

**BUDGET NARRATIVE**

All amounts requested in this budget narrative are exclusively reflective of exchange establishment funds awarded through this Level I Cooperative Agreement (PID has not received any Early Innovator or Exchange Establishment Cooperative Agreements). No other funding sources are included in the requested amounts listed below. This budget is based on current expectations for the project; however, newly released and revised regulations, court decisions, and/or legislative actions may dictate revised approaches and budget priorities.

- A. Personnel**
- B. Fringe Benefits**

The following amounts are based on the full 12-month period set by the Cooperative Agreement. Salaries and hourly rates presented below are rounded (meaning individual amounts may not add up to total).

Line Item	Narrative	Amount Requested
Project Staffing <i>Pennsylvania Insurance Department and Department of Public Welfare</i>	<p><b>Project Director:</b>  <b>Franca D’Agostino, Director of Special Projects</b> - Responsible for overseeing all work completed by workgroups, consultants, and vendors. Presents policy decisions to leadership and serves as liaison to HHS. Manages all exchange-related planning and development processes.                      90% x \$118,840 (including 48.57% for fringe benefits) = \$106,956</p> <p><b>Exchange Team:</b>  <b>Insurance Policy Specialists</b> - Responsible for providing advice on all policy decisions regarding an exchange, serve as PID’s liaison to the Governor’s policy office, and assist in communicating the administration’s direction and view from a policy perspective.                      60% x \$133,096 (including 48.57% for fringe benefits) = \$79,858</p> <p><b>Medical Assistance/CHIP Policy Specialists</b> - Responsible for providing guidance and assistance on all Medical Assistance and CHIP related functions as they pertain to an exchange.                      65% x \$156,490 (including 48.57% for fringe benefits) = \$101,719</p> <p><b>Health Insurance Product Regulation Analysts</b> - Responsible for providing advice on potential product offerings and rate development for an exchange and will serve as the key interface with primary health insurers for product rate and development activities.                      30% x \$142,158 (including 48.57% for fringe benefits) = \$42,647</p> <p><b>Information Technology Lead</b> - Responsible for coordinating all necessary exchange IT functions.                      40% x \$99,851 (including 48.57% for fringe benefits) = \$39,940</p> <p><b>General Admin</b> - Responsible for ensuring the Department utilizes proper procurement methods, serve as the liaison between PID and the Department of General Services, and assist in all administrative functions</p>	\$823,235

	<p>as they relate to exchange development.                  25% x \$106,681 (including 48.57% for fringe benefits) = \$26,670</p> <p><b>Legal/Regulatory</b> - Responsible for writing any exchange legislation, required regulations, and provide counsel on all exchange-related functions.                  40% x \$155,241 (including 48.57% for fringe benefits) = \$62,096</p> <p><b>Communications</b> - Responsible for coordinating outreach and marketing efforts as well as working with the Advisory Group Liaison and advisory groups.                  40% x \$110,429 (including 48.57% for fringe benefits) = \$44,172</p> <p><b>Additional Personnel</b> – Staff not included in the key positions listed above or in the state workgroups, but who will devote portions of time to exchange planning, development, and establishment. Subgroup categories include Legal, Communication, and the Executive Team, as well as administrative support staff. Total reimbursement for group members (including 48.57% for fringe benefits) = \$319,177</p>	
<p>State Workgroups:  <i>To include participants from other state agencies affected by exchange development—or house resources/processes that could be leveraged for exchange development.</i></p>	<p><b>Multi-Agency Workgroup (15 members)</b> - Responsible for reviewing and informing high-level policy decisions relating to coordinating exchange activities across programs and agencies. With the assistance of consultants as needed, it is anticipated that the workgroup will work to develop and finalize a program integration plan for the exchange. If determined appropriate, the workgroup will create and formalize memorandums of agreements with respect to roles and responsibilities of each agency.                  30% FTE x annual rate of \$142,158 (including 48.57% for fringe benefits) = \$42,647</p> <p><b>Insurance Workgroup (5 members)</b> - Responsible for mitigating adverse selection and establishing other necessary insurance-related market reforms; certifying QHPs; assigning quality ratings; developing requirements for individual responsibility exemptions; developing operational plans for appeals functions and notifying employers; developing risk adjustment processes and reinsurance mechanisms; etc. Will work with consultants to develop policies and processes related to each area.                  50% FTE x annual rate of \$142,158 (including 48.57% for fringe benefits) = \$71,079</p> <p><b>Medical Assistance &amp; CHIP Workgroup (12 members)</b> - Responsible for addressing areas such as Medical Assistance and CHIP eligibility screening, eligibility determinations, and eligibility verification; enrollment in Medical Assistance and CHIP; expanding “express lane” processes as appropriate; and developing strategies for mitigating “churn” among the Medical Assistance, CHIP, and subsidy eligible populations. Will work with consultants to develop policies and processes related to each area.                  1.92 FTE (6 hr/wk/member) x annual rate of \$142,158 (including 48.57% for fringe benefits) = \$272,943</p> <p><b>IT Workgroup (15 members)</b> - Responsible for reviewing existing IT gap analyses, working with consultants to develop an initial exchange infrastructure plan, and overseeing the work being conducted by the IT Systems</p>	<p>\$429,316</p>

	<p>Integrator Consultant, Technology Vendor, and others involved with IT systems. In addition to reviewing the state’s existing technology, the workgroup would review progress made by Early Innovator States and in the private sector to identify technical components, design principles, and IT readiness elements the state could leverage or adapt for its own exchange (this would involve some team members traveling to selected states). 30% FTE x annual rate of \$142,158 (including 48.57% for fringe benefits) = \$42,647</p> <p>At this time, workgroup members have not been officially selected so actual total reimbursement amounts may differ from the amounts listed here. If it is determined this amount does not accurately reflect the cost of members’ participation, it will be adjusted and submitted at a later date as a revision to the budget.</p>	
<b>Total Salary</b>		<b>\$843,071</b>
<b>Total Fringe (includes payroll taxes, insurance premiums, unemployment benefits, workers compensation, employer retirement contribution, etc., but not travel and other operating expenses)</b>		<b>\$409,480</b>
<b>Total Personnel</b>		<b>\$1,252,551</b>

**C. Consultant Costs**

Line Item	Narrative	Amount Requested
Exchange Planning and Development Consultants	<p>The Commonwealth plans to engage the services of consultants to assist them in exchange planning and development. Due to its small staff, limited resources, and the condensed exchange establishment timelines, PID and DPW plan to procure the services of consultant(s) who will provide the Commonwealth with exchange planning and development deliverables, some of which are listed below. Estimated hours for completion and hourly rates for the different subtasks are provided below.</p> <p>Method of selection: Standard state procurement processes as established by state law and regulation</p> <p>Planning Consultants (TBD) – Responsibilities include but are not limited to: Assist the Commonwealth to analyze the organizational lines and levels of interaction needed from other state agencies and document decisions made by the Commonwealth regarding the appropriate arrangements; document how best to delineate roles and responsibilities of impacted agencies in the exchange planning, development, build, and operations process; provide general advisement on all exchange-related issues as determined necessary; and assist the Commonwealth to develop evaluation measures for the non-IT components of the project. The purpose of this position is to support the development of the exchange core areas of governance, program integration, and others as determined necessary, as well as to document decisions made in this regard.</p> <p>1,456 x \$250 (includes travel, equipment costs, overhead, and all other related expenses) = \$364,000</p>	\$2,676,310

	<p>Financial Consultants (TBD) – Responsibilities include but are not limited to: Analyzing operating costs and needed resources for the selected governance model; analyzing expected costs and revenues for exchange operations; developing draft budgets with projected revenues and expenses; recommending levels of funding required to be self-sustaining; determining how revenues should be assessed and collected; and assisting the Commonwealth to develop and implement a plan to ensure sufficient resources to support ongoing operations of an exchange. The purpose of this position is to support the development of the exchange core areas of governance, exchange financial management, and oversight and program integrity.</p> <p>2,184 x \$375 (includes travel, equipment costs, overhead, and all other related expenses) = \$819,000</p> <p>Process Integration Consultants (TBD) – Responsibilities include but are not limited to: Performing an environmental scan itemizing processes to be used in exchange development or operations; assessing existing capacity and capabilities; and determining if processes can be leveraged for the exchange in their current form, how they would need to be modified, or if it is more cost-effective to develop new processes. Processes and programs to be evaluated include state health and human services programs and processes; accounting systems, internal controls, financial reporting systems, and financial oversight processes; program integrity systems; and consumer assistance programs/call centers. Consultants may also assist the Commonwealth to develop and implement business and operations plans as appropriate. The purpose of this position is to support the development of the exchange core areas of financial management, program integration, oversight and program integrity, and providing assistance to individuals and small businesses.</p> <p>2,730 x \$350 (includes travel, equipment costs, overhead, and all other related expenses) = \$955,500</p> <p>Insurance Process Consultants (TBD) – Responsibilities include but are not limited to: Assisting the Commonwealth in generating strategies related to the development of risk adjustment and reinsurance mechanisms, including developing the requirements and processes that will be used to support necessary data collection for risk adjustment, reinsurance and risk corridors; ensuring the appropriate analysis of data; and reviewing federal guidance and models to be released by HHS. Consultants may also assist with other insurance-related mechanisms and functions as determined necessary. The primary purpose of this position is to support the development of the exchange core area of risk adjustment and transitional reinsurance as well as other insurance processes and mechanisms.</p> <p>1,638 x \$175 (includes travel, equipment costs, overhead, and all other related expenses) = \$286,650</p> <p>Small Business Consultants (TBD) – Responsibilities include but are not limited to: Highlighting different needs and challenges associated with building a SHOP exchange; identifying specific eligibility and enrollment issues relating to a SHOP exchange; researching issues such as defined contribution, administrative simplification, employee dumping, and tax credit considerations; determining the appropriate framework for a Pennsylvania small-business exchange; and working with small businesses to craft SHOP exchange policies to meet the needs of small businesses. The purpose of this position is to support the development of the</p>	
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	<p>exchange core area of SHOP-exchange specific functions.</p> <p>1,092 x \$230 (includes travel, equipment costs, overhead, and all other related expenses) = \$251,160</p>	
IT Systems Integrator Consultants	<p>TBD – Responsibilities include but are not limited to: Developing a technical roadmap and high-level technical approach for exchange design and development; completing preliminary design and system requirements documentation; completing an SDLC implementation plan and developing an IT evaluation plan; reviewing and applying all appropriate Federal IT guidance and standards; analyzing and presenting strategies for systems integration with Medical Assistance and other appropriate state agencies; completing a security risk assessment and release plan; and ensuring a modular, flexible approach to systems development, including use of open interface and exposed application programming interfaces. The purpose of this position is to support the development of the exchange core areas of program integration and exchange IT systems.</p> <p>Based on past experience with similar projects as well as the state’s size and complex technical processes, the Commonwealth has estimated it will cost IT Systems Integrator Consultants \$4,952,000 to review the states technical systems and produce the expected deliverables within the projected timeframe. This cost includes all travel, costs of equipment, overhead and all other related expenses.</p> <p>Method of selection: Standard state procurement processes as established by state law and regulation</p>	\$4,952,000
Outside Legal Counsel <i>(if determined necessary)</i>	<p>TBD – Responsibilities may include but are not limited to: Assisting the Commonwealth in determining the regulations and contractual arrangements needed to set up and operate a state health insurance exchange and surveying existing laws to determine if any may create adverse selection inside and outside of an exchange. The purpose of this position is to support the development of the exchange core areas of legislative and regulatory action and health insurance market reforms, as well as to address contractual arrangements between the exchange and insurers and/or other parties.</p> <p>840 x \$350 (includes travel, equipment costs, overhead, and all other related expenses)</p> <p>Method of selection: Standard state procurement processes as established by state law and regulation</p>	\$294,000
<b>Total Consultant Costs</b>		<b>\$7,922,310</b>

**D. Equipment**

Line Item	Narrative	Amount Requested
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	Item Requested	Amount	Unit Cost	Total Amount	
Staff Equipment	Computer Workstations: One time workstation costs for contractual employees. Physical workstations will allow the employees to work with the Exchange Team on a daily basis. Laptops are requested to facilitate and enhance meeting attendance.	2	Dell Laptops: \$1,200 Phone: \$400 Workstation (desk, cubicle, storage, chair, etc.): \$5,000	\$13,200	\$13,200
State Workgroup Meetings	Dell Laptop Computers: Laptop computers are requested for each of the state workgroups to facilitate meetings and record meeting notes.	4	\$1,200	\$4,800	\$4,800
Advisory Group Meetings	Projector and Screen: To be used during meetings to display agendas, presentations, and other information.	1	\$1,500	\$1,500	\$3,300
	Recording Equipment: To be used to record meetings and develop minutes.	1	\$800	\$800	
	Color Printer: To be used to prepare materials for meetings.	1	\$1,000	\$1,000	
Computer Software	Software Licenses: System software licenses for the contractual employees and four workgroup computers.	9	Windows 7: \$95 Office 2010: \$250 Visio 2010: \$320 Project 2010: \$600	\$11,385	\$11,385
<b>Total Equipment</b>					<b>\$32,685</b>

**E. Supplies**

Line Item	Narrative		Amount Requested
	Item Requested	Amounts and Unit Price	
Staff Supplies	General Office Supplies: Includes pens, paper, printing paper, ink, and other general office equipment to be used to carry out daily activities of exchange planning and development.	12 months x \$50 per month x 11 Staff [Includes FTEs, Grant Manager (1), and IT Staff Augmentation (3)]	\$6,600

Workgroup Meetings	General Office Supplies: Includes pens, paper, printing paper, ink, and other general office equipment to be used to carry out workgroup activities.	12 months x \$10 per month x 47 Members	\$5,640
Advisory Group Meetings	General Office Supplies: Includes pens, paper, printing paper, ink, and other general office equipment to be used to carry out advisory group activities.	7 months x \$60 per month	\$420
	Special papers, binders, report covers: To be used to present advisory group meeting materials and final advisory group reports.	7 months x \$500 per month	\$3,500
	Mailings: Invitations and meeting schedules will be mailed out to advisory group attendees.	1,000 x \$0.60	\$600
<b>Total Supplies</b>			<b>\$16,760</b>

**F. Travel**

Line Item	Narrative	Amount Requested
Out-of-State Travel:	<p>PID and DPW staff plans to travel to HHS grantee meetings and conferences to connect with HHS staff and learn about federal regulations and requirements. They also plan to travel to NAIC meetings and other exchange-related conferences to learn more about exchange progress being made in other states and connect with representatives from those states to share information and ideas.</p> <p><b>HHS Grantee Meetings/Conferences</b> 4 Meetings x 3 Days x 6 Attendees x Total Associated Costs = \$42,000</p> <p><b>NAIC Meetings</b> 3 Meetings x 4 Days x 3 Attendees x Conference Registration (\$600) x Total Associated Costs = \$23,400</p> <p><b>Other Exchange Related Conferences</b>, i.e., NGA, NCOIL, and/or research trips to other states (WI, UT, MA, MD, etc.) to learn about exchange processes and policies being implemented there. 4 Meetings x 2 Days x 4 Attendees x Total Associated Costs (including conference fees) = \$30,400 [Average Conference Registration = \$800 (two conferences)]</p> <p><i>Associated Costs per Attendee: Airfare = \$800 per trip; Lodging = \$200 per night; Per Diem = \$50 per day; Parking/Ground Transportation/Incidentals/Miscellaneous = \$200 per trip</i></p>	\$95,800

<p>In-State Travel</p>	<p>PID and DPW will also make a number of in-state trips to testify at legislative hearings, meet with stakeholders, and provide outreach and education. It is estimated PID and DPW will testify at 6 legislative hearings and engage in 10 stakeholder/outreach meetings outside of the Harrisburg area. An average of four PID and/or DPW staff members will make each trip, which will take place throughout the Level I cycle.</p> <p><b>Legislative Hearings</b> (located in legislative districts throughout the state)          6 Meetings x 1 Day x 4 Attendees          Total Associated Costs = \$9,024</p> <p><b>Stakeholder/Outreach Meetings</b>          10 Meetings x 1 Day x 4 Attendees          Total Associated Costs = \$15,040</p> <p><i>Associated Costs per Attendee: BVM Temporary Vehicle = \$86 (400 average miles round trip x 0.22); Per Diem = \$50; Parking/Ground Transportation/Misc. = \$20 per day; Lodging (if necessary) = \$150 per night</i></p>	<p>\$24,064</p>
<p><b>Total Travel</b></p>		<p><b>\$119,864</b></p>

**G. Other**

Line Item	Narrative		Amount Requested
	Item Requested	Amounts and Unit Price	
<p>Advisory Groups</p>	<p>Meeting Space and Equipment Rental (when space and equipment is not available at the Capitol)</p>	<p>50 meetings (7 advisory groups x 7 months) x \$1,500 per meeting</p>	<p>\$75,000</p>
	<p>Refreshments (coffee service, beverages, etc.)</p>	<p>50 meetings x \$100 per meeting</p>	<p>\$5,000</p>
<p>Grant Manager Travel</p>	<p>Travel to HHS Grantee Meetings/Conferences</p>	<p>4 Meetings x 3 Days x Total Associated Costs = \$7,000</p>	<p>\$7,000</p>
<p><b>Total Supplies</b></p>			<p><b>\$87,000</b></p>

**H. Contractual Costs**

In addition to the **\$7,922,310** in consulting services listed above, the Commonwealth plans to hire third-party contractors for exchange planning and development.

Line Item	Narrative	Amount Requested
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<p>Advisory Group Liaisons</p>	<p>TBD – Responsibilities may include but are not limited to: Organizing, overseeing, and recording findings from advisory groups. The purpose of this position is to support the development of the exchange core area of stakeholder consultation. At this time the Commonwealth envisions utilizing the services of a local focus group leader to conduct and manage the advisory group meetings.</p> <p>Advisory Group Liaison (Focus Group Leader): Responsible for developing a meeting schedule for stakeholder advisory groups; assisting the Commonwealth to develop agendas, notices, etc.; securing appropriate venues for meetings; attending advisory group meetings, taking notes, and preparing minutes of advisory group meetings that will be posted for the public; providing the Exchange Team with periodic updates; and developing meeting notes into full reports and recommendations.</p> <p>896 x \$220 (includes travel, equipment costs, overhead, and all other related expenses)</p> <p>Method of selection: Standard state procurement processes as established by state law and regulation                  Period of performance: Mar 2012 – Oct 2012                  Method of evaluation: Performance-based contract with deliverables evaluation. The state of Pennsylvania has well established quality oversight procedures for all financial activities involving federal funds and will strictly adhere to those procedures.</p>	<p>\$197,120</p>
<p>Grant Manager</p>	<p>TBD – Responsibilities may include but are not limited to: Completing all federal grant administration tracking and reporting requirements, including documenting progress against key milestones outlined in the Work Plan and Evaluation Plan. The purpose of this position is to support the development of the exchange core area of oversight and program integrity.</p> <p>3,864 (23 months) x \$50 (includes overhead and all other related expenses)</p> <p>Method of selection: Standard state procurement processes as established by state law and regulation                  Period of performance: Feb 2012 – Dec 2013                  Method of evaluation: Performance-based contract with deliverables evaluation. The state of Pennsylvania has well established quality oversight procedures for all financial activities involving federal funds and will strictly adhere to those procedures.</p>	<p>\$193,200</p>
<p>IT Staff Augmentation</p>	<p><b>IT Project Manager</b> – Responsibilities may include but are not limited to: Advising and assisting on the day to day operations of exchange development and implementation; defining the technical goals and business processes associated with the exchange; and working closely with technology consultants, vendors, and others to optimize exchange development for time, cost, quality and predictability. The purpose of these positions is to support the development of the exchange core area of exchange IT systems.</p> <p>100% x \$98.06 per hour (includes overhead and all other related expenses) = \$191,217</p>	<p>\$458,211</p>

	<p><b>IT Product Specialist</b> – Responsibilities may include but are not limited to: Reviewing exchange product design, suggesting enhancements, and overseeing development to ensure marketability of IT products related to exchange development and implementation.</p> <p>100% Time x \$79.66 per hour = \$155,337</p> <p><b>Quality Assurance Specialist</b> – Responsibilities may include but are not limited to: Performing internal supplemental audits to verify products, processes, and systems are in conformance with applicable state and federal regulatory requirements; ensuring systems used are properly maintained; and notifying management of quality/compliance trends and service failures.</p> <p>100% x \$57.26 per hour = \$111,657</p> <p>Method of selection: IT Staff Augmentation Contract (Standard state procurement processes as established by state law and regulation)                  Period of performance: Feb 2012 – Feb 2013                  Method of evaluation: Performance-based contract with deliverables evaluation. The state of Pennsylvania has well established quality oversight procedures for all financial activities involving federal funds and will strictly adhere to those procedures.</p>									
Technology Vendor	<p>TBD – Responsibilities may include but are not limited to: Preliminary build of an exchange technical infrastructure by enhancing Pennsylvania’s existing technologies to support exchange operations and/or utilizing technologies developed by other states or in the private sector to the greatest extent possible; finalizing IT and integration architecture and initiating exchange build; completing final requirements documentation; completing preliminary and interim development of baseline system and review, ensuring compliance with business and design requirements; working with the consumer marketing contractor to create Web site design; completing final development of baseline systems; and beginning and completing testing of all system components. The purpose of this position is to support the development of the exchange core area of exchange IT systems.</p> <p>The Commonwealth has estimated it will cost a technology vendor \$19,305,000 for the development and build of the technical infrastructure for an exchange (including overhead and all other related expenses). An itemized budget is provided below.</p> <table border="1" data-bbox="489 1295 1310 1442"> <thead> <tr> <th colspan="2">Portal</th> </tr> </thead> <tbody> <tr> <td>Portal Development</td> <td>\$225,000</td> </tr> <tr> <td>Eligibility Determination</td> <td>\$700,000</td> </tr> <tr> <td>Eligibility Notification</td> <td>\$325,000</td> </tr> </tbody> </table>	Portal		Portal Development	\$225,000	Eligibility Determination	\$700,000	Eligibility Notification	\$325,000	\$19,305,000
Portal										
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Eligibility Determination	\$700,000									
Eligibility Notification	\$325,000									

Subsidy Calculator	\$150,000
Health Plan Presentation & Quoting	\$250,000
Quality Rating System	\$200,000
Enrollment	\$500,000
Mobile Access	\$100,000
<b>Subtotal</b>	<b>\$2,450,000</b>
<b>HHS Interface / Federal Data Service Hub</b>	
Federal Data Service Hub	\$500,000
HHS Reporting	\$250,000
<b>Subtotal</b>	<b>\$750,000</b>
<b>Small Business (SHOP)</b>	
Employer Registration	\$250,000
Employee Enrollment	\$250,000
Health Plan Presentation & Quoting	\$250,000
Employer Admin Portal	\$400,000
Premium invoicing, collection, and distribution	\$300,000
Premium Aggregation	\$150,000
<b>Subtotal</b>	<b>\$1,600,000</b>
<b>Business Operations</b>	
Certification, recertification, and decertification of QHPs	\$550,000
Administration of premium tax credits and cost-sharing reductions	\$500,000
Member Management	\$500,000
Broker Management	\$300,000
Carrier Interface	\$500,000
Exemption Management	\$300,000
Adjudication of appeals and eligibility determinations	\$300,000
Notification and appeals of employer liability	\$500,000
Risk Adjustment and Mitigation	\$1,000,000
Disaster Recovery	\$750,000
<b>Subtotal</b>	<b>\$5,200,000</b>

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<p>Consumer Marketing, Outreach and Education Contractor</p>	<p>TBD – Responsibilities include but are not limited to: Assisting the Commonwealth to analyze how best to conduct consumer marketing, outreach and education; conducting market research; developing a marketing and outreach plan, creating materials, and working on Web site design and copy; and launching marketing and user-experience campaigns. The purpose of this position is to support the development of the exchange core area of providing assistance to individuals and small businesses.</p> <p>Outreach and Education Plan and Tool Kit Development:</p>	<p>\$3,198,450</p>																																												

	<p>1,134 x \$175 (includes travel, equipment costs, overhead, and all other related expenses) = \$198,450</p> <p>Conduct Outreach and Education Campaigns - Flat Fee: \$3,000,000                  Fee includes costs for all consultant fees; travel and lodging; media and advertising for events and meetings; equipment and meeting materials; and event fees, room rentals, registration, and/or other miscellaneous fees.</p> <p>Method of selection: Standard state procurement processes as established by state law and regulation                  Period of performance: Jan 2013 – Dec 2013                  Method of evaluation: Performance-based contract with deliverables evaluation. The state of Pennsylvania has well established quality oversight procedures for all financial activities involving federal funds and will strictly adhere to those procedures.</p>	
<b>Total Contractual Costs</b>		<b>\$23,351,981</b>

**Totals by Budget Category**

<b>Total Salary</b>	<b>\$843,071</b>
<b>Total Fringe</b>	<b>\$409,480</b>
<b>Total Consultant Costs</b>	<b>\$7,922,310</b>
<b>Total Equipment</b>	<b>\$32,685</b>
<b>Total Supplies</b>	<b>\$16,760</b>
<b>Total Travel</b>	<b>\$119,864</b>
<b>Total Other</b>	<b>\$87,000</b>
<b>Total Contractual Costs</b>	<b>\$23,351,981</b>
<b>Indirect Charges (Estimated Indirect Cost Rate of 3.2%)</b>	<b>\$1,049,061</b>
<b>TOTAL FUNDING REQUEST</b>	<b>\$33,832,212</b>

In terms of managing Level I Cooperative Agreement funds, Pennsylvania will continue to adhere to all reasonably required financial monitoring activities. The Commonwealth has a history of overseeing multiple grant funding streams and will continue to use existing state processes to manage Cooperative Agreement funds in addition to other existing funding streams such as the Exchange Planning Grant, State Consumer Assistance Grant, and Rate Review Grant. For example, all research described in the “Background Research” section in the Proposal to Meet Program Requirements will be paid for with remaining Exchange Planning Grant funds and therefore tracked and monitored under that grant. The Grant Manager listed above is contracted to work exclusively on activities related to the Cooperative Agreement and will complete all federal grant administration tracking and reporting requirements related to this cooperative agreement.

At this time it is not known exactly which elements of the proposal will also benefit Pennsylvania’s Medical Assistance/CHIP systems and other specific health and human services programs (this information will become available through the planning and development activities proposed in this application). The Commonwealth plans to engage these agency leaders and staff in a more formal and consistent way and, if determined appropriate, formalize agreements with respect to the roles and responsibilities of each agency. Once these roles are developed and the exchange infrastructure plan is defined, the Commonwealth will have a better sense of how to allocate costs between possible sources of funding in line with the cost-sharing/matching requirements in Section IV.5B.vi. The Commonwealth will then provide HHS with a cost allocation plan as well as an explanation of the methodology used in this allocation, using the most up-to-date information and instructions found in IT Guidance 2.0 and A-87 waivers.

**Budget Request by Core Area**

Stakeholder Involvement	
Object Class Code	Amount
Personnel/Fringe Benefits	\$47,488.90
Travel	\$11,986.40
Equipment	\$5,758.50
Supplies	\$5,180.00
Contractual (73% personnel; 27% other)	\$295,320.00
Other (including indirect costs)	\$104,906.10
<b>Total Cost:</b>	<b>\$470,639.90</b>
Fixed Cost: 0% Variable Cost: 100% (all costs are variable at this time)	
Percent of costs being requested by Cooperative Agreement: 100%	
Percent of costs being requested by another source: 0%	
Assumptions: See budget narrative	

Legislative/Regulatory Action	
Object Class Code	Amount
Personnel/Fringe Benefits	\$68,187.57
Travel	\$11,986.40
Equipment	\$2,458.50
Supplies	\$660.00
Contractual (100% personnel)	\$116,200.00
Other (including indirect costs)	\$104,906.10
<b>Total Cost:</b>	<b>\$304,398.57</b>
Fixed Cost: 0% Variable Cost: 100% (all costs are variable at this time)	
Percent of costs being requested by Cooperative Agreement: 100%	
Percent of costs being requested by another source: 0%	
Assumptions: See budget narrative	

Governance	
Object Class Code	Amount
Personnel/Fringe Benefits	\$68,187.57
Travel	\$11,986.40
Equipment	\$2,458.50

Program Integration	
Object Class Code	Amount
Personnel/Fringe Benefits	\$350,808.90
Travel	\$11,986.40
Equipment	\$3,144.21

Supplies	\$660.00
Contractual (100% personnel)	\$371,000.00
Other (including indirect costs)	\$104,906.10
<b>Total Cost:</b>	<b>\$559,198.57</b>
Fixed Cost: 0% Variable Cost: 100% (all costs are variable at this time)	
Percent of costs being requested by Cooperative Agreement: 100%	
Percent of costs being requested by another source: 0%	
Assumptions: See budget narrative	

Supplies	\$1,465.71
Contractual (67% personnel; 33% equipment)	\$4,052,923.20
Other (including indirect costs)	\$104,906.10
<b>Total Cost:</b>	<b>\$4,525,234.52</b>
Fixed Cost: 0% Variable Cost: 100% (all costs are variable at this time)	
Percent of costs being requested by Cooperative Agreement: 100%	
Percent of costs being requested by another source: 0%	
Assumptions: See budget narrative	

Exchange IT Systems	
Object Class Code	Amount
Personnel/Fringe Benefits	\$153,865.70
Travel	\$11,986.40
Equipment	\$3,144.21
Supplies	\$1,465.71
Contractual (42% personnel; 58% equipment)	\$16,336,407.60
Other (including indirect costs)	\$104,906.10
<b>Total Cost:</b>	<b>\$16,611,775.72</b>
Fixed Cost: 0% Variable Cost: 100% (all costs are variable at this time)	
Percent of costs being requested by Cooperative Agreement: 100%	
Percent of costs being requested by another source: 0%	
Assumptions: See budget narrative	

Financial Management	
Object Class Code	Amount
Personnel/Fringe Benefits	\$84,955.10
Travel	\$11,986.40
Equipment	\$3,144.21
Supplies	\$1,465.71
Contractual (100% personnel)	\$700,700.00
Other (including indirect costs)	\$104,906.10
<b>Total Cost:</b>	<b>\$907,157.52</b>
Fixed Cost: 0% Variable Cost: 100% (all costs are variable at this time)	
Percent of costs being requested by Cooperative Agreement: 100%	
Percent of costs being requested by another source: 0%	
Assumptions: See budget narrative	

Program Integrity	
Object Class Code	Amount
Personnel/Fringe Benefits	\$84,955.10
Travel	\$11,986.40

Health Insurance Market Reforms	
Object Class Code	Amount
Personnel/Fringe Benefits	\$126,262.77
Travel	\$11,986.40

Equipment	\$3,144.21
Supplies	\$1,465.71
Contractual (99% personnel; 1% travel)	\$573,300.00
Other (including indirect costs)	\$104,906.10
<b>Total Cost:</b>	<b>\$779,757.52</b>
Fixed Cost: 0% Variable Cost: 100% (all costs are variable at this time)	
Percent of costs being requested by Cooperative Agreement: 100%	
Percent of costs being requested by another source: 0%	
Assumptions: See budget narrative	

Equipment	\$3,144.21
Supplies	\$1,465.71
Contractual (100% personnel)	\$202,195.00
Other (including indirect costs)	\$104,906.10
<b>Total Cost:</b>	<b>\$449,960.19</b>
Fixed Cost: 0% Variable Cost: 100% (all costs are variable at this time)	
Percent of costs being requested by Cooperative Agreement: 100%	
Percent of costs being requested by another source: 0%	
Assumptions: See budget narrative	

Providing Assistance to Individuals and Small Businesses	
Object Class Code	Amount
Personnel/Fringe Benefits	\$107,041.10
Travel	\$11,986.40
Equipment	\$3,144.21
Supplies	\$1,465.71
Contractual (38% personnel; 62% equipment)	\$3,407,750.00
Other (including indirect costs)	\$104,906.10
<b>Total Cost:</b>	<b>\$3,636,293.52</b>
Fixed Cost: 0% Variable Cost: 100% (all costs are variable at this time)	
Percent of costs being requested by Cooperative Agreement: 100%	
Percent of costs being requested by another source: 0%	
Assumptions: See budget narrative	

Business Operations/Exchange Functions	
Object Class Code	Amount
Personnel/Fringe Benefits	\$160,798.30
Travel	\$11,986.40
Equipment	\$3,144.21
Supplies	\$1,465.71
Contractual (49% personnel; 51% equipment)	\$5,305,495.20
Other (including indirect costs)	\$104,906.10
<b>Total Cost:</b>	<b>\$5,587,795.92</b>
Fixed Cost: 0% Variable Cost: 100% (all costs are variable at this time)	
Percent of costs being requested by Cooperative Agreement: 100%	
Percent of costs being requested by another source: 0%	
Assumptions: See budget narrative	