Matters from the Finance Committee

Director Brandon Fryar

2022 Budget Proposal

affordable
health
insurance
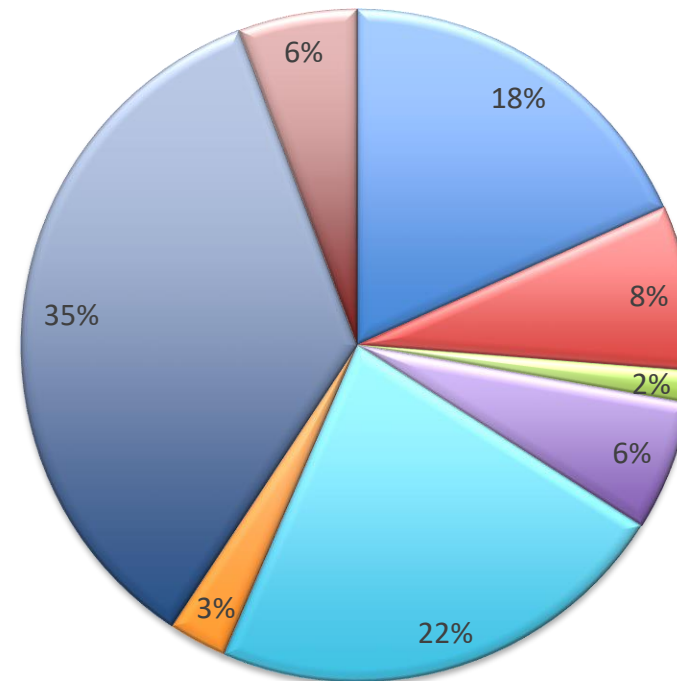options.

be well nm®

Budget Proposal Highlights

Highlights:
- Budget reduced by 52%
- 2nd lowest assessment since end of grant funds

2022 Budget Proposal
$14,304,891

- Salaries
- Employee Benefits
- Professional Services
- Administrative
- Outreach/Education
- Plan Management
- Technology DDI for SBM
- Technology (SBE-FP)

What Does This Budget Support?

be well nm®

Outreach

- Support for Public Health Emergency End
- Work to support launch of Affordability Fund and other financial assistance initiatives
- Support for Open Enrollment & Special Enrollment
- Continue Shift Towards Community Based Organization

Operations

- Maintenance & Operation of Exchange Technology Solution
- Maintenance & Operation of Small Business Technology Solution
- Complete Privacy & Security Audit through launch

Finance

- Expanded audit with launch of technology solution
- Additional responsibilities with launch
- Continued maintenance of Exchange financial obligations

Budget Assumptions at a Glance:

Budget Category	YOY % Change	Assumptions

Salaries	9.0%	• We ended 2020 with 25 FTE's vs a projection of 27 FTE's because we did not fill 2 positions originally budgeted to be filled in the second half of 2020. One of those positions was filled in February 2021 (IT Testing Lead) and the other was filled in May 2021 (HR Generalist).
		• The 2021 budget was approved with eight (8) new positions to staff the SBE during 2021. Thus far, we have filled one – an Operations Manager - in June 2021.
		• We eliminated two positions (one in January 2021 and one in July 2021)
		• Six of the remaining new positions will be posted shortly to be filled in August/September 2021:
		  ❑ Two (2) Eligibility Specialists,
		  ❑ One (1) Appeals and Grievance Specialist
		  ❑ Up to Two (2) Premium Billing Specialists
		  ❑ One (1) Outreach Social Media Specialist (by 2022)
		• The 2022 budget, therefore has 32 positions.
		• We budgeted a 0% salary increase for 2021.
		• We budgeted a 0% salary increase for 2022.
		• The 9.0% increase in salaries is due to the 32 FTE's being budgeted in all 12 months of 2022, while the 2021 budget projection reflects the actual or expected hire dates for new positions and termination dates for existing positions.

Employee Benefits	9.8%	• Premiums for health, dental and vision were budgeted at a 5% increase. • All other increases are a function of the increase in FTE's.

Budget Assumptions at a Glance:

Budget Category	YOY % Change	Assumptions
Professional Services	(29.3%)	• Budget reductions resulted from administrative consulting services that are no longer required, including Outsourced Human Resources and Consumer Checkbook for a year-over-year savings of $90,405. • Budget Projection for 2021 Board expenses – increased by $20,000 over 2020's expense. Held flat in 2022 at $28,000. • Audit and legal fees remained flat year-over-year. Audit @ $90,000 and Legal @ $100,000.
Administrative	(8.9%)	• Most significant reduction in administrative expense for 2022 will be the lease for Suite 160, which ends on August 31, 2021 (savings of $65,882). • Staff travel expenses are still held relatively low due to the pandemic.

Outreach & Education	(13.0%)	• Refer to Schedule of Outreach Budget Categories.
		• Year-over-year budgets by category were kept relatively flat year-over-year with the following exceptions:
		  • Smaller focus on television, with increased focus on digital & community outreach.
		  • Bringing "regular" social media work in-house, at a cost savings to the organization.
		  • Some work related to launch of the Exchange technology is non-reoccurring.
		• Total budget reduced from $3,700,000 (2021) to $3,217,600 (2022).

Budget Considerations at a Glance:

Budget Category	YOY % Change	Assumptions
Plan Management	11.1%	• In 2021, Superintendent requested a new MOU including reimbursement of staff salaries and actuarial expenses totaling $360K for both 2020 and 2021. • 2022 increased to $400K to support work on Standardized Plans and State Affordability Fund.
Technology	(72.3%)	• Refer to the Technology Budget Schedule • The Design, Development and Implementation (DD&I) costs associated with the state-based exchange were contracted to be heaviest in this final year of build, with 2021 technology vendor payments totaling $7.3M, and transition payments of $1.3M. DD&I costs drop to $0 in 2022. Transition is part of M&O. • Independent Verification and Validation (IV&V) drops to $0 in 2022. • Project Management Organization (PMO) drops to $0 in 2022. • Program Integration with HSD drops to $0 in 2022. • SHOP Vendor Contract is expected to increase from $715K to $775K, with $25K of this increase for improvements for loading the SHOP enrollment in the carriers' systems. • Federal SBE-FP User Fee for using the Federal platform – blissfully gone, with minimal net retroactive adjustments forecasted in 2022 (positive retroactivity for SEP enrollments offset by negative adjustments for retro-terminations).
Overall	(52.0%)	

2022 Budget Proposal

Outreach Budget Category	2020 Actual	2021 Budget Projection	2022 Proposed Budget	YOY Inc/(Dec)	% YOY Budget Inc/(Dec)
Research & Surveys	$0	$64,279	$70,000	$5,721	8.9%
Navigators, Brokers & Agents	$359,952	$538,198	$538,000	($198)	(0.04%)
SHOP & IND Outreach	$692,615	$145,600	$108,185	($37,415)	(25.7%)
Website & CRM/Data Management	$100,457	$156,221	$120,500	($35,721)	(22.9%)
Organization Outreach	$214,985	$902,510	$1,002,500	$99,990	11.1%
Enrollment Events	$175,746	$12,000	$12,000	$0	0.0%
Digital Programs	$469,328	$414,402	$200,000	($214,402)	(51.7%)
Earned Media & Public Relations	$129,070	$155,000	$155,000	$0	0.0%
Strategy, Reporting & Management	$71,971	$134,200	$134,000	($200)	(0.1%)
Branding/Advertising	$999,013	$840,175	$640,000	($200,175)	(23.8%)
Native American Outreach & Education	$194,529	$237,415	$237,415	$0	0.0%
SEP Community Innovation/Investment PRG	$0	$100,000	$0	($100,000)	(100.0%)
Total Consumer & Stakeholder Engagement	**$3,407,665**	**$3,700,000**	**$3,217,600**	**($482,400)**	**(13.0%)**

Proposed 2022 Operations/Technology Budget – SBE

nmhix

Budget Category	2020 Actual	2021 Budget Projection	2022 Proposed Budget	YOY Inc/(Dec)	% YOY Budget Inc/(Dec)
Technology Vendor DD&I	$2,966,842	$7,321,538	$0	($7,321,538)	(100.0%)
Program Integration with HSD	$0	$3,975,000	$0	($3,975,000)	(100.0%)
Technology Vendor M&O	$0	$1,342,075	$4,701,829	$3,359,754	250.0%
Outsourced Print & Mailing Service	$33,975	$260,000	$240,000	($20,000)	(7.7%)
Translation Services – Notifications/Portals	$5,219	$15,000	$0	($15,000)	(100.0%)
Independent Validation & Verification	$615,994	$798,096	$0	($798,096)	(100.0%)
Project Management Office	$851,430	$958,457	$0	($958,457)	(100.0%)
Privacy & Security Audit	$0	$184,840	$62,000	($122,840)	(66.5%)

Proposed 2022 Technology Budget – SHOP & SBE-FP

Budget Category	2020 Actual	2021 Budget Projection	2022 Proposed Budget	YOY Inc/(Dec)	% YOY Budget Inc/(Dec)
SHOP Vendor M&O	$715,000	$715,000	$775,000	$60,000	8.4%
CRM for in-house Contact Center	$44,378	$44,228	$44,228	$0	0.0%
Federal Platform User Fee	$5,258,814	$5,394,758	$0	($5,394,758)	(100.0%)
Subtotal – Existing SBE-FP	**$6,018,192**	**$6,153,986**	**$819,228**	**($5,334,758)**	**(86.7%)**
Subtotal – SBE Implementation – previous page	**$4,473,460**	**$14,855,006**	**$5,003,829**	**($9,851,177)**	**(66.3%)**
Grand Total – Technology	**$10,491,652**	**$21,008,992**	**$5,823,057**	**($15,185,935)**	**(72.3%)**

2021 Budget Projection & 2022 Budget Proposal

Budget Category	2020 Actual	2021 Budget Projection	2022 Budget Proposal	YOY Budget Inc/(Dec)	% YOY Inc/(Dec)
Salaries	$2,024,998	$2,398,827	$2,614,760	$215,933	9.0%
Employee Benefits	$915,245	$1,036,279	$1,137,546	$101,268	9.8%
Professional Services	$317,844	$309,262	$218,800	($90,462)	(29.3%)
Administrative	$906,145	$980,682	$893,128	($87,554)	(8.9%)
Outreach/Education	$3,407,665	$3,700,000	$3,217,600	($482,400)	(21.1%)
Plan Management	$360,000	$360,000	$400,000	$40,000	11.1%
Technology DDI for SBM	$4,473,460	$14,855,006	$5,003,829	($9,851,177)	(66.3%)
Technology (SBE-FP)	$6,018,192	$6,153,986	$819,228	($5,334,758)	(86.7%)
Total	$18,423,550	$29,794,042	$14,304,891	($15,489,151)	(52.0%)

Board Motion

- **Motion:** Move that the Board approve the 2022 budget as presented here today.

Annual Policy Review :
Procurement Policy

Annual Policy Update

Procurement Policy: Edited to bring it inline with the New Mexico Procurement Code.

- Added reference to the 2019 amendment to the New Mexico Health Insurance Exchange Act that made the Exchange subject to the New Mexico Procurement Code (Section I, Authority).

- Added language throughout to indicate that NMHIX will comply with the Procurement Code.

- Removed some duplicative (with the Procurement Code) language regarding procedures for competitive procurements, and instead referenced the Procurement Code.

- Revised provisions related to federal procurement requirements to match revisions related to state procurement code (removed specific language and instead referenced the requirements).

- Board delegation of procurements to CEO unchanged; however, added language to indicate that CEO will work in conjunction with staff certified by the state as procurement officers.

- Retained provisions requiring Board approval of procurements exceeding $60,000 and emergency procurements.

- Revised to indicate that protests and complaints will be handled in accordance with Procurement Code. Requirement that CEO report to the Board regarding protests and complaints unchanged.

- Conflict of interest provisions retained.

Board Motion

- **Motion:** Move that the Board approve the changes to the Procurement Policy as presented today.

Office of Superintendent of Insurance MOU

OSI MOU

DISCUSSION

- Historically beWellnm has had a Memorandum of Understanding (MOU) with the Office of Superintendent of Insurance to conduct all Plan Management functions for the Exchange as required by the New Mexico Health Insurance Exchange Act.
- Continuing the current MOU is appropriate to coordinate and fund plan management activities.
- OSI will also be supporting the Exchange in implementation of the Standardized Plans and the Affordability Fund.

RECOMMENDATION

Staff recommends continuing the MOU with OSI through 2022 with a not-to-exceed of $400,000 for 2022.

Motion: Move that the Board authorize the CEO to extend the MOU with the Office of Superintendent of Insurance for 2022 in an amount not to exceed $400,000.*

Matters from the Operations Committee

Weekly Status Dashboard

nmhix

Project Start	Initiation/Planning	Execution	Testing, Training	Go-live
1/15/2019	1/21/2020		7/15/2021 Soft Launch	9/10/2021 10/1/2021

Schedule		Risks & Issues		Resources	
Status	Trending	Status	Trending	Status	Trending
Y	↑	Y	↓	G	↕

Key Milestones	Due Date	Status
UAT Cycle-1 closed	7/14/21	C
IV&V Onsite Readiness Assessment	7/30/21	G
Complete Harness Testing, TDS Testing	7/24/21	G
Implement Part-1,2 Critical Controls to address POAMs	6/30/21	C
Submit updated Security Package to CMS, IRS	7/7/21	C
IRS Gap Assessment of SSR, Approval Letter	7/22/21	C
IRS implementation of Partner IDs in Test	7/22/21	G
Authority to Connect (ATC previously 8/3/21)	8/23/21	Y
First use of HUB services in production	8/31/21	Y

- Optum Development – on track for completion by 9/24/21
- CEC Implementation – Infrastructure design by 7/12, Vonage Phones 8/3
- HSD programming activities – Regression Testing 8/14, Performance Testing 8/27
- HSD operational activities – Finalize rules and register for signatures 7/23, develop CCSC training material, train CCSC staff 8/27/21
- YesNM programming changes completed in UAT 8/13/21

- UAT cycle-2: 8/5/21 – 8/25/21
- Final ORR – 7/28/21
- Submit SBE Final Transition Letter to CMS – 8/6/21
- Go-live - 10/1/2021

* Project schedule % complete based on 3,200+ total number of tasks

Trending Scale: Improving   No Change   Worsening

| C | Task Complete | Y | Due date likely to be missed, or key date behind schedule |
| G | On Track – No Major Issues | R | Risk, or Original Date behind schedule |

PUBLIC CONSULTING GROUP

be well nm®

Status

- **Accomplishments**
    - UAT cycle-1 closed
    - SSR approval letter received from IRS. IRS will provide six windows to conduct end-to-end testing for 7/16 and week of 7/19
    - SBE submitted updated SSP, SAW, SAR, ISRA and POA&Ms to CMS
    - Harness testing completed. VLP service for Trusted Data Sources testing planned for this week
    - OSI transferred plan data to SBE platform for plan year 2022. Issuer onboarding in plan management portal planned for 7/15
    - HSD Account Transfer code merge into ASPEN complete
    - HSD/Deloitte completed testing of 205 of 240 UAT cases (includes ASPEN and Account Transfer)
    - Promulgation of HSD regulations drafted, review underway prior to signature protocol
    - CCSC Integration Operations Scoping sessions underway.
    - YesNM has six tickets for development. 3 have passed QAT, 3 are in QAT due 8/13

- **Goals for next two-to-four weeks**
    - Obtain Authority to Operate (ATO) from IRS. Obtain approval of security documents from CMS, obtain Authority to Connect (ATC)
    - Conduct IV&V onsite assessment in Abq for CEC, Print Vendor, All Functional Areas, meet with Stakeholders – week of 7/19
    - Begin IV&V onsite readiness assessment of Optum-NFP HQ, CEC/Brokers/Carriers – week of 7/26
    - Order equipment for CEC, begin circuits testing, begin staff hiring in August, transition IVR in September
    - Review and approve change requests CR008 (HRA) and CR009 (ARP)
    - Continue engagement with HSD on operational activities. Continued reviews with CCIIO
    - Review contingency plan candidates with project team, complete drafting contingency plans
    - Final Blueprint due 8/6 along with Final Transition Progress Letter

- **NMHIX Escalations**
    - UAT team to create a gap analysis on outstanding UAT-1 scripts and defects, setup sessions with Optum/NFP to work through gap areas

Risks & Issues

	G	Y	R
Risks	3	4	0
Issues	1	1	0

Type	Risk ID	Title	Prob	Impact	Score	Severity	Update
Risk	6.3	**COVID-19 may have impacts on UAT Testing because testers will not have access to test leads for help.**	High	Medium	6	Yellow	Combination of on-site testing and MS Teams sessions seems to be working well.
Risk	HSD-5	**Non Availability of performance environments in HSD during Optum Performance testing**	High	Medium	6	Yellow	**Accept Risk.** Kevin to follow-up with Deloitte to confirm known volumes, bounce it up against HIX volumes. Confirm response back within 90 seconds.
Risk	11	**Risk of print vendor not having ability to meet performance obligations of contract.**	Medium	Medium	4	Yellow	Still having some production issues as of 7/13/21.
Risk	12	**UAT Testing may not be complete by the original deadline of 7/7/2021.**	Medium	Medium	4	Yellow	Team agreed to extend UAT until COB 7/14/21. Remaining defects or unresolved matters that remain at that time will discussed and considered for UAT Cycle 2.
Risk	10	**Risk of delay in NMHIX access to IRS/CMS hub services for testing. If we can't access hub services then major beWellnm milestones will be delayed.**	Low	High	3	Green	IRS has approved SSR. Now must confirm steps to obtain Authority to Connect to hub services.
Risk	5	**CMS directives may impact Optum development timelines.**	Medium	Low	2	Green	Addressing tribal name mismatching issues with FFM data. Easily resolved but will recur with future CMS data loads.
Risk	6.4	**COVID-19 may have Development / Current Implementation related impacts**	Low	Medium	2	Green	The COVID situation in India has improved.
Issue	4	**Print vendor unable to generate PDF output within requirement timeframe**	Medium	Medium	4	Yellow	Still working to smooth out process of automation.
Issue	3	**Fact of no slack in schedule requires team focus on hitting completion dates.**	Low	High	3	Green	**Accept this Risk.** This will remain open since any schedule impacts on critical path will impact the project.

2

Months to Go Live

Soft Launch 9/10/21

Go Live 10/1/21

Open Enrollment Start 11/1/21

7. Agency Reports

8. Public Comment

9. Other Board Business

10. Next beWellnm Regular Board Meeting is September 17, 2021 location TBD

11. Adjournment