Testimony before the House Committee on Health Care, 11/30/15

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Mr. Chairman and Members of the Committee:

Thank you for the opportunity to testify on our recent report on Vermont Health Connect (VHC).[1] With your permission I thought I would briefly summarize this report and then address any questions that you might have.

This is our second report on VHC[2] and our intent was to provide this committee and others with an independent view of the status of the changes made in May and October 2015 as well as to summarize critical work remaining to make the system fully functional. Accordingly, our report addresses whether expected software changes were made, the VHC upgrades that are planned, and the status of the most recent VHC security plan of action and milestones.

First, the good news. VHC's software changes earlier this year generally implemented automated change of circumstances and qualified health plan renewal functionality, as required by Act 58. Appendix III of our report (pages 27 and 28) summarizes 34 types of changes that can be made to a customer's account and the extent to which they are automated.

Some of the positive changes that resulted from the recent software upgrades include:

1. The Office of the Health Care Advocate reported fewer complaints from customers reporting life changes to VHC.
2. The inventory of outstanding customer change requests has shrunk significantly and most customers' changes can be made by customers themselves via the website.
3. Last year's onerous manual renewal process will not be used and most renewals were done through what is called a "passive file" sent to the carriers in which the renewal is performed through automation.

The less positive news is that not all of the expected changes were made and billing problems continue to be an issue. Examples of changes required by the State's contract with Optum that were not made were the implementation of automated processes for Medicaid renewal and the reconciliation of VHC, carriers, and the premium payment processor's systems. A summary of the requirements in the Optum contract that were, and were not, implemented can be found on pages 7 and 8 of our report. In addition, as of October 22, 2015, there were 150 outstanding defects associated with prior software changes.

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[1] *Vermont Health Connect: Status of Planned Enhancements* (Rpt. No. 15-09, November 18, 2015). http://auditor.vermont.gov/sites/auditor/files/Final%20report-VHC%20update%20bookmarks.pdf

[2] The first report was issued in April: *Vermont Health Connect: Future Improvement Contingent on Successful System Development Project* (Rpt No. 15-03, April 14, 2015). http://auditor.vermont.gov/sites/auditor/files/Final%20VHC%20Report%20Repost%206.9.2015.pdf

The State's ability to implement future upgrades or fix known defects has been complicated by a recent decision of the software provider of a core piece of the VHC system (called OneGate™). As of October 30, 2015, this provider (Exeter Group) decided to stop supporting this software or provide professional services related to its implementation. OneGate™ is a fundamental part of the VHC system and is comprised of five components: (1) eligibility screening for Medicaid and qualified health plan subsidies, (2) application processing, (3) plan selection, (4) customer account maintenance, and (5) case management. The State and its contractors have taken, or are in the process of taking, actions to mitigate this provider's decision. Nevertheless, this situation adds great uncertainty to the State's plans to make another major software upgrade next month (December 2015) as well as to make future changes to the software.

The State also needs to address other areas of non-compliance with Medicaid rules and the Affordable Care Act. For example, VHC is not compliant with Medicaid billing rules and delinquent Medicaid accounts have not been terminated. In this case, the State is considering a solution proposed by its premium payment processor (Benaissance), but no decision has been made and non-compliance continues. Also, the State is taking a two-track approach to remedying its current non-compliance with the Affordable Care Act's small business requirements. Specifically, the State is working on procuring a system to implement a small business health insurance exchange while also considering seeking a waiver from the Centers for Medicare and Medicaid Services that would avoid having to implement this system.

The State also has work to do in the security area. As of October 30, 2015, the State reported that the VHC system had 121 remaining security weaknesses, of which three were high risk and 63 were moderate risk.[3]

Lastly, our report addresses an issue of non-compliance with the State's procurement policy. In responding to a draft of this report, the Secretary of the Agency of Human Services indicated that this non-compliance would be corrected going forward.

This summarizes our report. I would be happy to address any questions that you might have.

[3] CMS defines *high risk* as a threat event that could be expected to have a severe or catastrophic adverse effect on organizational operations, organizational assets, individuals, other organizations, or the nation. *Moderate risk* is defined as a threat event that could be expected to have a serious adverse effect on organizational operations, organizational assets, individuals, other organizations, or the nation. *Low risk* is defined as a threat event that could be expected to have a limited adverse effect on organizational operations, organizational assets, individuals, other organizations, or the nation.