

MEMORANDUM

TO: Representative Mitzi Johnson, Chair, House Appropriations Committee
Representative William Lippert, Chair, House Health Care

FROM: Mark Larson, Commissioner 

DATE: January 27, 2015

RE: Responses to Questions Posed During January 22, 2015, Testimony

During DVHA's testimony with your joint committees, you had requested additional information on the items detailed below. If any additional clarification is required, please do not hesitate to contact me.

You are proposing a \$503,520 increase in the Benaissance contract. Why were these costs not anticipated? Benaissance provides premium processing services in support of Vermont Health Connect. The original estimate for the Benaissance contract was based on a set of assumptions that changed dramatically as the roll-out of the Vermont Health Connect ensued. In short, the number of individuals enrolled in Qualified Health Plans and Medicaid are higher than the original estimate (72,829 vs. 50,000); and small business functionality has not been implemented as of yet. The change in these three areas impacted the variable costs of the contract and drove the need for an increase in their contract.

It appears as though you are proposing to eliminate costs such as Outreach, Education, Advertising, and the like. Could you please explain? The following areas have reductions from appropriated to 'BAA request:

Category	Operations	VT Health Connect	GC
Grants & Contracts			
DII Enterprise Architecture Staff Augmentation	\$ 1,106,000	\$ 163,525	\$ 942,475
HSO Ombudsman - VT Legal Aid	\$ 150,000	\$ 150,000	\$ -
Outreach and Education	\$ 500,000	\$ 500,000	\$ -
Advertising	\$ 500,000	\$ 500,000	\$ -
Organizational Consulting	\$ 100,000	\$ 100,000	\$ -
Legal Services	\$ 150,000	\$ 150,000	\$ -
Subtotal Grants and Contracts	\$ 2,506,000	\$ 1,563,525	\$ 942,475

The Center for Consumer Information and Insurance Oversight (CCIIO) – a branch of CMS – authorized use of 100% federal grants for a very discreet list of operating activities. Therefore, this is not an elimination of costs but rather a shifting of costs from sustainability to 100% federal support.

