Demand services
323665	6/27/2013	\$483,576	Training
323903	7/11/2013	\$1,488,789	Software support
314398 Amend 1	8/6/2012	(\$157,515)	Adjustment to original PO amount
316258	10/7/2011	\$1,326,018	Consulting services
317000	12/1/2011	\$6,605,835	Consulting services
317001	12/1/2011	\$3,538,699	Consulting services
317002	12/1/2011	\$718,272	Consulting services
317003	12/1/2011	\$9,281,304	Consulting services
317005	12/1/2011	\$7,241,836	Consulting services
317009	12/1/2011	\$4,195,516	Consulting services
317010	12/1/2011	\$1,400,250	Training
318020	2/28/2012	\$8,768,400	On Demand services
318021	2/28/2012	\$5,858,833	On Demand services
318819	4/29/2012	\$2,154,816	Consulting services
319219	5/30/2012	\$2,004,799	Software
319538	6/27/2012	\$43,320	On Demand services
319542	6/27/2012	\$1,157,797	Maintenance support
319612	7/5/2012	\$0	Consulting services change
319613	7/5/2012	\$0	Consulting services change
319615	7/5/2012	\$0	Consulting services change
319616	7/5/2012	\$0	Consulting services change

PO Number	Date	Value	Purpose
319893	8/7/2012	\$860,488	Consulting services
320025	8/22/2012	\$0	Change to MLSA
320107	8/30/2012	\$294,646	On Demand services
321629	1/15/2013	\$122,597	Software
325736	11/25/2013	\$0	Amendment of date

4.4 Did the State or Cover Oregon consider engaging a system integrator to assist with the Website Project? If not, why not? Did the Website Project Team or any of its members believe the State or Cover Oregon had the expertise to undertake the Website Project without the assistance of a system integrator? If so, why?

Original Plans to Use a System Integrator

One of the key assumptions made by the state on the health insurance exchange initiative from its inception until mid-2011 was that a system integrator would be used to develop/configure and implement the system. This assumption is documented in multiple state planning documents, including the following examples:

- **Early Innovator Grant Request** – This document states that Oregon’s strategy will be to acquire an implementation/integration vendor to implement and integrate the Exchange.
- **Modernization IAPD, dated March 24, 2011** - This document states that DHS plans to use an external systems integrator to partner with the DHS project team to support a phased, modularized implementation approach to integrating the acquired solution. It also defines the procurement process to be used to acquire a system integrator for the project.
- **Business Case, dated May 25, 2011 and updated October 9, 2012** - The business case notes the plans to contract with a system integrator to configure and implement the system.
- **Oracle Solution Recommendation & Evaluation, dated May 27, 2011** – this document notes that a separate contract will be established with a system integrator.
- **Wakely Report** – This document noted that the state does not have the development resources with the requisite experience and noted the state’s plan to procure a system integrator. It advised Oregon to take care when selecting its system integrator to ensure the vendor has the requisite skills, capabilities and experienced/certified staff in the

platform technology. It also recommended the State structure the procurements to ensure both the selected technology platform vendor and the system integrator are vested in the success of the project.

- **Oracle Summary Briefing, file dated May 6, 2011** – This document discusses the need to define the relationships and roles/responsibilities between the State, Oracle and system integrator. It also includes a diagram showing all three parties.
- **Request for Special Procurement, dated May 23, 2011** – This document notes that the Special Procurement does not include acquisition of system integrator services and states that system integration services will be solicited via a separate procurement.
- **Information Resource Request (IRR) dated May 27, 2011** - This document requests \$48M in funding for the HIX-IT project and lists system integrator as one of the primary uses for the funds.

In accordance with this plan, the state drafted an RFP in 2011 for a system integrator and released the draft to the vendor community for review.

Decision to Not Use a System Integrator

Soon after Carolyn Lawson began employment at OHA in July 2011, she made the decision to not use a system integrator. This decision was approved by the OHA Director. First Data was told different reasons for the decision by different groups. In a February 28, 2014 interview, Carolyn Lawson said that she called potential system integrators and was told that they were not interested in bidding due to the lack of clear requirements and the limited budget (the state requested \$96M, but was only funded \$48M for the project). She said she believed the state could not afford to hire a system integrator with the budget provided. She also said that CMS suggested using a system integrator only on key areas where the state needed the most help as a potential approach to deal with the funding shortfall.

Other State staff told us the decision was made because it would make the state less reliant on vendors, it would help the state be more prepared to take over the system operations, and it would save cost. A Maximus report, which also addressed the issue, provided another reason, saying that the time required to conduct a procurement was a major driver of the decision.

The state's IAPDU dated February 15, 2012 provides additional insight into the thinking of decision makers when it notes that the shift to a COTS framework solution changed the project approach from waterfall to an agile iterative approach. It states that "the eligibility framework requires configuration rather than developed code... Much of the effort would be extended to working with the framework vendor to transfer configuration knowledge to policy analysts rather than hard coding applications." This change in project approach may have also been a factor in the decision to not use a system integrator.

As a result of this decision, the system integrator procurement was cancelled.

QA Concerns about the Decision

Maximus raised concerns about the state's decision to not use a system integrator in the HIX-IT Initial Risk Assessment Report, dated November 3, 2011. The report stated, "The original vendor procurement approach was to go through a traditional Request for Proposals process to have a single System Integration (SI) vendor be responsible for Architecture, Configuration, and System Integration. It was deemed by the project management that this approach could consume up to nine months of the twenty-seven month schedule so the decision was made to use a multivendor approach that will potentially use three (or more) vendors, one for each of the key areas." It added that the approach will "require the State to act as the Prime Contractor and assume more of the overall project risk." The report also stated, "this role also shifts more of the project execution risks to the State. This requires the state to have a more comprehensive strategy on contract management. The current contracts do not fully reflect this new approach and their deliverables are not tied to a project schedule."

Cognosante Contract

In July 2012, OHA decided to issue a contract for interface development using the existing DAS Managed Service Provider (MSP) master contract with Covendis. After a competitive procurement process, OHA selected Cognosante for that role. Although the contract was called "System Integrator Services for Internal and External Interfaces," the role was clearly not a system integrator for the HIX project. The focus was just on the development of system interfaces.

Oracle's Role

Oracle was not in the role of system integrator on this project. When interviewed for this assessment, Oracle stated that their team was working at the direction of the state and Cover Oregon. In fact, as described in Section 4.3 of this report, the terms of the Oracle purchase orders put the burden on the state for directing the vendor work and offer little accountability for Oracle's performance. The consulting statements of work often included terms that described Oracle's role as "assisting the state" and "supporting the state" in the required tasks.

Many of the Oracle consulting purchase orders also included payment terms that were based on hours worked, and not based on the completion of deliverables. This departs from best practices and put the state in the position of having to pay for work that did not always result in the anticipated deliverables or that required more hours (and higher cost) than planned. It also created an environment where there were no consequences for missing deadlines and no financial incentive for being realistic about delivery dates. This seems to have contributed to the confusion and poor communication surrounding the actual status of the system as the October 1, 2013 deadline approached.

In summary, in First Data's experience, the decision to not use an overall system integrator for the project departs from best practices. This decision created a lack of accountability on the project. It contributed to a lack of scope control, a delay in requirements definition, and unrealistic delivery expectations. A system integrator with a stronger financial incentive for ensuring performance most likely would have pushed harder in those areas and been more realistic about delivery dates.

4.5 How was the original scope of the Website Project determined and by whom? To what degree did the scope of the Website Project delay the implementation? How was the scope managed? After the Website Project Team or any of its members realized that the Website was not going to work, would it have been possible to change the scope? If so, how?

Original Scope Definition

The scope of the Website Project was initially defined in Oregon's Early Innovator Grant request, which was submitted by the Oregon Health Authority in late 2010 and awarded in February 2011. The grant application defined the State's plans to create a solution that would seamlessly integrate the commercial health insurance marketplace with Medicaid eligibility and provide one-stop shopping for individuals and small businesses. It also described Oregon's plans to use the same framework for eligibility automation for Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance to Needy Families (TANF) and Employment Related Day Care clients (ERDC) as part of the DHS Modernization project. The State's ambitious goal was to create a seamless environment for clients and consumers.

Once the grant was awarded, a number of project documents were generated in 2011 and 2012 that were intended to define in more detail the scope of the Exchange, but none of the documents written by OHA or Cover Oregon (HIX Corporation) appear to have been adopted as a universally agreed upon scope definition. Scope related documents identified during our review include the following:

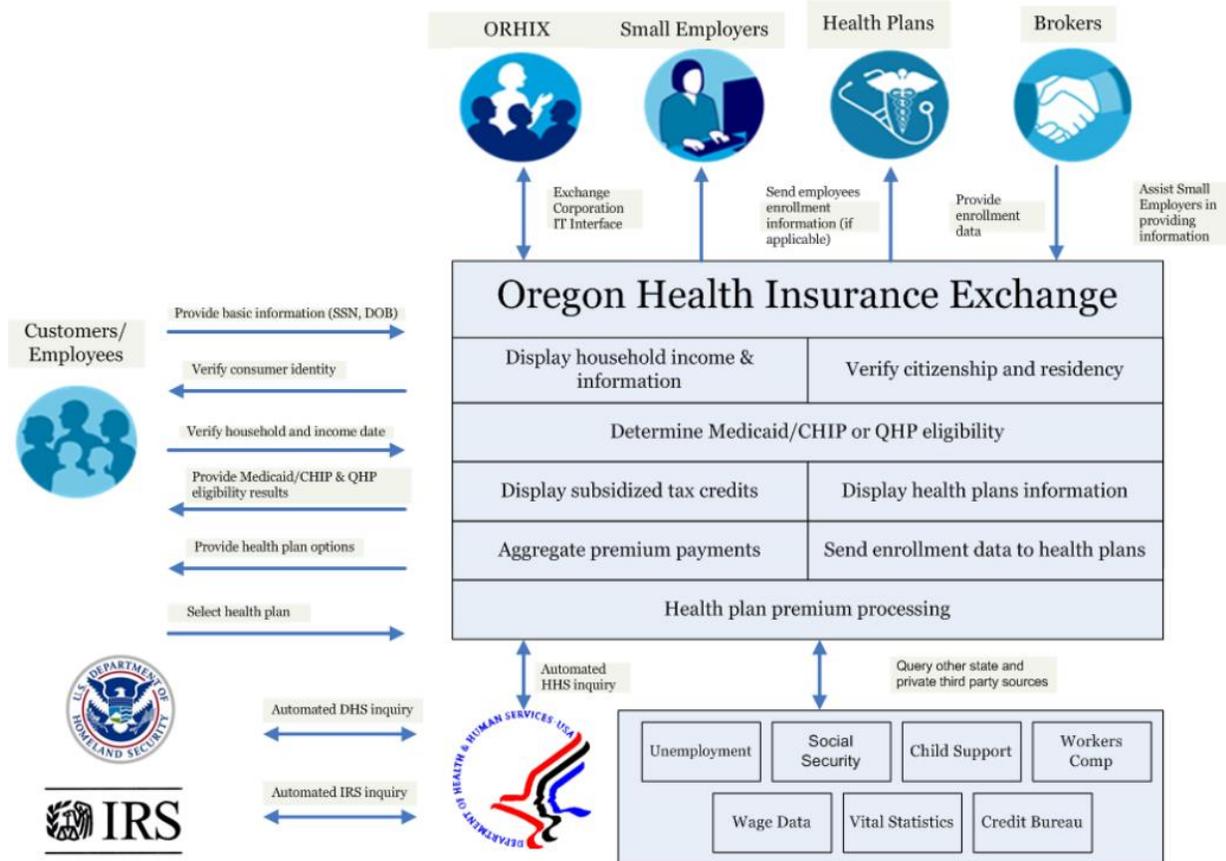
- Early Innovator Grant (Awarded February, 2011 by CCIIO)
- HIX-IT Project Charter (dated November 28, 2011) approved by – HIX Corporation Approving Authority, OHA Approving Authority, DHS Approving Authority, DHS / OHA Chief Information Officer, and Oregon Dept. of Consumer & Business Services Approving Authority
- HIX-IT Requirements Document (dated November 21, 2011) approved by – HIX Corporation Approving Authority, OHA Approving Authority, DHS Approving Authority, DHS / OHA Chief Information Officer, and Oregon Dept. of Consumer & Business Services Approving Authority
- HIX-IT Project Business Requirements Document (dated April 6, 2012) approved by – HIX Corporation Approving Authority, OHA Approving Authority, DHS Approving Authority, and DHS / OHA Chief Information Officer
- Oregon Health Insurance Exchange Corporation Charter document (no date attributed, but the filename indicates July 6, 2012)

The initial project definitions in these documents included substantial differences in the high-

level scope descriptions. For example:

- The **Oregon Health Insurance Exchange Corporation Charter** describes the scope of the Exchange, including its organization and business processes, as well as describing the project as “organized to align with the Medicaid and Exchange (MAX) project.” The charter also includes a clear purpose to exclude any areas of the “OHA System Modernization that aren’t needed to facilitate the function of the Exchange.”
- The **HIX-IT Project Charter** defines the project’s scope to “implement a single integrated solution that conducts all eligibility determinations for the Exchange, Medicaid, and CHIP, including those Medicaid determination s based on factor other than MAGI” The charter also indicates that the HIX-IT project “will not implement the ‘Benefits Exchange’ (e.g., self-service for SNAP, TANF, ERDC...)”.
- However, through other sources including the **MAX Business Case** (May 25, 2011) and multiple interviews, the initial scope of the HIX-IT project was merged with the DHS Modernization effort to form the integrated Max Program team led by an integrated Project Director reporting directly to the OHA CIO.

Both project charters described the Exchange project scope in a similar fashion as illustrated by the context diagram included below from the HIX-IT Project Charter.



HIX-IT Project Charter Diagram

Scope Scale and Complexity

Managing any project with such a significant scale of functionality and organizational complexity requires clear definition and significant management discipline. The significant breadth of functional scope defined within the MaX project was clearly at a size and scale that challenged the project team's management capabilities. Further complicating the complex organizational environment, the multiple teams were also physically separated. The OHA technical team, OHA business team, Oracle, and Cover Oregon teams were all located in separate physical locations within Salem or Portland.

Illustrating the difficulties, the HIX-IT requirements approach was described in a presentation by Tim Layton on March 8th, 2012, to initiate a "60-day Business Requirements" effort to finalize the scope. The HIX-IT and HIX-Corporation project teams had been working through preliminary requirements initiatives since October 2011. The two groups were meeting to establish an approach for capturing the scope of the system through the sequential development of the following project artifacts:

- Business Requirements Document (BRD), which included Federal and State regulations
- Functional requirements
- Use cases, which included functional requirements, process flows, user interface mock-ups, and additional supporting material

The BRD is defined as the responsibility of the HIX Corporation project team members, while the functional requirements and use cases were the responsibility of the HIX-IT project team members (in collaboration with the HIX Corp business team). The approach started with an initial 60-day effort to define the Business Requirements Document. HIX Corporation leadership's intent on driving the HIX-IT business requirements is confirmed through the minutes for the May 15, 2012 Joint Committee on Legislative Audits and Information Management and Technology meeting when asked "Who owns the HIX program (the HIX Corporation or OHA/DHS)?" the HIX Corporation leadership responded with "The Corporation owns the HIX program."

According to interviews, Cover Oregon also contracted with a consulting firm, Point B, to assist with "driving the business development" in December 2011. The Point B vendor team was later expanded to address status reporting and a master project plan in response to concerns expressed by LFO and DAS oversight.

Providing perspective to the activities, the newly acquired QA vendor, Maximus, conducted an analysis of the current state of the project and the planned requirements approach. The findings were summarized in the Quality Assurance Report, HIX-IT Requirements Approach DRAFT dated March 9, 2012. This analysis included an encouraging assessment of the project's "energy and motivation" to address the issue of requirements definition. The QA report also identified four key high-level findings:

- No set of approved business requirements with sufficient detail are available

- Previous requirements efforts were not adequate, and HIX-Corp and HIX-IT have agreed to a new 60 day process, which has the likelihood of extending longer than 60 days
- Engagement problems between HIX-IT and HIX- Corp are producing increasing risk to the project
- There is currently a lack of clearly defined roles, responsibilities and governance over the requirements process

Additionally, the Maximus report indicated that “there was no mention at the time of how Medicaid requirements will be included.” Medicaid requirements would have been provided by OHA staff.

Research also indicates that the HP ALM Tool was used to capture and integrate functional requirements, use cases, and test cases. An interview indicated there was very limited internal team support for the HP ALM tool. Tools such as HP ALM, Rational RequisitePro, and other requirements tracking tools often require significant tool support and training when a project or agency is first implementing the tool. Although there is limited information whether this was a significant issue, it likely created day-to-day tool-based obstacles.

Scope Management Planning

In addition to the struggles to establish a universally agreed upon scope definition, managing the scope management process was regularly cited as an issue. As with the initial scope definition, there appears to have been numerous parallel efforts by the OHA and Cover Oregon (HIX Corporation) project teams to establish a Change Management/Scope Management Plan. Related documents uncovered during this review include the following:

- ***MAX Project Change Management Plan*** (dated April 6, 2012) developed initially by KPMG and referencing approval by the following leadership – MAX Approving Authority, CMS Approving Authority, Oregon Health Authority Approving Authority, Oregon Department of Human Services Approving Authority, and DHS / OHA Chief Information Officer (no HIX Corporation or Cover Oregon)
- ***MAX Project Change Management Plan*** (dated May 11, 2012) developed initially by OIS Plans & Controls and referencing approval by the following leadership – MAX Approving Authority and Oregon Health Authority Approving Authority (no HIX Corporation or Cover Oregon)
- ***MAX Project Scope Management Plan*** (dated August 2, 2012) developed initially by OIS and referencing approval by the following leadership – MAX Approving Authority, CMS Approving Authority, Oregon Health Authority Approving Authority, Oregon Department of Human Services Approving Authority, and DHS / OHA Chief Information Officer (no HIX Corporation or Cover Oregon)
- ***Oregon Health Insurance Exchange Corporation Scope Management Plan*** (no date attributed, but the filename indicates July 25, 2012) referencing approval by the

following leadership – HIX Corporation Executive Director, HIX Corporation Chief Operating Officer, and HIX Corporation Chief Information Officer

Change management plans and scope management plans should describe the governance, templates, processes, procedures, roles/responsibilities, and approval methods of managing the change process, including a description of the tools, repositories, and templates that will be used to articulate the scope of the project. The MaX Project Scope Management Plan and the Oregon HIX Corporation Scope Management Plans are the most comprehensive of the plans, but neither plan acknowledges the participation of the other organization or the other scope management plan documents. None of the plans acknowledge or define the initial baseline scope of either the HIX-IT or HIX Corp project efforts specifically. According to one interview, the “change management processes changed a lot.”

The effective management of project scope was an early and consistent area of risk highlighted by Maximus in the HIX-IT QA Reports as quoted below:

- May 16, 2012 – “The Project Change Control process is not yet adequately defined or operating. It is planned that Change Control will begin at the end of Iteration #11 (June 2012)”
- August 15, 2012 – “The Project Technical Change Control process is not yet adequately defined or operating. Although it was reported last quarter that the Change Control will begin at the end of Iteration #11 (June 2012). It did not and is still not operating in an official process.”
- November 15, 2012 – “areas with a high degree of scope definition are not base-lined and under scope management. An adequate scope management plan does not exist and the process is not in place.”

By January 2013, the project appears to be operating with one Change/Scope Management approach using the HIX Corp (called Cover Oregon at that time) Scope Management Plan. It is important to note that at this point the project was in the process of handing off control to the Cover Oregon organization. The Cover Oregon Scope Management Plan managed 120 Change Requests from January 2013 through September 2013.

Significant Scope Management/Planning Factors

Throughout the duration of the project, there were a number significant contributing factors to the complexity of the project scope, including 1) the merging of the HIX-IT and DHS Modernization projects in to the MaX project structure, 2) the Deloitte user interface effort, and 3) Delayed CCIIO exchange requirement definition. These are briefly described below.

- **MaX Project** - The vision of an integrated, seamless user experience for the Exchange was established with the submission of the Early Innovator Grant. The MaX Business Case states, “to facilitate the technical implementation of the seamless user experience, DHS and OHA made a strategic decision to align and integrate the DHS EA and the OHA

HIX-IT projects. Both projects are implementing their shared technical solution within the same solution framework.”

However, a common theme we heard in the interviews was that staff associated with each project (HIX-IT and Modernization) described the other project as negatively affecting its progress. Constraints within DHS and OHA related to staffing, detailed requirements development, and infrastructure integration were all contributing factors to this conflict. When asked in an interview if scope reductions were considered as a solution to this problem, DHS leadership stated that DHS “didn’t see how scope could be reduced”. Organizational momentum within DHS and OHA to stay with the original concept of an integrated eligibility method across health care and cash assistance programs appears to have contributed to resource conflicts through 2012 and 2013.

One specific example of this was the first phase of the DHS/Modernization effort, called the “Initial Win” project. The Initial Win project timeline was cited as an issue to the HIX-IT project because it had established an implementation date in advance of the Exchange deadline of October 1, 2013. The Initial Win timeline established a target delivery deadline of April 2013, but project delays moved the delivery date to August 2013. Eventually the Initial Win project was stopped in August 2013 due to significant delays and concerns related to the Cover Oregon October launch.

- **Deloitte User Interface Effort** - The development of use cases and detailed requirements for the user interface screens required an integrated team that involved Cover Oregon, OHA, and DHS business partners (especially for eligibility and enrollment functions). Complications associated with modernizing the eligibility and enrollment processes for Medicaid, TANF, and SNAP, combined with the on-line, streamlined eligibility and enrollment goals of the Exchange effort proved to be more time consuming than originally planned. According to the HIX-IT Monthly Status Reports and interviews, the use case development effort was scheduled to begin in May 2012 and completed in early September 2012; however, in the summer of 2012, Cover Oregon contracted with a separate vendor (Deloitte Digital) to assist with user interface development and elaboration. This effort included user interface wireframe development, usability testing and subsequent use case updates. The effort started in August 2012 and completed in March 2013. The described purpose of the Deloitte Digital effort by Cover Oregon leadership was to develop “more robust requirements”. In an interview a member of the HIX-IT business team reflects that this effort “created so many new requirements”.

The result of the Deloitte user interface effort is that use cases were not fully completed until March 2013, when the original plan called for them to be complete by September 2012. An interviewee indicated that “as much as 80% of the system’s user interface was affected by the final release in March, 2013.” Project planning prior to this effort did not anticipate such a significant level of impact on the design and subsequently on the project schedule.

- **CCIIIO Exchange definition** – Several project status reports mention delays in the definition of business requirements due to uncertainty in guidance from CCIIO. These delays clearly impacted short-term planning efforts throughout the project lifecycle and likely impacted eventual activity completion dates. However, many other states had to deal with the same complications and were able to successfully implement despite the complication.

Scope Management Issues/Concerns

Throughout the duration of the project there were multiple organizations that highlighted issues concerning the management of the project scope, project progress, and organizational interaction including the multiple project teams, Legislative Oversight, DAS Oversight, LFO Oversight, and Maximus. The following illustrates a number of communicated concerns either through formal regular governance methods or independent communications.

- **Exchange Project Teams** - The Cover Oregon project team maintained a Risk, Issues, and Decisions log to document and track project risks, issues and decisions. Identified below are a number of scope related statements captured in the log by the project teams:
 - ✓ “Without a clearly defined and agreed scope inventory, project scope will not be sufficiently controlled to complete agreed project goals on time” (October 22, 2012)
 - ✓ “There is no current change management process to support UI design and develop. The lack of a change management process is causing a backlog of request for modifications to the UI work.” (December 17, 2012)
 - ✓ “HIX-IT, Shared Services and CO schedules do not currently show the full impact of Use Case rework/availability, interface design change/delays and other factors on UI, interface and system application design and development, all of which can impact downstream activities and the projected date for Exchange go-live. “(January 9, 2013)

Organizational conflict between OHA and Cover Oregon, especially at the leadership level, was highlighted often. An e-mail exchange between Rocky King and Carolyn Lawson from June 12 - 13, 2012, clearly illustrates that the two leaders were not effectively leading the two teams collaboratively. Statements in the e-mails characterized the interactions as “lobbing rocks over the fence in a defensive, accusatory and inaccurate way” and “This is not good communication and certainly continues to create an environment based on distrust and misinformation.” In the interview with Rocky King, he stated, “The relationship did not develop between OHA and Cover Oregon – no transparency”.

- **Legislative Oversight** - The following highlights a number of key identified interactions related to scope through one or more members of the legislature:

- ✓ May 2012 – Joint Committee on Legislative Audits & Information Management and Technology meeting. Committee Question - “What happens if you can’t get the entire healthcare exchange up and running by the federal deadlines? What is your fallback?” HIX Corporation Response – “The corporation will determine our complete scope by mid-summer and will work closely with our Federal partners to determine which portions of the Exchange will need to be delivered to meet minimally acceptable functionality. The Federal guidelines for this minimal functionality will be delivered to Oregon by the end of the week of May 21st.”
- ✓ September 2012 – Representative Richardson (Ways and Means Co-chair) communication (September 17-25) with Rocky King, Governor Kitzhaber, Bruce Goldberg, Michael Jordan, and the Legislative Fiscal Office team indicates an awareness of the project risk status and the material presented in the August 2012 Maximus HIX-IT project QA report. (from interview with Representative Richardson and supporting documentation)
- ✓ December 2012 – Former Representative Sheehan (Legislative Audits Committee) December 7th correspondence with Governor Kitzhaber raising concerns with the management of the HIX-IT project and its spending of government funds. (from interview with Senator Richardson and supporting documentation)
- **DAS Oversight** - As discussed in Section 4.1 of this report, DAS has oversight responsibilities for key information technology projects, including a direct relationship with the project Quality Assurance vendor. Additionally, DAS has a quarterly update process for the key IT projects. The following excerpts are taken from a number of those quarterly project reports.
 - ✓ February 2012 – High-level scope has been documented and approved as part of the Project Charter. However, requirements to support that scope remain inadequate. Further refine and prioritize the requirements of the project, including input from key stakeholders. We expect that frank discussions will take place among the Business and Technical personnel to prioritize scope. The results of these discussions will be evident in the requirements documents and we would expect to see requirements prioritized in the next QA review.
 - ✓ May 2012 – Although the requirements set is not yet completely defined nor prioritized, the high level scope of the work effort is known and the current mandated schedule is extremely aggressive. There is high risk that not all requirements will be met in the current schedule without the application of additional resources. However, second stage effort may be required and business contingency planning should commence once business requirements prioritized. It has been announced that the “As-Is” Medicaid functionality previously included in the scope of HIX-IT will be moved to the new CCO project therefore reducing the scope of HIX-IT. The implications of this move currently do not appear to be problem for HIX-IT but some dependencies or other issues could emerge. On-going coordination of these efforts will be necessary. However this decision

appears to reduce scope to the HIX-IT Project. We expect discussions will take place among the Business and Technical personnel to prioritize scope and develop contingency planning. The results of these discussions will be evident in the requirements documents and schedule.

- ✓ August 2012 – Although the requirements set is not yet completely defined nor prioritized, the high level scope of the work effort is known and the current mandated schedule is extremely aggressive. There is high risk that not all requirements will be met in the current schedule even with adding additional resources. The Corporation is actively working on Scope prioritization with HIX-IT. These efforts are expected to produce a scope deferment for phase 1 of the system release. This scope deferment is expected to reduce the initial scope of the first release, giving the project more time to focus on developing core functionality of the system. This item is expected to be Red even with a Scope reduction due to the lack of planning with respect to Shared Services. If these key functions cannot be "stood up" and staffed with skilled resources additional deferment of Scope may need to take place in the upcoming quarter.
- **Legislative Fiscal Office (LFO) Oversight** - As discussed in Section 4.1 of this report, the LFO has oversight responsibilities for key IT projects. In May 2012, Bob Cummings from the LFO sent the following communication to Rocky King (HIX Corporation Executive Director). "I strongly recommend that you...focus on the concerns identified by the LFO, rather than charging off on multiple iterations before there is a clear picture of what you're going to build, how it is going to operate, and what are the interrelationships between each line of business, each work package, each use case, the requirements, each iteration, and the products from Oracle that are going to be utilized to meet each business functional need."
- **Quality Assurance** - The Maximus Quality Assurance reports for both the HIX-IT and Cover Oregon efforts indicated significant risk ("Red") continuously from project inception (Initial Risk Reports) through the 2013 planned implementation dates. The following excerpts are taken from a number of those Quarterly project reports.
 - ✓ May 2012 - Although the requirements set is not yet completely defined nor prioritized the high level scope of the work effort is known and the current mandated schedule is extremely aggressive. There is high risk that not all requirements will be met in the current schedule without the application of additional resources but we do not have sufficient information regarding project velocity to accurately predict this occurrence. However, second stage effort may be required and business contingency planning should commence once business requirements are defined.
 - ✓ August 2012 - Definition of detailed scope is currently underway in an effort referred to as the "August Rush". The HIX-IT teams in cooperation with the Corporation are working to complete "Use Case Packages" for all identified scope by the end of August. This information will allow for Oracle to determine based

more accurate Levels of Effort (LOE), if current milestones can be achieved. This effort is reported to be somewhat delayed at this time and in our opinion, is high risk to complete in the stated time frame.

- ✓ November 2012 - Complete all use case documentation, including comprehensive work flows and functionality required for operation of the exchange. Flows need to consider all relevant scenarios to implement the states “no wrong door” vision. It is our understanding that all project scope needs to be defined by 12/31/12, allowing build plans to be solidified. It is not clear if this deadline will be met.
- ✓ February 2013 - Project Executives should consider a multi-pronged approach to dealing with the gap identified. For example, OHA Project Executives should work with CO Executives to consider further scope deferment, increases in technical capacity and schedule extension to deliver the project with adequate scope on a schedule acceptable to major stakeholders. A realistic project schedule must be established.
- ✓ May 2013 - Final Target Scope must be fully locked ASAP. Cover Oregon must ensure that all functional and non-functional scope elements are properly considered. Project Executives should consider a multi-pronged approach to dealing with the gap identified. For example OHA Project Executives should work with CO Executives to consider further scope deferment, increases in technical capacity and schedule extension to deliver the project with adequate scope and quality on schedule acceptable to major stakeholders.

Scope Management Mitigation

It is important to note that the OHA and Cover Oregon project teams did identify and implement a number of key scope mitigating initiatives. The project teams collaborated on two significant efforts – the “Bubble Chart” initiative and use case “Freeze” mitigation.

According to interviews, in August 2012 the “Bubble Chart” initiative was conducted to manage scope by prioritizing the use cases. During the “August Rush” design effort the Cover Oregon leadership team, including a member of the HIX-IT project leadership team, developed a method to prioritize the use cases so that the low priority functionality could be delayed with reduced impact on the public. The two focus points of the analysis were “schedule relief” and “business value”. The effort identified functionality with “high” business value and “low” schedule relief as the top priority, while functionality with “low” business value and “high” schedule relief were the lowest priority.

In the summer of 2013, the Cover Oregon and Oracle development teams managed and tracked the progress of the development effort with a tool called the “Development Dashboard”. This tool illustrated the progress of each use case including a status of “freeze”. The Cover Oregon team designated use cases that were no longer part of the October 2013 production release plan with the “Freeze” status. Multiple use cases were identified by Cover Oregon leadership for delayed release. As of July 19, 2013, 34 use cases were in “freeze” status

In addition to these mitigation steps, DHS and OHA eventually decided to decouple the Modernization efforts from the health insurance exchange.

Because Cover Oregon did not understand or acknowledge the significance of the website issues until just prior to the October 1, 2013 deadline, there are no scope adjustments that could have been addressed effectively. Details on the timeline leading up to October 1, 2013 are provided in Section 4.7 of this report.

4.6 Did the Website Project Team or any of its members have a plan B for operations developed when the Website Project Team or any of its members realized or began to realize the exchange was not going to work? If not, why not?

Contingency planning was a core requirement of the Centers for Medicare & Medicaid Services (CMS), which is the federal oversight agency for health insurance exchanges. The CMS Catalog of Minimum Acceptable Risk Controls for Exchanges – Exchange Reference Architecture Supplement 64 Version 1.0 (August 1, 2012) defines the minimum criteria as follows:

- Develop a Contingency Plan for the information system that:
 - ✓ Identifies essential Exchange missions and business functions and associated contingency requirements
 - ✓ Provides recovery objectives, restoration priorities, and metrics
 - ✓ Addresses contingency roles, responsibilities, assigned individuals with contact information
 - ✓ Addresses maintaining essential missions and business functions despite an information system disruption, compromise, or failure
 - ✓ Addresses eventual, full information system restoration without deterioration of the security measures originally planned and implemented
 - ✓ Is reviewed and approved by designated officials within the organization

Planning and Developing the Contingency Plan

In compliance with this requirement, contingency planning was initiated by Cover Oregon as early as 2012. For example, in the Cover Oregon Business Operations Plan Outline created in late 2012, the possibility of not completing the system development in time for open enrollment on October 1 was identified as a potential risk. It noted the need to identify scope items that could be performed manually or not automated, and to identify business functions that could be automated in the future.

Cover Oregon established a contingency planning team, but as contingency plans were developed in 2013, the focus seemed to shift to planning for system outages rather than for the possibility of the system not being complete by October 1. The primary exception to this was

the Medicaid interface. Cover Oregon established formal trigger points for that interface and a work-around involving manual enrollments was eventually established.

As required, Cover Oregon produced a Contingency Plan that was submitted to CMS, however, its focus was on system outages. The Max Contingency Plan was published on April 1, 2013. As the plan states, "This Modernization and Health Insurance Exchange Oracle On Demand (MaX-OD) Contingency Plan establishes procedures to recover the MaX-OD following a disruption."

In May 2013, in preparation for the Federal Final Detailed Design Review, Cover Oregon established a contingency planning team (called the Triage Team) led by Tom Jovick. According to interviews, the small group formed to conduct contingency planning contained staff from Cover Oregon only, and it did not include OHA or DHS. The interviews also indicated that state staff did attend workshops hosted by Cover Oregon, during which requirements were discussed. According to the state staff, they did raise questions to the Cover Oregon team and were told that no Plan B would be required. The state staff were subsequently disinvited to the workshops. OHA did undertake planning efforts to enable use of a paper supplemental application as defined in the Affordable Care Act regulations. OHA conducted planning separately from the Cover Oregon Website Project. Consequently, OHA was able to obtain the appropriate program waivers to allow for the fast track process, which enabled Medicaid enrollment.

Contingency Plan – Federal Review

In the Final Detailed Design Review, dated May 30, 2013, Cover Oregon discussed a business contingency plan that was focused on system outages. The design review document defined the plans that would address the activities, resources, and procedures needed to carry out system functions during prolonged interruptions to normal operations.

Subsequently, on June 14, 2013, CMS provided a letter following the Final Detailed Design Review with comments to Cover Oregon, noting the need to improve the contingency plans. It acknowledged that Oregon had provided a preliminary version of the Contingency Plan, but stated the following critical comments:

- "Oregon has provided a preliminary version of the Contingency/Recovery Plan which is more of the template. This document should be updated with more detail before the scheduled PORC."
- "Cover Oregon has identified potential risks and has listed contingency plans, progress notes, target resolution dates, and executive owner for each in their risk register. However, additional detail surrounding the state's business contingency plans and triggers were not listed in the FDDR document and would be helpful."
- "Triggers and dates should be added for the high probability high impact risks. There is a lot of information on the mitigations, but contingencies are not identified. OR needs to start providing more details in their contingency plans for the risks."

Contingency Plan Communication

Throughout the months leading up to the planned October 1 launch date, the Cover Oregon management team met and communicated their Contingency Plan progress with oversight stakeholders. For example, in the August 2013 Cover Oregon Board Meeting, Mr. Jovick presented the board with a list of potential contingency plans and discussed the triage team's preparation for the launch. The contingency plans were described as "manual workarounds for technical problems anticipated for the week the exchange opens."

Separately, in a Cover Oregon presentation to a joint meeting of the House and Senate Health Care Committees, dated September 16, 2013, Cover Oregon addressed contingency plans. It described the situation room and triage team that would be used to manage contingencies. Cover Oregon said they had identified 50 priority one contingency plan scenarios and would include 24/7 problem resolution.

There is no evidence that Cover Oregon shared the comments or concerns expressed by CMS during the June 2013 to September 2013 timeframe.

Contingency Plan – QA (Maximus) Review

As indicated earlier, the Maximus Cover Oregon monthly reports included risks and recommendations associated with contingency planning beginning in August 2012. The Maximus August 2013 and September 2013 Monthly QA Reports summarized the contingency planning status with the following statements:

- "Cover Oregon has executed a number of contingency plans in preparation for system components known to be at risk for launch. Cover Oregon has implemented a contingency process through which OHA will process Medicaid enrollments. If needed this process can be done manually. As manual enrollment was current OHA practice, doing this for new enrollments would be consistent with the process for which relevant OHA staff was already trained and capable of doing."
- "It described the Cover Oregon launch plans focusing on Agents and Community Partners using a combination of the Deloitte website and the Oracle system. This site was to enable public users, Agents and Community Partners to enter in their information to determine tax credits, browse plans and review plan information and costs. This information would then be used to fill out paper applications via a PDF form."
- "The Oracle system was to be released to only Agents and Community Partners and would be limited to login and ID proof only. Additional functionality would be released in subsequent days and weeks. The Oracle system would be released with known defects and manual workarounds."
- "It also noted that without clear understanding, communication and alignment of the deadlines and contingency plans for the Oct 2013 release between the business units (Cover Oregon, OHA) procedures for application processing may be incomplete or out of synch."

- “It also noted that keeping the Oct 1st feature release open until the last minute will cause instability in the release and the triggering of contingency plans too late in the process. This could cause operations to be unprepared for launch.”

In summary, the project did not have a holistic plan B to address contingencies if the website was not going to be available. Through several interviews, we learned the website project team members did not consider that the website would not be operational. Instead, contingency planning was conducted to address an occasional system outage of a day or two. The contingency considered was use of a paper application. We heard in multiple interviews that staff thought, "the rollout would be bumpy", but they had no sense that the system would be unavailable for months.

4.7 When did the Website Project Team or any of its members realize or begin to realize the Website was not going to be ready? Who first realized the Website was not going to be ready?

Although there are numerous sources of documented communication regarding project status, scope issues, and concerns about system readiness, there does not appear to be a formal acceptance by the Cover Oregon leadership of issues significant enough to affect the success of the October 1 launch until August 2013. Even once the acceptance of those issues began in August, the delay in the system rollout was expected to be minimal. It was not until late October or November 2013 that the full extent of the delay was realized.

When analyzing the rollout of the exchange, it is important to note that the website was ultimately divided into at least 3 core functions for public use. The three core website functions discussed in the project documentation and interviews are:

- Individual Portal
- Agent/Community Partner Portal
- Small Business Health Options Program (SHOP)

During the timeframe beginning in August 2013, adjustments to the launch strategy were made by Cover Oregon following a progressive sequence of limiting the functions that would go live. This progression reflects a gradual acceptance of the significance of the issues facing the system:

- August 2013 - User audience limited to agents and community partners
- Late September 2013 - SHOP release put on hold
- Late September 2013 - Initial rollout limited to the first 5-6 pages of the application
- November 2013 - No individual portal launch

Through the interview process, a number of reasons were identified that seem to have delayed Cover Oregon’s critical evaluation of the project progress and contributed to the continued

optimism about the eventual launch of the Exchange. These reasons include delays in the development schedule, delays in the User Acceptance Test (UAT) schedule, and the ongoing confidence of the Oracle leadership team. These reasons are briefly described below.

Development Delays

The development effort was designed to follow an agile development philosophy, accomplished through multiple development cycles referred to as “iterations.” The final iteration was originally defined as Iteration 17, which was scheduled for completion in April 2013. This was supposed to be the final development effort before the Exchange software would be turned over for User Acceptance Testing. However, as the completion of the design was delayed, the project team defined additional iterations named Iterations 17a, 17b, and 17c. As a result, the team continued to maintain hope that the additional iterations would fix the problems and provide the functionality needed by the system. Unfortunately, Iteration 17c was not scheduled for completion until August 2013, therefore delaying the realization of the significance of the problems.

User Acceptance Test (UAT) delays

The net effect of the development delays were realized in the User Acceptance Test program, which was originally scheduled to start in April 2013, but was delayed until mid-late June. The UAT program was originally scheduled to be completed by early September, but the delayed start, coupled with ongoing development delays, resulted in incomplete testing by the October 1 rollout date. The postponed testing contributed to the unrealistic optimism about the system. An internal UAT team member concern/issue with the testing delay was raised to the Cover Oregon CIO through internal Cover Oregon status meetings.

Oracle Leadership confidence

There was general consensus from the interviews conducted with Cover Oregon leadership that Oracle staff regularly told them the system was almost ready, asserting that the next release would work, despite a history of problems and missed delivery dates. Rocky King stated, “the Oracle leadership told me they’d be ready, and I trusted them.” Rocky King also acknowledged, “I let the dream affect my judgment.”

Early Project Progress Indications

There were multiple indications of project problems early in the system lifecycle that could affect the ability to launch the system by October 1, 2013. Some of these indicators are briefly discussed below.

- **Scope Concerns** – Some of the initial concerns that were raised focused on the scope of the project. These concerns focused on the fact that there were multiple initiatives competing for resources and that the scope of the project as defined in the Early Innovator grant submissions may be overly ambitious. As a result, several efforts were initiated in 2012 to confirm and finalize the scope. Some examples of scope management activities that occurred in that timeframe include the following:
 - ✓ 60-day business requirements (March/April 2012)

- ✓ Use case development/"August Rush" (May – September 2012)
- ✓ Deloitte user interface requirements effort (August 2012 – March 2013)
- **Quality Assurance Concerns** – Maximus raised numerous concerns about the project in their QA reports, beginning in 2012. In the May 2012 Maximus HIX-IT QA Report, multiple project risks are rated "RED," indicating high risk. The report identifies several concerns related to schedule, scope, and staffing including the following:
 - ✓ "There has been an attempt in recent weeks to develop a more detailed project schedule. In our opinion, the most recent version available to us is not complete or sufficiently detailed. There should be additional activity definition, dependencies are not noted and resourcing appears limited only to the owner or an activity. This does not provide sufficient information regarding necessary state resources to allow for adequate planning."
 - ✓ "As previously noted Iteration #9 did not include the content that had been planned. The project does not currently have the capacity based on performance to estimate velocity accurately."
 - ✓ "There is currently no approach on the project to develop required Earned Value Analysis (EVA) for the budget and schedule."

In the Maximus August 2012 HIX-IT Project Monthly Status Report the project status categories are all rated "RED". Concerns related to schedule, scope, and staffing included the following:

- ✓ "Scope is not fully elaborated. August Rush use case writing effort has been effective in getting us close to a refined scope."
- ✓ "Schedule is not fully elaborated. The schedule will remain in red status until we have all scope defined, estimated and scheduled."
- ✓ "Aggressive timeframes may require scope and/or budget trade off decisions."
- ✓ "Medical Scope overlap between HIX and Modernization. It is possible that the necessity to collaborate will slow project and development progress."
- **System Quality Concerns** – Another indicator of concern was an assessment conducted by Garrett Reynolds for Cover Oregon in May 2013. The assessment documented numerous concerns with the methods and quality of the HIX-IT development team's approach to configuring and customizing the Siebel software. This assessment is cited by Rocky King as providing his "first true awareness" of any development progress issues. At this same point in time, the Cover Oregon management team acknowledged to the Cover Oregon Board that the project was the most ambitious health insurance exchange effort nationally (Cover Oregon Board meeting minutes, May 2013).
- **Oracle Development Dashboards** - Another measure of project progress that was available to the Cover Oregon project team is the Oracle Development Dashboard. Interviews indicate that the dashboards began in March 2013, although the March and April dashboards were not available for this analysis. These dashboards provide insight

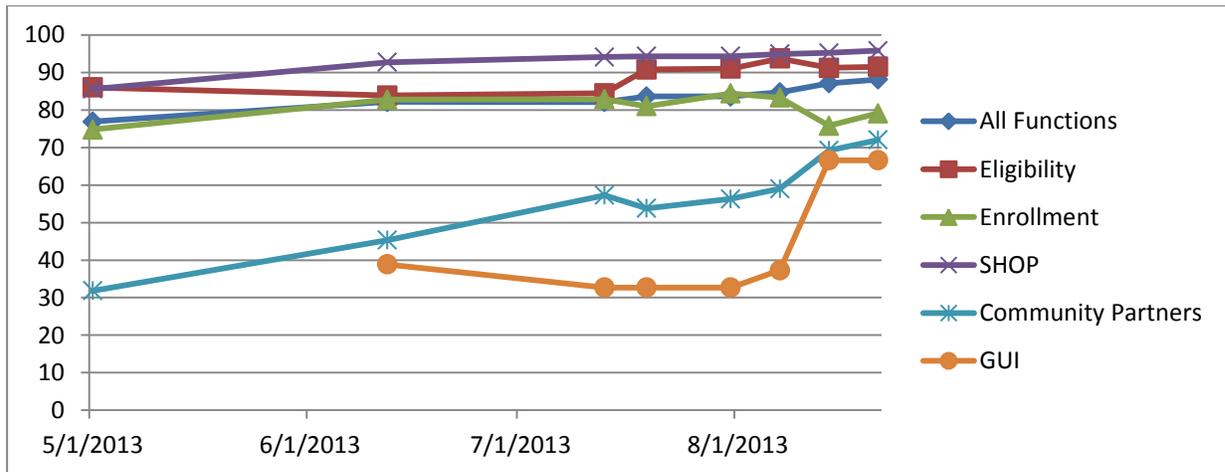
into Oracle’s ability to effectively estimate the level of effort required. The dashboard was designed to reflect an assessment of the progress against the estimated level of effort required for completion. The following table and chart reflect the percentage completion values for the total functionality set as well as a number of specific functions.

As of August 21, 2013, the Development Dashboard reported an 88.1% completion. This reflects improvement of only 11.22% from May 1, 2013.

% Dev LOE Complete	All Functions	Eligibility	Enrollment	SHOP	Community Partners	GUI
5/1/2013	76.88	85.99	74.77	85.59	31.83	N/A
6/12/2013	82.16	83.83	82.72	92.69	45.3	38.87
7/13/2013	82.1	84.45	82.87	94.08	57.26	32.67
7/19/2013	83.6	90.8	81.0	94.3	53.8	32.7
7/31/2013	83.6	91.0	84.4	94.3	56.3	32.7
8/7/2013	84.7	93.7	83.3	94.9	59.0	37.3
8/14/2013	87.1	91.2	75.8	95.2	69.2	66.6
8/21/2013	88.1	91.5	79.1	95.8	72.0	66.6

Summary of Development Dashboard

The following graph illustrates the percentage completion values for all functions as well as selected specific functions over time.



The Development Dashboards also indicate the struggles that the development team had with estimating the level of effort remaining. The following table reflects the percentage completion values for the total functionality along with the Level of Effort (LOE) completed and the total level of effort required for completion. As of May 1, 2013, the estimated remaining level of effort was 7,408 work hours. As of August 21, 2013 the team completed 7,911 work hours (6.8% more than the original total estimate required) although at that point it only represented

88.1% of the total estimated LOE. During the period from May 1 through August 21 the total LOE increased by 1575 work hours. This represents a 21% increase in estimated effort over 16 weeks.

Although Oracle was producing these Development Dashboards, the information contained in them was not widely known within Cover Oregon. When asked about them in the project interviews, the Cover Oregon project team members described their visibility into the dashboards as “almost zero.”

Date	% Dev LOE Complete All Functions	LOE Completed All Functions	LOE Required All Functions
5/1/2013	76.88	5695.82	7408.75
6/12/2013	82.16	6603.85	8038.27
7/13/2013	82.1	6971.55	8491.71
7/19/2013	83.6	7221.4	8640.2
7/31/2013	83.6	7243.6	8659.5
8/7/2013	84.7	7393.3	8729.5
8/14/2013	87.1	7826.0	8980.7
8/21/2013	88.1	7911.0	8984.1

Communication Messaging

Another major factor affecting the general awareness of the exchange website status was the formal communication coming from Cover Oregon prior to October 1, 2013. There is evidence that the messaging related to the system’s readiness in September and October had the potential to be misinterpreted. On multiple occasions, the Cover Oregon management team provided updates that acknowledged the need for a staged launch or raised concerns about its readiness, but also used confident language like “on track to launch.” For example:

- In a presentation to a Joint Meeting of the House and Senate Healthcare Committees on September 16, 2013, Rocky King outlined the staged launch plans for the Cover Oregon website. However, the presentation closed with a simple message “Bottom Line: We are on track to launch.”
- On October 1, 2013, Cover Oregon released a Press Release describing website traffic volumes and call center activity volumes. Describing the event as the “Cover Oregon launch,” the press release acknowledges “we are not fully satisfied with one part of our system: the eligibility determination....” but also indicates “later in October, people can determine their eligibility for savings on private plans or the Oregon Health Plan and Healthy Kids, and enroll in a plan – either with an agent or community partner, or on their own if they desire.”

Communication between the Cover Oregon leadership and other formal stakeholders who had oversight responsibility for the project was also often unclear about the status of the system. Some examples are provided below:

- **Cover Oregon Board** – The initial message to the Cover Oregon Board that the website may not be ready occurred in the June 2013 Board Meeting. In this meeting, Cover Oregon acknowledged that “not everything will be up and running 10/1.” However, through multiple Cover Oregon Board interviews, we learned that the consensus of the board was that they did not sufficiently focus discussions on the information technology during their meetings. The Cover Oregon Board members were provided some of the Maximus Quality Assurance reports that raised concerns about the project, but not all of the reports were provided to the board members. The board was primarily reliant upon the Cover Oregon Executive Director and executive team for any updates regarding the progress of the system.
- **Governor’s Office** – The first message from Cover Oregon to the Governor’s Office that the website may not be fully ready for use by October 1 occurred on July 31, 2013 when Rocky King provided an update that Cover Oregon “may need to do a staged launch – but project is on track.” Prior to that meeting, there were numerous updates provided to the Governor’s Office that indicated the project was on track. There were no Governor’s Office briefings between July 31 and September 3, 2013 due to Rocky King’s extended illness leave. Subsequent updates to the Governor’s Office continued to indicate the project was on track with the staged launch until September 30, 2013, when Cover Oregon notified the Governor’s Office that the website would not be up and running on October 1. Instead, Cover Oregon planned to push back the rollout for agents and community partners by one week and the rollout for the individual portal by two weeks.

It should be noted that concerns about the project were raised as early as September 2012 when Representative Richardson notified the Governor of concerns raised by Maximus in their August 2012 HIX-IT Project Monthly Status Report. The letter notes that “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.” However, following that communication, the Governor’s Office was told the problems were addressed, and the project was on track as described above.

- **Legislature** – The initial message to the legislature from Cover Oregon that the website may not be fully ready for use by October 1 occurred on September 16, 2013 when Rocky King described the staged launch to a Joint Meeting of the House and Senate Healthcare Committees. However, as described above, despite the problems that led to the staged launch, the presentation closed with a simple message: “Bottom Line: We are on track to launch.” In addition, members of the Legislative Oversight Committee were provided monthly updates by Rocky King prior to October 1, but the Maximus QA reports that raised concerns about the project were not shared with the oversight committee. It is unclear why the QA reports that were regularly shared with the Legislative Fiscal Office (LFO) were not made available to the Legislative Oversight Committee members.

This section concludes with the following timeline of key events occurring between March 2013 and November 2013.

Date	Key Timeline/Milestone Points	Source/Documentation
March 2013	Deloitte user interface use case development effort complete with “up to 80% of production user interface provided in the last design release”. This moment was described as an “aha moment” regarding the project schedule status.	<ul style="list-style-type: none"> Cover Oregon Interview
April 2013	Mike Bonetto meets with Cover Oregon and the Oracle team (Kate Johnson, VP of Consulting). Discusses risk factors of the project and Ms. Johnson tells Mr. Bonetto that this project is the highest priority for Oracle at the moment.	<ul style="list-style-type: none"> Mike Bonetto Interview/ Governor’s Office Briefing notes
May 2013	<p>There is significant documentation that the initial Cover Oregon assessments are indicating the possibility of Website delays.</p> <ul style="list-style-type: none"> Status reports QA reports Board and committee meeting summaries and update reports are reflecting RED status. Committee and Board meetings are reflecting comments about critical issues and the likelihood of not going live with all required functionality. Siebel Architectural Review/Assessment released A Contingency Plan is in development in May 2013. <p>Other documents show signs of project distress prior to May 2013 as well. The HIX Development Dashboard shows development at 76.88% complete by May, when development was supposed to be 100% complete. Six weeks later, development is 82.16% complete. Testing status documents show close to 50% defects throughout testing and a large amount of test scripts unexecuted going into August/September 2013.</p> <p>During the same timeframe, however, the following reports reflect that the project will deliver on time:</p> <ul style="list-style-type: none"> HIX-IT Project_Assessment_Report_May 2013: "Final Delivery is on Schedule for 10/1 delivery. The schedule is still high risk due to remaining development and amount of testing to be completed." HIX-IT Project Update_May 2013 – (State CIO Reports – HIX): Does not reflect project concern. <p>May 9, 2013 – Cover Oregon Board Meeting: Mr. King presented an overview memo of critical issues facing the Go Live launch date. He noted that Oregon has the most robust scope of any exchange. He noted that the core pillars of the portal are built (eligibility, shopping, enrollment and the user experience). The critical issues are around foundational</p>	<ul style="list-style-type: none"> May 2013 HIX-IT Project Monthly Status Report Mike Bonetto Interview/ Governor’s Office Briefing notes Cover Oregon Board Meeting minutes – 5/9/13 Siebel Application Configuration and Script Quality and Quantity Assessment – May 26, 2013

Date	Key Timeline/Milestone Points	Source/Documentation
	<p>services.</p> <p>May 12, 2013 – Bob Cummings corresponds with Rocky King (Cover Oregon Executive Director) expressing an immediate need for a detailed “130 day plan” to be prepared for launch.</p> <p>May 13, 2013 – Ying Kwong (DAS Oversight) corresponds with Aaron Karjala (Cover Oregon CIO) expressing significant project concerns regarding project management, Oracle performance, etc.</p> <p>May 26, 2013 – Garrett Reynold’s Siebel Architectural Assessment released.</p> <p>May 29, 2013 – Governor’s office Briefing meeting on IT project with Sean Kolmer, Mike Bonetto, Rocky King, Aaron Karjala, Erinn Kelley-Siel, Bruce Goldberg and Carolyn Lawson. Update – Project On Track.</p>	
June 2013	<p>In early June 2013, the User Acceptance Testing (UAT) effort starts (Original planned start date – April, 2013). The UAT effort is managed within the System Integration Test environment due to necessity.</p> <p>June 3, 2013 – Rocky King briefs Mike Bonetto and Bruce Goldberg that the interface connections with insurance carriers is behind schedule and that Medicaid eligibility and enrollment may need to be modified to only a Medicaid assessment.</p> <p>June 13, 2013 – Cover Oregon Board meeting - The first formal acknowledgement to the Cover Oregon Board that the full Website functionality will not be available on October 1, 2013. “Mr. King acknowledged that for scope and other reasons, not everything will be up and running 10/1, and noted that the second day will be better than the first.” An initial demo of the Website was presented at the Cover Oregon Board meeting.</p> <p>June 19, 2013 – Governor’s office Briefing meeting on IT project with Sean Kolmer, Mike Bonetto, Rocky King, Aaron Karjala, Erinn Kelley-Siel, Bruce Goldberg and Carolyn Lawson. Update – Project On Track.</p>	<ul style="list-style-type: none"> • Cover Oregon Interviews • Mike Bonetto Interview/ Governor’s Office Briefing notes • Cover Oregon Board Meeting minutes – 8/8/13
July 2013	<p>July 11, 2013 – Cover Oregon Board meeting - No additional specifics were provided to the Board regarding details of the Website readiness. “Mr. King presented three options to the board for the Go Live launch: ‘Play Ball’, ‘Soft Launch’, ‘Delay’. At the next board meeting the Executive Director will give a recommendation to the board on which launch schedule option is best based on operational and IT</p>	<ul style="list-style-type: none"> • Mike Bonetto Interview/ Governor’s Office Briefing notes • Cover Oregon Board Meeting minutes – 8/8/13

Date	Key Timeline/Milestone Points	Source/Documentation
	<p>readiness factors.”</p> <p>July 12, 2013 – Governor’s office Briefing meeting on IT project with Sean Kolmer, Mike Bonetto, Rocky King, Aaron Karjala, Erinn Kelley-Siel, Bruce Goldberg and Carolyn Lawson. Update – Project On Track.</p> <p>July 27, 2013 – Governor’s office Briefing meeting on IT project with Sean Kolmer, Mike Bonetto, Rocky King, Aaron Karjala, Erinn Kelley-Siel, Bruce Goldberg and Carolyn Lawson. Update – Project On Track.</p> <p>July 31, 2013 – Governor’s office Briefing meeting on IT project with Sean Kolmer, Mike Bonetto, Rocky King, Aaron Karjala, Erinn Kelley-Siel, Bruce Goldberg and Carolyn Lawson. Update – May need to do a stage launch – but project on track.</p>	
<p>August 2013</p>	<p>August 5, 2013 – HIX-IT Project Monthly Status Report – Reports a Build Status of 82% as of 7/30/13. The report continues to communicate the risk “Aggressive mandated timeframe results in schedule compression” with a mitigation of “prioritize development to build core functionality first to allow thorough testing and only deliver working system. Develop manual process workarounds for any functionality that cannot be delivered within the mandated timeframe.”</p> <p>August 8, 2013 – Cover Oregon Board meeting - Cover Oregon Board discusses and decides to limit the initial Website implementation to “Agents Only” for the 10/1 release. “Ms. delaRosa presented the board with Cover Oregon’s launch strategy of opening its doors on October 1, 2013, through community partners and agents. Those wishing to apply without using an agent or community partner will be able to do so in mid-October, or can use a paper application.”</p> <p>The Oracle management team was present at this board meeting. In which Oracle asserted their commitment to the success of the website launch. “Mr. Budner emphasized his support of Cover Oregon and told the board that Oracle will be providing the technical resources necessary to make this launch plan successful.”</p> <p>This launch strategy decision was received by the Board as a reasonable and safe method of introducing the Cover Oregon Website.</p> <p>August 8, 2013 – Oregonian article indicating the Cover Oregon Board decision to implement Agent/Community partner portal – “People will only be able to immediately</p>	<ul style="list-style-type: none"> • 2013-08-05 HIX-IT Project Monthly Status Report • Mike Bonetto Interview/ Governor’s Office Briefing notes • Oregonian Article - <i>Cover Oregon to fully launch health insurance marketplace later than expected</i> – dated 8/8/13 and updated 8/10/13 • Cover Oregon Board Meeting minutes – 8/8/13 • CMS Call Notes

Date	Key Timeline/Milestone Points	Source/Documentation
	<p>purchase health insurance on (Cover Oregon) with certified insurance agents and ‘community partners.’”</p> <p>August 30, 2013 – CMS Call Notes report that Cover Oregon (CO) reported Iteration 17b code has been migrated to their FTS environment. They plan to move Iteration 17c code (untested) to production and FTS. They will fix all severity 1 defects and fixes will go to both FTS and Production environments. They stated that they do not expect any risks with this approach because 85%-95% of code has already been tested.</p> <p>Cover Oregon reported that a separate team is building a marketing website that will be launched on 10/1. This will be the front facing website for the public which will direct consumers to navigators and brokers to provide consumer assistance as part of their launch plan for 10/1.</p>	
September 2013	<p>Decision to put SHOP on hold. Decision to scale back agent capabilities to the first 5-6 pages of the application.</p> <p>September 3, 2013 – Governor’s Office briefing meeting on IT project with Sean Kolmer, Mike Bonetto, Rocky King, Aaron Karjala, Erinn Kelley-Siel, Bruce Goldberg and Carolyn Lawson. Update – Will be a staged launch – but project on track.</p> <p>September 6, 2013 – CMS Call Notes – Cover Oregon stated that the enrollment testing is not part of go-live. Enrollment 834 external interfaces to carriers and CSM is not for Day 1. Therefore, Cover Oregon will queue enrollment determination and plans to transmit data manually.</p> <p>Cover Oregon reported that there is an issue with Medicaid interface used for Medicaid determination, send Medicaid to OHA, and process it. So OR has defined a manual process to access data. There is a high hope that OR might be ready with this interface for Day 1. Despite possible resolution of this issue, OR has decided to go-live with contingency and track issues as risk</p> <p>September 11-12, 2013 – CMS Readiness Review – Cover Oregon is OK’d to continue for October 1 launch.</p> <p>September 16, 2013 – Rocky presents to Joint Meeting of the House and Senate Health Care Committees. Rocky described the intended staged launch. Concludes presentation with “Bottom Line: We are on Track to Launch”.</p> <p>September 20, 2013 – CMS Call Notes - CMS requested from</p>	<ul style="list-style-type: none"> • Mike Bonetto Interview/ Governor’s Office Briefing notes • CMS Call Notes • Presentation materials to the Joint Meeting of the House and Senate Health Care Committees dated 9/16/13 • Cover Oregon Memo to Cover Oregon Board (cc: Governor’s Office, CCHIO State Project Officer, and the Legislative Oversight Committee members) – “Cover Oregon Launch” dated 9/24/13 • Cover Oregon Interviews

Date	Key Timeline/Milestone Points	Source/Documentation
	<p>Cover Oregon to provide bullet items for what will be there for Day 1. Cover Oregon reported that the migration to production will be tested on September 20, 2013. Cover Oregon reported that they will be migrating code with defect resolutions on September 25, 2013.</p> <p>September 20, 2013 – Sean Kolmer and Mike Bonetto communicate to Governor Kitzhaber the status of the Cover Oregon project and the staged launch approach.</p> <p>September 24, 2013 – Cover Oregon/Rocky King releases a memo to the Cover Oregon Board members, Governor’s Office (Mike Bonetto, Sean Kolmer), and the Legislative Oversight Committee (Sen. Laurie Monnes-Anderson, Sen. Brian Boquist, Rep. Mitch Greenlick, Rep. Jim Thompson) describing the intended “Cover Oregon Launch” schedule. Key elements include –</p> <p>10/1 – Agent and Community partners are available to support application and enrollment.</p> <p>“Later in October” – Customers will be able to shop, compare plans and enroll on their own.</p> <p>“Later in October” – Small businesses can begin enrolling using an agent or community partner.</p> <p>September 27, 2013 – CMS Call Notes - Cover Oregon reported that they are in the process of making a decision on what functionalities will be available on Day 1. In other words, how far will they proceed through their application: account creation only; eligibility determination; or plan selection, and enrollment? CMS requested that a touch point be scheduled on this Sunday (September 29, 2013). <u>Action Item:</u> CMS (Yolande) to set up a touch point with Cover Oregon on Sunday (September 29, 2013).</p> <p>Cover Oregon reported that their production environment is up. They will promote the final code to production on 09/28/13 and perform smoke testing throughout the weekend.</p> <p>Cover Oregon reported that the carrier verification module has been unstable in the production environment. They believe that the problem has been resolved. As of Friday, carriers have been on the system and actively verifying plans and will continue to verify plans throughout the weekend. Cover Oregon reported that they have workarounds for plan verification.</p> <p>Cover Oregon reported that a paper process is always available to carriers if they are unable to complete their plan verification on line.</p>	

Date	Key Timeline/Milestone Points	Source/Documentation
	<p>Cover Oregon stated that they are confident that community partners and agents can come in to start application on Day 1. However, CO might not turn on the eligibility determination because they have some outstanding defects in that area which have not been resolved</p> <p>September 28, 2013 – Cover Oregon conducts an internal Website end-to-end test with Oracle Leadership that fails. Rocky declared at the meeting that “he was pulling the plug” on the Website.</p> <p>September 30, 2013 – Cover Oregon informs to Mike Bonetto that the website will not be up and running on 10/1 – but will be pushed back 1 week for agents and community partners and 2 weeks for public customers. Mike Bonetto informs Governor Kitzhaber.</p>	
<p>October 2013</p>	<p>October 1, 2013 – Cover Oregon releases a Press Release describing website traffic volumes and call center activity volumes. Describing the event as the “Cover Oregon launch” the press release acknowledges “we are not fully satisfied with the one part of our system: the eligibility determination....” but also indicates “later in October, people can determine their eligibility for savings on private plans or the Oregon Health Plan and Healthy Kids, and enroll in a plan – either with an agent or community partner, or on their own if they desire”.</p> <p>October 10, 2013 – Cover Oregon informs Mike Bonetto that the website will not be up and running until the end of October. Mike Bonetto informs Governor Kitzhaber.</p>	<ul style="list-style-type: none"> • Cover Oregon Press Release “Cover Oregon Opens for Business” – 10/1/13 • Mike Bonetto Interview/ Governor’s Office Briefing notes
<p>November 2013</p>	<p>Individual application released to the public using a fillable PDF that is manually processed. Released full agent application through eligibility determination.</p>	<ul style="list-style-type: none"> • Cover Oregon Interviews

Key Milestone and Timeline

5. Recommendations

As the final component of this Assessment Report, First Data was asked to consider recommendations for the State regarding the Exchange and other state IT projects. First Data has identified seven recommendations below.

5.1 Increased Statewide Enterprise Oversight Authority for IT Projects

First Data recommends providing more authority to the state's enterprise oversight of information technology projects. This would provide more authority to the state CIO's office and would equip Oregon with the structure to ensure IT projects are carried out more effectively and economically in the future. This would reinforce the state's authoritative ability to respond earlier and more effectively if a project begins to run off course. This type of oversight structure would support a single statewide shared vision for each state IT project. The oversight authority should be a central component of governance-level project control and would be most effective if charged with, at a minimum, the following:

- √ Make IT projects accountable to this oversight authority
- √ Give this office the ability to stop troubled projects
- √ Establish minimum standards for governance and project management

Project accountability to this office would be effective in providing project decision-makers with a single point of support and authority. The office would be able to assist IT projects by completing reviews at various stages of the project life cycle and providing guidance as needed. On the exchange project, the oversight entities and experts did not have authority to mandate the HIX-IT project to implement their recommendations or take note of their concerns. Creating a statewide enterprise oversight authority that requires project accountability will resolve such conflicts.

A critical role for this office would be the ability to stop projects. Making the decision to stop a project can be very difficult for an organization. Developing health checks, such as ensuring the project is still aligned with agency and state strategy and meets state priorities, is essential for modern governing practices. Applying those health checks periodically as part of project reviews would give timely insight into whether a project should be continued.

5.2 State Procurement Oversight

Since the passage of SB-99, OHA IT procurements have not been subject to procurement oversight. In addition to establishing the Oregon Health Insurance Exchange Corporation as a public corporation, SB-99 gave OHA the authority to conduct their own procurements for health care information technology contracts. As a result, the State of Oregon no longer has a single entity responsible for ongoing oversight of all IT contracts.

First Data recommends authorizing DAS to oversee all procurements, including those executed by OHA and Cover Oregon. A centralized oversight authority responsible for ensuring the

proper use of the State's procurement vehicles is essential to ensure common state procurement practices and to prevent the intentional or unintentional misuse of government funds.

5.3 Project Governance

One of the common themes from the exchange assessment interviews was that there was no single point of authority on the project. The governance and oversight structure for the HIX-IT/Cover Oregon project was comprised of multiple boards, committees, agencies, and teams, all with varying decision-making authority. Authority was not only parceled out to multiple committees, but was also fragmented across Cover Oregon, OHA, and DHS. To complicate things further, all of these entities had different decisions they were making for the same project. Although the Executive Steering Committee was documented as the key decision-making body, execution of that single point of authority did not occur. With a lack of single point of authority, decisions can often become lost or be ignored by the project as a whole. This, in turn, can complicate leadership's ability to comprehend scope creep or degradation, and the critical components of project health. This lack of clarity can lead to potential project failure.

First Data recommends ensuring each state project establishes a single point of decision-making authority. This establishes accountability for the success of the project and provides a project greater control and traceability of its outcomes.

We recommend that the Project Management Plan of each project not only define the governance structure, but also provide detailed definitions of decision-making authority. This includes a clear, well-defined process of when justifications or approvals are needed by the oversight authority. Using Enterprise IT Portfolio Management will support a systematic approach to policies, standards, guidelines, procedures and practices for a project of this size.

5.4 Strategic IT/Technology Governance

Complementing the establishment of minimum governance standards and project management methods, the state should consider establishing a governing strategic technology plan that defines minimum standards for effective IT strategic initiatives. IT project decisions outside of normal, proven approaches should require justification and approval by the state CIO.

A multitude of decisions by various teams and committees were made on the Oregon health insurance exchange project. These decisions, often undocumented, had a direct impact on the project's outcome. Complementing the recommendation of providing more authority to the state's enterprise oversight of information technology projects, IT projects should be subject to State standards for procurement, solution architecture, and project management discipline. Once the standards are established through the CIO's office, any project that intends to operate outside those standards would require approval. Examples of the types of decisions from the exchange project that could be included are:

- √ The decision to not use a system integrator
- √ The decision to not use a fixed-price, deliverable-based procurement

- √ The decision to implement a multi-agency enterprise system
- √ The strategic decision to purchase a COTS solution

In order to be both effective and timely this level of governance requires clearly written and actionable standards along with statewide agency adoption. Working closely with other states that have recently engaged in similar initiatives may help avoid mistakes made in other statewide applications.

5.5 IT Project Staffing

The exchange project was a large, complex IT project. Complex IT projects introduce an innate resource risk that can only be mitigated through careful staff planning. First Data recommends the State reconsider how IT projects are staffed in the State. The exchange project filled many of its staffing needs using temporary positions, which are difficult to fill due to their lack of employment security. Additionally, qualified staff hired into temporary positions are likely to continue to search for alternate permanent state positions. Consequently, the exchange project regularly struggled to sustain the anticipated project team size and skills. As a result, a large number of staff members were acquired through contracts.

This is a consistent issue across the nation when a state agency needs to ramp up staff in order to prepare for a significant business or automation transformation project. Developing a comprehensive, well thought out staffing plan that considers budget, current/future skill set requirements, training/staff development opportunities and natural staff attrition can set a solid foundation for appropriate resource leveling and reduce the need for temporary staff augmentation options. In turn, the project will be more able to attract the right people and minimize attrition. Where possible, introducing temporary positions or consultant positions to an organization to backfill or support the systems that will be replaced naturally aligns staff attrition with the technology and application lifecycles. Thus reserving the permanent or long-term positions for the 'go-forward' technologies will also provide the state with the capability to develop stronger, more cohesive IT support teams.

5.6 Cover Oregon structure and governing model

As the 2013/2014 Open Enrollment period is now nearly closed and Cover Oregon transitions into operations mode, now is the time to begin the evaluation of the Cover Oregon governance model. First Data recommends that both the Cover Oregon Board and the State reassess their governing principals before the 2014 open enrollment period becomes the priority. The Cover Oregon Board has operated with the Carver model since its inception – governed through a number of key policies established well before last year's open enrollment period. The Cover Oregon leadership team and the Cover Oregon Board need to collaboratively re-evaluate the effectiveness of their existing governing model and determine what changes will create a more effective communication and decision-making structure.

Secondly, the Cover Oregon leadership should conduct an assessment of the current Cover Oregon structure and internal staffing model to determine if gaps in skills and capabilities exist and how they can be addressed. A review and understanding of the Cover Oregon staffing plan

will help ascertain if the right people are in the right roles. Ultimately, the future success of the project will be achieved through a combination of an effective structure for management and a combination of the right individuals.

Role confusion can occur if roles are not clearly defined and production support can impact the delivery of future releases. Critical success factors of project transition rely on a staffing plan with clearly defined roles and responsibilities and address the need for knowledge transfer between project teams. Ultimately, Cover Oregon must develop an operations plan that considers the internal team governance (including the Cover Oregon Board) and external relationships with state agencies, insurance carriers, agents/community partners and the citizens of the State of Oregon.

Separately, the state should assess whether it makes sense to keep Cover Oregon as a public corporation long term.

5.7 Cover Oregon Alternatives Analysis

In light of the current situation with the exchange project, First Data recommends Cover Oregon conduct a “go-forward” alternatives analysis that focuses on the next steps for the project. Specifically, we recommend the analysis address the following three areas:

- √ IT solution – Is the current solution the right approach long term?
- √ Vendor approach – Should Cover Oregon contract with a system integrator or continue with the current approach?
- √ Sustainability of enrollment and finances – Is the Cover Oregon financial model sustainable based on the current cost and enrollment projections?

Exhibit 1

The First Data team interviewed 68 staff, stakeholders, and contractors from February 3 through February 28, 2014 for this assessment. People interviewed include key project staff from Cover Oregon, OHA, and DHS; the Executive Steering Committee; the Cover Oregon Board of Directors; members of the Legislature; and staff from Maximus, Deloitte, and Oracle. Interviews were also requested with additional Oracle staff, the Point B Project Manager, and Pete Mallard, but these individuals were not available for interview. Below is a list of interviews which were conducted.

Monday, February 3
Sean Kolmer – Governor’s Office/Interim Health Policy Advisor
Mike Benetto – Governor’s Office/Chief of Staff
Jim Scherzinger – DHS COO
Erinn Kelley-Siel – DHS Director

Tuesday, February 4
Ed Klimowicz – OIS Chief Technology Officer
Jerry Waybrant – DHS COO Child Welfare & Self Sufficiency
Patricia Baxter – DHS COO Aging & People with Disabilities
Jose Perfecto – DHS/OHA Manager, Office of Contracts and Procurement
Kirk Rhoades – DHS/OHA Deputy Purchasing Officer, Office of Contracts and Procurement
Ali Hassoun – former Cover Oregon Business/SME Lead
Ying Kwong – DAS IT Investment Oversight Coordinator

Wednesday, February 5
Beatriz delaRosa – Cover Oregon COO
Nora Leibowitz – Cover Oregon Chief Policy Officer
Aaron Karjala – Cover Oregon CIO
Judith Anderson – Cover Oregon Procurement
Amy Shelton – Cover Oregon Project Manager
Bruce Goldberg – Cover Oregon Executive Director

Thursday, February 6
Elizabeth Boxall – OIS Project Coordination Manager
Tom Jovick – Cover Oregon Manager
Judy Mohr-Peterson PhD – OHA Director for Medical Assistance/State Medicaid Director
Rus Hargrave – former OIS, MaX Project Director
Dale Marande – DHS Manager, APD Financial Eligibility and Waiver Group
Ken Rocco – LFO Legislative Fiscal Officer
Bob Cummings – LFO Principle/Legislative Analyst
Sean McSpaden – LFO Principal Legislative IT Analyst / former DAS Deputy CIO

Tuesday, February 11
Toni Rogers – OHA Technology Program Manager
Steve Powell – OIS Deputy CIO
Debbie Dennis – DAS Procurement Service Manager
Dianne Lancaster – DAS Chief Procurement Officer
Lori Norlien – DAS Procurement Analyst

Wednesday, February 12
Bob Wort – Cover Oregon User Acceptance Test Manager
Carol Pelton – DHS/OHA Fiscal Analyst
Suzanne Hoffman – OHA COO
Tina Edlund – OHA Acting Director
Edward Screven (and Attorney) – Oracle Chief Corporate Architect

Thursday, February 13
David Rudolph – Cognosante Project Manager
Amy Fauver – Cover Oregon Deputy Director
Kevin Kelly – Deloitte Project Manager
Rocky King – former Cover Oregon Executive Director
John Koreski – former DHS/OHA CIO
Trina Lee – DHS Modernization Director
Leslie Clement – OHA Acting Chief of Policy
Mike Benetto – Governor’s Office/Chief of Staff

Tuesday, February 18
Representative Chris Harker
Garrett Reynolds – Cover Oregon Architect
Liz Baxter – Chair, Cover Oregon Board

Wednesday, February 19
Senator Jackie Winters
Ken Rocco – LFO Legislative Fiscal Officer
Bob Cummings – LFO Principle/Legislative Analyst
Sean McSpaden – LFO Principal Legislative IT Analyst / former DAS Deputy CIO
Rus Hargrave – former OIS, MaX Project Director
Sarah Miller – DAS Deputy COO
Michael Jordan – DAS Director
Representative Dennis Richardson
Senator Brian Boquist
Laura Cali – Cover Oregon Board
Jose Gonzalez – Cover Oregon Board
Dr. George Brown – Cover Oregon Board
Teri Andrews – Cover Oregon Board
Aelea Christofferson – Cover Oregon Board
Gretchen Peterson – Cover Oregon Board
Ken Allen – Cover Oregon Board
Tim Layton – Cover Oregon Business Analyst Lead

Thursday, February 20
Representative Greenlick
Kathleen Paul – OIS IT Director, Innovation and Collaboration Unit
Cathy Kaufmann – OHA Transformation Center
Senator Laurie Monnes-Anderson
Senator Richard Devlin

Thursday, February 27
Governor John Kitzhaber

Friday, February 28
Carolyn Lawson (and Attorneys) – former OIS CIO

Wednesday, March 6
Senator Elizabeth Steiner Hayward

Interviews Requested But Not Provided
Pete Mallard – OIS, MaX Project Manager
David Nickel – Oracle Executive Sponsorship
Cheryl Barnard – Oracle Sponsor
Danila Micodin – Oracle Project Director
Catherine McPherson – Oracle PMO Lead
Tim Vigil – Oracle Development Project Manager
Arun Padmanadhan – Oracle Chief Architect
Matt Lane – Point B Project Manager