SFY 2017-19 Biennium Budget
Decision Package

Agency: Health Care Authority on behalf of the Health Benefit Exchange

Decision Package Code/Title: Healthplanfinder Infrastructure Replacement

Budget Period: 2017-19 Biennium

Budget Level: Maintenance Level

Agency Recommendation Summary Text:
The Health Benefit Exchange (the Exchange) requests funds to replace the original servers and data storage hardware that host Healthplanfinder (HPF). An upgrade of an Oracle security product is needed in SFY 18 to prepare to implement the new servers. HPF processes eligibility and enrollment data for more than 1.7 million Washington residents each year. This critical HPF hardware was originally purchased in 2012, and will be reaching the end of its useful life in 2019. Federal grant dollars were used to purchase the original hardware. As of January 1, 2017, federal grant funds will no longer be available.

Fiscal Summary: Decision package total dollar and FTE cost/savings by year, by fund, for 4 years. Additional fiscal details are required below.

Operating Expenditures	FY 2018	FY 2019	FY 2020	FY 2021
Fund 17-T	$346,000	$944,000	$0	$0
Fund 001-2	$18,000	$51,000		
Fund 001-C	$737,000	$2,158,000	$0	$0
Total Cost	$1,101,000	$3,153,000		
Staffing	FY 2018	FY 2019	FY 2020	FY 2021
FTEs	$0	$0	$0	$0
Revenue	FY 2018	FY 2019	FY 2020	FY 2021
Fund 17-T	$346,000	$944,000	$0	$0
Fund 001-2	$18,000	$51,000		
Fund 001-C	$737,000	$2,158,000	$0	$0
Object of Expenditure	FY 2018	FY 2019	FY 2020	FY 2021
Obj. C	$1,101,000	$3,153,000	$0	$0

Package Description

The Health Benefit Exchange used federal grant funds to purchase information technology equipment when it initially established HPF. The Exchange needs expenditure authority to replace the Healthplanfinder infrastructure that will be seven years old and at the end of its useful life in the 2017-19 biennium. The infrastructure replacement includes the development, test, and production environments and includes the following major components:

1. Data storage hardware (i.e. EMC Storage Area Network and associated hardware)
2. Servers used to run the application, database, and security components

This request establishes the funding necessary to implement the required hardware refresh, including contracted resources. HPF equipment specifications must meet stringent federal government requirements. Current servers and data storage hardware are hosted by Secure 24, through a contract with Deloitte, the Exchange's contracted system integrator. The hosting contract does not include infrastructure replacement. The cost of the equipment refresh is cost allocable, as Medicaid enrollees share the benefit of the infrastructure replacement.

The Exchange analyzed three options for procuring the required hardware infrastructure for HPF. A one-time outright purchase was found to save more than $566,000 than the option to amortize equipment costs over 5 years and more than $117,000 than amortizing over 3 years (which has only a 3-year support period). The table below identifies the options considered:

HPF Hardware Refresh Options

	FFP	One-time purchase with 5-year support	5-year lease with 5 year support	3-year lease with 3-year support
Secure 24 total hardware cost	75%	$2,420,100	$2,944,200	$2,528,532
Sales tax	75%	$212,969	$259,090	$222,511
Deloitte fee (2%)	75%	$48,402	$58,884	$50,571
Secure 24 one-time setup cost	75%	$116,750	$116,750	$116,750
Deloitte and Oracle one-time setup costs	90%	$213,330	$213,330	$213,330
Project management and UAT resources	90%	$140,800	$140,800	$140,800
Subtotal		**$3,152,351**	**$3,733,054**	**$3,272,494**
Oracle Security Update	75%	$1,100,000	$1,100,000	$1,100,000
Total		**$4,252,351**	**$4,833,054**	**$4,372,494**

The one-time setup fees for Secure 24 and Deloitte are for architecting the solution, removing obsolete equipment, installing new hardware, updating the database, operating system and application software, and testing. The Exchange will hire project management and UAT (user acceptance testing) resources to oversee implementation and testing of the new servers and hardware. Expenses associated with the purchase of the new hardware and the Oracle security update in this request are expected to be cost-allocable and estimated to receive 75% FFP (Federal Financial Participation). Expenses related to UAT testing and configuration with Healthplanfinder are estimated to receive 90% FFP.

Base Budget: If the proposal is an expansion or alteration of a current program or service, provide information on the resources now devoted to the program or service.

The base budget does not include any costs for the off-site infrastructure replacement project. The original funding for this equipment was funded by federal grant funding provided to Washington State to establish the Exchange and HPF.

Decision Package expenditure, FTE and revenue assumptions, calculations and details:

No changes in FTEs are expected with this decision package unless a decision is made to hire staff for project management and UAT testing rather than contract for these activities.

No increase in carrier assessment is expected to cover this expenditure.

No new General Fund-State dollars are requested.

Decision Package Justification and Impacts

What specific performance outcomes does the agency expect?

The current infrastructure for HPF will be seven years old by the time it is replaced, and will have reached the end of its useful life. Older equipment can become less reliable and more costly to maintain on an annual basis. The refresh of the HPF infrastructure will enable reliability and uptime service levels to be maintained, allow for the operating system, security components, and application software to remain current, and enhance performance through increased capacity. System security and reliability are paramount for HPF and this hardware refresh enables these aspects.

Performance Measure detail:

The Healthplanfinder will not experience equipment failure.

Fully describe and quantify expected impacts on state residents and specific populations served.

This decision package benefits the over 1 in 4 Washington residents served through the Exchange, including over 1.6 million Medicaid enrollees and around 160,000 Qualified Health Plan enrollees.

What are other important connections or impacts related to this proposal? Please complete the following table and provide detailed explanations or information below:

Impact(s) To:		Identify / Explanation
Regional/County impacts?	No	Identify:
Other local gov't impacts?	No	Identify:
Tribal gov't impacts?	No	Identify:
Other state agency impacts?	No	Identify:
Responds to specific task force, report, mandate or exec order?	No	Identify:
Does request contain a compensation change?	No	Identify:
Does request require a change to a collective bargaining agreement?	No	Identify:
Facility/workplace needs or impacts?	No	Identify:
Capital Budget Impacts?	No	Identify:

Is change required to existing statutes, rules or contracts?	No	Identify:
Is the request related to or a result of litigation?	No	Identify lawsuit (please consult with Attorney General's Office):
Is the request related to Puget Sound recovery?	No	If yes, see budget instructions Section 14.4 for additional instructions
Identify other important connections		

Please provide a detailed discussion of connections/impacts identified above.

What alternatives were explored by the agency and why was this option chosen?
The HBE evaluated using the State Data Center, however WaTech and HBE concurred that this would not be the best option.

- The HBE would be required to transition both its production site and disaster recovery support. The State data center disaster recovery (DR) site is not fully equipped to support a project of this scale.
- WaTech has limited expertise in the Oracle products HBE is using.
- WATech would not be able to meet the proposed one-time set-up costs.
- Previously passed Federal gates (in terms of access, security, PTI/PHI/PII data) would have to be revisited.

As described above, the options of purchasing or leasing were also explored. The option of purchasing was chosen as this option saved the most money in comparison to the 3 year and 5 year lease agreements. The purchase option also enables HPF to consider in the future a longer useful life scenario of more than 5 years and save on future one-time set up costs.

What are the consequences of not funding this request?
The consequences of not funding this request are that HPF will be running on older hardware. In some cases the cost to operate this hardware becomes more expensive on an annual basis due vendor costs going up to support the older operating systems and hardware components. In addition, the potential impact of system failure for more than 1.7 million enrollees would be catastrophic.

How has or can the agency address the issue or need in its current appropriation level?

Other supporting materials: Please attach or reference any other supporting materials or information that will help analysts and policymakers understand and prioritize your request.

Information technology: Does this Decision Package include funding for any IT-related costs, including hardware, software, services (including cloud-based services), contracts or IT staff?

☐ No 🛑

☒ Yes Continue to IT Addendum below and follow the directions on the bottom of the addendum to meet requirements for OCIO review.)

2017-19 IT Addendum

Part 1: Itemized IT Costs

Please itemize any IT-related costs, including hardware, software, services (including cloud-based services), contracts (including professional services, quality assurance, and independent verification and validation), or IT staff. Be as specific as you can. (See chapter 12.1 of the operating budget instructions for guidance on what counts as "IT-related costs")

Information Technology Items in this DP (*insert rows as required*)	FY 2018	FY 2019	FY 2020	FY 2021
Secure 24 Total hardware costs	0	$2,420,100	0	0
Sales tax (8.8%)	0	$212,969	0	0
Deloitte fee (2%)	0	$48,402	0	0
One-time set-up costs	0	$330,080	0	0
Project management and UAT	0	$140,800	0	0
Oracle Security Update	$1,100,000	0	0	0
Total Cost	$1,100,00	$3,152,351	0	0

Part 2: Identifying IT Projects

If the investment proposed in the decision package is the development or acquisition of an IT project/system, or is an enhancement to or modification of an existing IT project/system, it will also be reviewed and ranked by the OCIO as required by RCW 43.88.092. The answers to the three questions below will help OFM and the OCIO determine whether this decision package is, or enhances/modifies, an IT project:

1. Does this decision package fund the development or acquisition of a new or enhanced software or hardware system or service?   ☐Yes ☒ No
2. Does this decision package fund the acquisition or enhancements of any agency data centers? (See OCIO Policy 184 for definition.)   ☐Yes ☒ No
3. Does this decision package fund the continuation of a project that is, or will be, under OCIO oversight? (See OCIO Policy 121.)   ☐Yes ☒ No

If you answered "yes" to *any* of these questions, you must complete a concept review with the OCIO before submitting your budget request. Refer to chapter 12.2 of the operating budget instructions for more information.