

## Section G: Budget Narrative

Vermont seeks additional funds to design, implement, and maintain its In-Person Assistance (IPA) program. Some of the previously awarded funds for the Navigators will be used for IPAs as well (e.g., training development). Additional funding is needed, however, to integrate the IPA activities into what is being developed for the Navigator program and to account for the additional number of individuals who will be serving as IPAs. The State of Vermont is committed to maintaining transparency and frequent communication with CMS Leadership to ensure multiple funding streams are maintained and accounted for separately. The budget below only includes costs that are integral to establishing and running the IPA program specifically, and have not been requested previously.

### I: Budget Request Overview

The total budget request is \$2,271,471.94. This section outlines the specific assumptions and key variables underlying this budget estimate. The grant period is from January 1 to December 31, 2013.

	Cost
Salaries and wages	\$303,929.60
Fringe benefits	\$141,571.00
Consultant costs	\$0.00
Equipment	\$25,750.00
Supplies	\$500.00
Travel	\$24,388.50
Other	\$27,750.00
Contractual costs	\$2,558,816.12
<b>Total Direct Costs</b>	<b>\$3,082,705.22</b>
Administrative Allocation Charges	\$148,925.50
Less Medicaid Allocable	(\$960,212.78)
<b>TOTAL COSTS</b>	<b>\$2,271,417.94</b>

### II: Budget Line Item Details

#### A: SALARIES AND WAGES

The total amount requested for salaries is \$303,929.60. The number of FTE's required to develop and support the IPA program during open-enrollment and the first year is larger than the anticipated need to operate the program on an ongoing basis. The majority of additional work that the IPA program will require is issuing and monitoring the grants for IPA entities as well as assisting the small business community in their transition. All staff positions will be within the Department of Vermont Health Access.

Staff salary and fringe estimates below have been adjusted to remove potential overlap in budget funding between the three previously awarded grants.

<u>Employee Position</u>	<u>FTE</u>	<u>Months</u>	<u>Monthly Salary</u>	<u>Salary for grant period (Jan -Dec 2013)</u>	<u>Monthly Fringe</u>	<u>Fringe for Grant Period</u>
Exchange Project Director	1	12	\$ 5,986.93	\$ 71,843.20	\$ 2,788.72	\$ 33,464.68
Small Group Manager	1	12	\$ 5,284.93	\$ 63,419.20	\$ 2,461.73	\$ 29,540.78
Small Group Coordinator	3	12	\$ 14,055.60	\$ 168,667.20	\$ 6,547.13	\$ 78,565.54
<b>Total</b>	<b>5</b>		<b>Salary</b>	<b>\$ 303,928.60</b>	<b>Fringe</b>	<b>\$141,571.00</b>

**Exchange Project Director, In-Person Assistance Program:** This position will focus on establishing a contract management infrastructure for the in-person assistance program, including, but not limited to, reporting, payments, training, and communications. The director will act as the communications liaison between the State and the contracted entities. They will also coordinate the operations of invoicing contracted entities, distribution of payments, and facilitating the reporting process. This position will be responsible for ensuring program management principles are incorporated into each project and provides leadership during all phases of a project.

**Small Group Manager:** The Small Group Manager will act as the State's subject-matter expert available to both brokers and in-person assisters. At this time, the State does not employ a position that is fully dedicated to the task of educating the small group market about upcoming reforms and assisting with tier 2 and tier 3 level inquiries and problems. The Small Group Manager is essential as the State has no other means for providing such robust support to the State's small group market.

**Small Group Coordinator:** The State requires three Small Group Coordinators to assist with the enormous task of supporting the small group market through the transition to the exchange. Research shows that a large portion of Vermont's employers (30-50%) currently offering ESI will drop coverage. As positions solely dedicated to the small group market, we anticipate that small employers will trust and rely upon these individuals for guidance.

## **B. FRINGE BENEFITS**

Fringe benefits are calculated as 46.58% of salaries and include; Social Security, retirement, health insurance and Medicare expenses. Because fringe benefits are based on monthly salary, they have been calculated alongside the salary calculations in the above table.

## **C: CONSULTANT COSTS**

Consultants will not be used to fulfill this grant obligation.

## **D: EQUIPMENT**

The total costs requested for equipment is \$25,750. Estimated equipment costs include computer hardware and software to the five additional staff needed for the IPA program. The cost per employee is identical to what was received from Level Two grant funds. Note that printer and PC projectors are not included here since they were received from Level Two grant funds.

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<b>Equipment</b>	<b>Cost per employee</b>	<b>Total</b>
Computer Equipment Hardware	\$2,000	\$10,000.00
Mobile Devices & Plan	\$250 plus \$50/month	\$4,250.00
Telephone equipment	\$750	\$3,750.00
Software	\$1000	\$5,000.00
Desk, Chair, Other	\$550	\$2,750.00
		\$25,750.00

**E: SUPPLIES**

Total amount requested for supplies is \$500. General office supplies are estimated at \$100/FTE/Year.

**F: TRAVEL**

Travel requested is \$24,388.50. This amount is inclusive of estimated out-of-state trips taken by IPA personnel for Exchange conferences, professional development, and consultation with other states and the federal government. It also includes in-state travel reimbursement. In-state travel is budgeted at \$3,000 per year per FTE, which is standard in budgeting State of Vermont employee costs. Out-of-state travel is based upon the need for staff to travel out of state 3 times. 3 staff will travel to 3 National Conferences related to the exchange during this grant period.

<b>Description</b>	<b>Cost</b>
\$3,000 x 5 FTE	\$ 15,000.00
3 trips X 2 people X \$800 roundtrip airfare	\$ 4,800.00
3 days per diem x \$38.25/day X 2 people X 3 trips	\$ 688.50
2 nights lodging X \$300/night X 2 people X 3 trips	\$ 3,600.00
3 trips X 2 people X \$50 ground transportation	\$ 300.00
Total	\$ 24,388.50

**G: OTHER ADMINISTRATION**

The total amount requested for other expenses is \$27,750. Other expenses include facilities costs and other ancillary business and staff expenses required for the IPA program. In addition, this amount includes an administrative cost allocation equivalent to 40% of personnel costs to account for overhead and administrative expenses provided state agencies. Note that appeals (staff, hearing officers, interpreters), printing and collateral, and mailing and promotional were budgeted and received funding from the Level Two grant.

<b>Other Administrative</b>	<b>Cost per Employee</b>	<b>Total</b>
Printing and Reproduction	\$ 50	\$ 250.00
Dues and Subscriptions	\$ 250	\$ 2,520.00
Professional Development	\$ 900	\$ 4,980.00
Space	\$4,000	\$ 20,000.00
Administrative Allocation Charges	49% of personnel costs	\$ 148,926.00

**I: CONTRACTUAL COSTS**

The total amount requested for contractual costs is \$1,598,603.34. The amount of contractual funding through other sources is \$960,212.78 (Allocation to Medicaid Administration and State funding for Navigators).

(i) Consultant Projects

<b>IPA Training Development and Delivery</b>	
Organizational Affiliation	DVHA
Scope of Project/Services to be Rendered	Development and Delivery of IPA Certification Program
Relevance of Project/Service to Vermont Health Connect Implementation	Contractor will develop a comprehensive training program, including but not limited to the following activities: 1) Curriculum Development: <ul style="list-style-type: none"> <li>Determine learning objectives, format, design exercises and scenarios for skill practice, design pre and post tests for all 10 sections, design course evaluations and certification of completion</li> <li>Confirm program content adheres to ACA standards</li> <li>Support meetings with DVHA to source subject-matter expert faculty, and content review</li> </ul> 2) Program Delivery: <ul style="list-style-type: none"> <li>Program Delivery: Train the Trainer (3 day course, offered twice)</li> <li>Program Delivery: IPA and Navigator Entities (3 day course, offered 3 times)</li> <li>Program Delivery: 13 Vermont Interactive Television (VIT) locations for training.</li> <li>Materials: equipment and supplies for 100 participants and 20 faculty</li> <li>Design and Implement Continuous Learning Process</li> <li>Program Evaluation: Design and implement an evaluation system in line with that of Vermont Health Connect's Evaluation Plan and ACA requirements</li> </ul>
Name of Consultants	To be determined
Number of Days in Consultation	240 days (8 months)
Curriculum Development: Total Budget: \$31,672.00 Minus Level 2 funding received for Navigator Curriculum Development: (\$19,000.00)	\$9,383.62 Exchange + \$ 3,288.38 Medicaid = \$12,672.00
Program Delivery: Total Budget: \$87,190.10 Minus Delivery for Navigators (20% of participants): (\$17,438.02)	\$51,651.41 Exchange + \$18,100.67 Medicaid = \$69,752.08
Total:	<b>\$61,035.03 Exchange</b> + \$21,389.05 Medicaid = \$82,424.08
Method of Accountability	DVHA Exchange Project Director

<b>RFP and Contract Design and Management</b>	
Organizational Affiliation	DVHA
Scope of Project/Services to be Rendered	Develop RFP process and model contract for IPA entities
Relevance of Project/Service to Vermont Health Connect Implementation	Contractor will oversee the RFP process and design the contract evaluation/monitoring system in consultation with the State's IPA Grant Manager. Activities include, but are not

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	<p>limited to, the following: RFP Process:</p> <ul style="list-style-type: none"> <li>• Develop a staffing plan for administering the IPA program in consultation with DVHA staff.</li> <li>• Oversee RFP activities: write RFP content; advise on practices for posting and soliciting responses; coordinate with DVHA staff; provide internal reporting; attend meetings</li> <li>• Develop process for evaluating RFPs</li> </ul> <p>Contract Management:</p> <ul style="list-style-type: none"> <li>• Develop metrics and for assessing progress and contract/grant fulfillment</li> <li>• Grant Reporting: Design and implement reporting process for IPA grant business and financial activities, in line with DVHA</li> <li>• Draft template contracts for IPAs compliant with State BAAs, etc. Work with legal counsel to finalize</li> <li>• Develop Evaluation Plan</li> <li>• Compile and analyze monthly performance progress reports from IPAs (Oct, Nov, Dec)</li> </ul>
Name of Consultants	To be determined
Number of Days in Consultation	12 months, approximately 10 hours per week
Expected budget or Rate of Compensation	<b>\$86,188.31 Exchange</b> + 30,203.73 Medicaid = \$116,392.04
Method of Accountability	DVHA Exchange Project Director

<b>Vermont Health Care Ombudsman (HCO) office</b>	
Organizational Affiliation	DVHA
Scope of Project/Services to be Rendered	Vermont will engage the HCO to assist consumers to resolve problems with the Exchange, answer questions, file grievances and appeals, enroll in State health care programs, and offer policy analysis from a consumer advocacy perspective to the Exchange per statutory obligations.
Relevance of Project/Service to Vermont Health Connect Implementation	The Office of Health Care Ombudsman (HCO), a special project of Vermont Legal Aid, Inc. (VLA), is a health insurance consumer assistance program which helps Vermont state residents resolve problems, answer questions, file complaints and appeals, and enroll in State health care programs. DVHA plans to build on the HCO's existing trained advocates and experienced legal staff as a foundation to provide these consumer services for the Vermont Health Benefit Exchange. An implementation plan was developed by the HCO, showing the steps the HCO will take to provide public information and receive consumer complaints when the Exchange becomes operational. This plan includes a timeline, evaluation of the additional resources needed and the estimated cost of those resources. The data analysis in the Consumer Complaints Report provided the foundation for the HCO's planning efforts and estimates.
Name of Consultants	Vermont Legal Aid, Office of Health Care Ombudsman
Number of Days in Consultation	June, 2013 – May, 2014
Expected budget or Rate of Compensation	Personnel costs for project director, attorney time, lay advocates and clerical support \$ 162,000.00 Fringe benefits \$ 88,000.00 Operating costs \$ 38,000.00

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	Administrative overhead \$12,000.00 Total: <b>\$222,150 Exchange</b> + \$77,850 Medicaid = \$300,000
Method of Accountability	DVHA Exchange Project Director

**(ii) IPA Contracts and Navigator Grants**

Note: Navigators are to be funded through grants from state funds. The regulations elucidate that to the extent that Navigators assist with Medicaid and CHIP administrative functions, the Medicaid or CHIP agencies are permitted to claim Federal funding for their share of expenditures incurred for such activities.

<u>Funding Level</u>	<u>Amount</u>	<u>Consumer Assistance Type</u>	<u>Estimated # of Grantees/Contractors</u>	<u>Total</u>	<u>Exchange</u>	<u>Medicaid/State Funds</u>
Tier 1	Up to \$40,000	IPA	8 - 9	\$ 360,000	\$ 266,580	\$ 93,420
Tier 2	\$40,001 to \$100,000	IPA	12 - 13	\$ 1,300,000	\$ 962,650	\$ 337,350
Tier 3	\$400,000 (total for 2)	Navigator	2	\$ 400,000		Dependent on state appropriation
TOTAL				\$ 2,060,000		
Cost allocate Medicaid Administration and State Funds				(\$ 830,770)		
TOTAL				\$ 1,629,230		

**III: MEDICAID ALLOCATION**

Since the IPA program supports both Vermont Health Connect and the state's Medicaid program, costs must be allocated proportionately between the two programs. Table 1 illustrates the approved basis for the allocation methodology for the IAPD between the Exchange and Medicaid programs. Since the CHIP percentage is immaterial, the enrollment allocation for CHIP was rolled into the Medicaid allocation. For shared components, and any other category that benefits the Exchange and Medicaid, this percentage will be allocated 74.05% to the Exchange and 25.95% to Medicaid.

Table 1

<b>Cost Allocation for Core Components and E&amp;E</b>		
<b>Allocation of HIX and Medicaid</b>		
<b>Program</b>	<b>Population</b>	<b>%</b>
Medicaid Enrollment	158,716	25.36%
CHIP Enrollment	3,645	0.58%
HIX - Remaining Population	463,381	74.05%
Total Population of Vermont	625,741	100.00%
Combined Medicaid & Chip	25.95%	