IAK c/o 41384

STATE OF MINNESOTA
INTERAGENCY AGREEMENT

WHEREAS, the Minnesota Department of Human Services (hereinafter "DHS") and the Minnesota Department of Commerce (hereinafter "DOC") are empowered to enter into interagency agreements pursuant to Minnesota Statutes, 471.59 subdivision 10; and

WHEREAS, DHS is the designated state Medicaid agency and is responsible for administering the Medical Assistance (hereinafter referred to as the "MA") program; and

WHEREAS, DHS is modernizing the current Eligibility Determination and Enrollment Systems for the MA program; and

WHEREAS, DOC has been awarded a Health Insurance Exchange Level 1 Establishment Grant =by the federal Department of Health and Human Services through a Health Insurance Exchange Level 1 Establishment Grant Agreement to design and develop a Minnesota Health Insurance Exchange ("Exchange") that includes enrollment, eligibility and account management functions that benefit the MA program; and

WHEREAS, the Health Insurance Exchange Level 1 Establishment Grant Agreement requires, among other items, cost allocation to the MA program, and

WHEREAS, DOC and DHS have a mutual interest in the design and development of the Exchange as it pertains to public program enrollment, eligibility and account management within the Exchange.

NOW, THEREFORE, it is agreed:

I. **DOC Duties:** DOC shall:

a. Allocate eligible Health Insurance Exchange development costs to the MA program in accordance with OMB-A-87 requirements and standards. Eligible costs and the cost allocation methods are outlined in Exhibit A, which is attached hereto and incorporated herein..

b. Invoice DHS for MA eligible costs in accordance with the terms of Exhibit A.

c. Obtain any and all necessary approvals/Gate Reviews required by the Center for Consumer Information and Insurance Oversight (CCIIO).

d. Invoice the Minnesota Department of Health ("MDH") for the Minnesota state share of the Provider Display Module as defined in Exhibit A. The Minnesota state share for the provider Display Module shall be paid to DHS to the extent necessary for obtaining Federal Financial Participation ("FFP") and invoiced in accordance with the terms of Exhibit A.

II. **DHS Duties:** DHS Shall:

a. Reimburse DOC for the MA share of any and all development costs of the Exchange in

accordance with the terms of Exhibit A.

b. Obtain any and all necessary approvals required by the Centers for Medicare & Medicaid Services ("CMS").

III. Joint Duties

a. DOC and DHS shall create an interagency workgroup on joint issues, including but not limited to the following:

i. eligibility, enrollment and account management issues that are common to the development of an Exchange and the modernization of the current Eligibility Determination and Enrollment Systems at DHS;
ii. recommendations on operationalizing common roles and responsibilities related to eligibility determinations, verifications and enrollment;
iii. program integration strategies including creation of common work plans, timelines and mitigation of issues; and
iv. other strategies to ensure compliance with federal regulations and timelines.

The workgroup shall report its findings and recommendations to designated leadership in DHS and DOC or other governance structures that may be determined in the future.

b. DOC and DHS shall also jointly issue an Request For Proposals ("RFP") for an Independent Verification and Validation ("IV&V") review of the Exchange and the modernization of the Eligibility Determination and Enrollment Systems at DHS. DHS shall, in cooperation with the Minnesota Department of Administration and DOC, be lead agency the issuance of the IV&V review RFP.

c. With respect to the IV&V RFP, DHS shall obtain all necessary approvals from CMS for the contemplated IV&V procurement process and shall require the awarded IV&V vendor to submit all documentation to CMS required by 45 CFR 95.626 simultaneously with submission to DHS and DOC.

d. DOC and DHS shall collaborate on the timing of submission of documents for approval by CCIIO and CMS, so as, to the extent possible, achieve simultaneous reviews of documents by CCIIO and CMS.

IV. Consideration and Payment

Invoicing and direct charging for salary of staff for the activities defined in Exhibit A will only proceed after approval for grant funding has been received by DOC from CCIIO and after the federal match of these activities has been received by DHS from CMS (eligible activity). DOC further agrees to invoice DHS based on the budget cost centers by percentage of FFP established as a result of CMS approval of APDs.

Salaries

Once approval has been received, DOC will begin coding salary and fringe as specified in Exhibit A to the account identified in the table.

Agency	Fund	Speed chart	Appropriation
H55	2001	H55EB32170	H551143

Other Allowable Costs

DOC shall invoice DHS for the Medical Assistance share of eligible activity in accordance with the specified timelines contained in Exhibit A. Invoices shall include expenditure reports detailing actual costs for the preceding billing period and the formula allocation. DOC shall furnish or make available information on any accounts, expenditures or reports as requested by DHS or as may be necessary for audit purposes.

DHS shall make payment to DOC within 30 days of receipt by DHS of an approved invoice for the Medical Assistance share of allocated costs for eligible activity.

Total billings and direct charges under this contract are expected to be $829,042. All Invoices and direct charges pursuant to this Agreement as specified in Exhibit A will be based on actual costs.

V. Conditions of Payment

All services provided by the DOC under this Agreement must be performed to DHS' satisfaction, as determined at the reasonable discretion of DHS' Authorized Representative.

VI. Term of Agreement:

Effective date: Where as federal approval for federal Medical Assistance participation for the Exchange was approved by CMS on December 30, 2011, this agreement is effective retroactive to January 1, 2012.

Expiration date: August 22, 2012, or until all obligations have been satisfactorily fulfilled, whichever is later.

VII. Authorized Representative

DHS' Authorized Representative is James Golden, Deputy Assistant Commissioner, Minnesota Department of Human Services, St.Paul, Mn 55164-0983,651-431-2151 or his successor.

DOC' Authorized Representative is Barbara Juelich, Minnesota Health Insurance Exchange Finance Director, 85 7th Place East, Suite 500, St. Paul, Mn 55101-2198, 651-296-6578, or her successor..

VIII. Amendments

Any amendment to this Agreement must be in writing and will not be effective until it has been executed and approved by the same parties who executed and approved the original Agreement, or their successors in office.

IX. Liability

Each party will be responsible for its own acts and behavior and the results thereof.

X. Termination

Either party may terminate this Agreement at any time, with or without cause, upon 30 days' written notice to the other party.

1. STATE ENCUMBRANCE VERIFICATION
Individual certifies that funds have been encumbered as required by Minn. Stat. §§ 16A.15 and 16C.05.

Signed: B. Hauenman

Date: 2 15 2012

2. Minnesota Department of Commerce

By: [signature]
(With delegated authority)

Title: Exchange Director

Date: 2-2-12

3. Minnesota Department of Human Services

By: [signature]
(with delegated authority)

Title: Deputy Assistant Commissioner

Date: 2-2-12

Vendor # B130000000

Interagency Agreement # ob 41384

P.O. # 3000007436 $829,042.00

H55 32170

EXHIBIT A

Interagency Agreement between Department of Commerce and Department of Human Services
Cost Allocation of Minnesota Health Insurance Exchange Activities to Medical Assistance

Summary

OMB Circular A-87 requires that States charge all benefiting parties an allocated share of the expenses, both developmental and operational, for goods and services (including but not limited to IT systems, software, and licensing fees) that benefit multiple stakeholders. As approved in the Level 1 Health Insurance Exchange Establishment Grant Agreement, activities under the Core area of Technical Infrastructure will be allocated to Medical Assistance as outlined below.

The Core Area of Technical Infrastructure Minnesota has proposed a budget of $3,055,602 for the Level One Establishment Gant. This budget request for Technical Infrastructure is comprised of three parts:

1. Contract and associated indirect for Exchange Component Integration and System Interaction - $1,603,500;
2. Contract and associated indirect for the Provider Display Module - $1,103,500; and
3. Salaries, fringe, equipment, supplies, other, and associated indirect costs for Technical Infrastructure staff - $348,602.

The $3,055,602 projected total cost for Technical Infrastructure for Minnesota's Level One Establishment Grant is allocated as follows:

a) The total projected cost allocated to the Level One Establishment Grant (funded through the CCIIO) is $2,226,560;
b) The total projected cost allocated to other sources is $829,042.

The Billing Cycle for the above-referenced charges will be various.

1) Contract and associated indirect for Exchange Component Integration and System Interaction - $1,603,500

The Contract for Exchange Component and Integrated System Interaction includes portions of the following components under Cost Allocation referenced in the federal IT Guidance 2.0:

1. A Health Care Coverage Portal;
2. Business Rules Management and Operations Systems;
3. Interfaces to Federal Data Services Hub;
4. Interfaces to Other Verification Sources.

Other components specified under Cost Allocation referenced in the IT Guidance 2.0 will be included in a future Level Two a Health Insurance Exchange Establishment Grant application anticipated for December 2011.

The total projected costs for the Contract for Exchange Component and Integrated System Interaction and associated indirect is $1,603,500. These projected costs shall be allocated as follows:

a) The total projected costs charged to the Level One Establishment Grant (funded through the CCIIO) is $1,214,700; and
b) The total projected costs charged to other sources is $388,800.

DOC will invoice DHS monthly for these charges.

Formula

As outlined below, a preliminary estimate that 32.4% of users served by the Exchange will be Medicaid-eligible. This percentage will be applied to 75% of the cost of the Contract for Exchange Component and Integrated System Interaction. Indirect costs will not be allocated to Medical Assistance.

Minnesota has released an Exchange IT RFP that includes eight modules. The eight modules include: 1) Individual Eligibility and Exemption, 2) Individual Enrollment, 3) Small Employer Eligibility and Enrollment, 4) Health Benefit Plan and Navigator Certification and Display, 5) Provider Display, 6) Fund Aggregation and Payment, 7) Account Administration, and 8) Mobile Applications. Two of the eight modules, The Small Employer Eligibility and Enrollment and Fund Aggregation and Payment modules, are not anticipated to benefit Medicaid. The purpose of the IT RFP is to obtain technical assistance related to the integration of these eight modules and develop a plan for an integrated system architecture that facilitates interaction between the Exchange modules and partnered systems.

2) Contract and associated indirect for the Provider Display Module - $1,103,500

The Contract for the Provider Display Module includes the following component under Cost Allocation referenced in the IT Guidance 2.0:

1. Member Education;
2. Selection; and
3. Enrollment into Plans.

The total projected costs for the Contract for the Provider Display Module and associated indirect is $1,103,500. These projected costs shall be allocated as follows:

a) The total projected cost charged to the Level One Establishment Grant (funded through the CCIIO) is $747,100; and
b) The total projected cost charged to other sources is $356,400.

DOC will invoice MDH for the Minnesota state share of costs of this module and coordinate with DHS any additional transactions to between DMC and DHS to ensure state share requirements are met. **DOC will invoice DHS monthly for these charges.**

Formula

As outlined below, a preliminary estimate that 32.4% of users served by the Exchange will be Medicaid-eligible. This percentage will be applied to 100% of the cost of the Contract for the Provider Display Module. Indirect costs will not be allocated to Medical Assistance.
The purpose of the Contract for the Provider Display Module is to develop this Module of the Exchange IT RFP to assist Medicaid and non-Medicaid Exchange participants in selecting and enrolling into health benefit plans that best suit their needs.

3) Salaries, fringe, equipment, supplies, and other associated indirect costs for Technical Infrastructure staff - $348,602

These costs for Exchange Technical Infrastructure staff include portions of the following components referenced in the federal IT Guidance 2.0:

1. Health Care Coverage Portal;
2. Business Rules Management and Operations Systems;
3. Interfaces to Federal Data Services Hub; and
4. Interfaces to Other Verification Sources.

The total projected costs for salaries, fringe, equipment, supplies and other associated indirect costs for Technical Infrastructure Staff is $348,602. These projected costs shall be allocated as follows:

a) The total projected cost charged to the Level One Establishment Grant (funded through the CCIIO) is $264,760; and
b) The total projected cost charged to other sources is $83,842.

DOC will invoice DHS for these charges as follows:

a. **Salaries and fringe – direct charge of 24.3% of Information Policy Director (currently vacant) and Information Project Director (Pete Frank); and**

b. **Equipment, supplies, and other associated direct costs of this activity – monthly invoice.**

Formula

As outlined below, a preliminary estimate that 32.4% of users served by the Exchange will be Medicaid-eligible. This percentage will be applied to 75% of the cost of the Exchange Technical Infrastructure staff. As referenced for the Exchange Component Integration and System Interaction Contract above, Minnesota has released an Exchange IT RFP that includes eight modules, two of which are not anticipated to benefit Medicaid. Exchange Technical Infrastructure staff will be responsible for the development, implementation, and project management of technical infrastructure functions of the Exchange related to the integration of the eight modules and interaction of the modules between the Exchange and partnered systems.

Cost Allocation Methodology /Medical Assistance User Ratio

Based on the federal IT Guidance 2.0, the following cost allocation methodology will be used for the development of an Exchange.

The following calculations describe Minnesota's preliminary estimate that 32.4% of users served by the Exchange will be Medicaid-eligible.

Share of Minnesota Population Eligible for Exchange:

9.0% Uninsured
6.4% MAGI Medicaid
2.3% MinnesotaCare
0.7% General Assistance Medical Care (GAMC)
0.5% Minnesota Comprehensive Health Association (MCHA) – high risk pool
4.8% Individual Market
7.3% Small Group Market 2-50
3.0% Group Market 51-100
34.0% Total Share of Minnesota Population Eligible for Exchange

Share of Minnesota Population Eligible for Exchange and Medicaid Eligible:

2.5% Uninsured (28% estimated Medicaid eligible up to 133%)
6.4% MAGI Medicaid
1.4% MinnesotaCare (63% estimated Medicaid eligible up to 133%)
0.7% GAMC (income level is Medicaid eligible up to 133%)
11.0% Total Share of Minnesota Population Eligible for Exchange and Medicaid Eligible

Cost Allocation: Medicaid Share of Exchange Eligible Population

11.0% / 34.0% = **32.4%**

Data Sources:

- Minnesota Department of Health, Health Economics Program, 2009 Distribution of Coverage and 2009 Minnesota Health Access Survey
  Minnesota Department of Human Services, Reports and Forecasts, 2009 Public Program Enrollment Counts .

MINNESOTA Management & Budget

Inter-agency Request for State Employee Services

This AGREEMENT is entered ~~into this ____ day of _____, 2011, by~~ upon execution of the interagency agreement ~~and~~ between Department of Human Services (requesting agency) and Department of COmmerce (home department). The parties hereto agree as follows:

1. Department of Commerce (home department) agrees that it shall provide Pete Frank (name of employee), who is qualified to perform the tasks set out in section 2 below.

2. Description of tasks to be performed (include dates and number of hours anticipated):

   See Exhibit A, Item I.3 for a description of duties. Charging of time will be based on the approved cost allocation in the Level 1 - Exchange Establishment Grant and will only begin after after approval for grant funding has been received by DOC by CCIIO and for federal match of these activities has been received by DHS from CMS.

3. Employee Information: Peter Frank (Name) — 01014473 (Employee ID Number)

   St. Prgm Admin Mgr. Principle (Present Job Classification (title and class code)) — N/A (Appt. No.) — 01104632 (Position #) — $ 46.49 (Hourly Rate)

4. Appointment Information (check one):

   ☐ This assignment will result in an appointment to the, requesting agency ☐ home agency ☐

   ☒ This assignment will not result in an appointment to the requesting agency, or home agency.

Appointment is effective ____, 20__ thru (and including) ____, 20__ full execution of the agreement. with the interagency agreement

For Minnesota Management & Budget Only	Payment Information
Appropriate Class of Assignment: _____ (explain if necessary)	Payroll Expense for this assignment will be charged to the following accounting string: Speedchart H55EB32170 ~~Fund _____ Financial Dept ID _____ Appropriation ID _____ Statewide Cost _____~~
Approved by: _____ Name _____ Date	(Check One) ☒ Direct Payment at a rate of ~~$24.3% per hour plus~~ salary and fringe by department initiating appointment. (DHS)
NOTE: Unless otherwise exempted, by all inter-agency agreements must be approved by Minnesota Management & Budget.	☐ Direct Payment at $_____ per quarter credit.
	☐ Direct Payment at lump sum of $_____.

In CONSIDERATION for the performance of the tasks set out above Department of Human Services (requesting agency) shall pay Pete Frank (employee name) an amount not to exceed $ 35,000. annually or as amended in the future based on cost allocation adjustments.

Approvals

Requesting Agency, by [signature]	Date 11/4/11	[signature] Employee Signature — Date 11-3-11
Service Agency, by	Date	

PE-00268-08 (3/10)

STATE OF MINNESOTA
INTERAGENCY AGREEMENT BETWEEN
HUMAN SERVICES AND DEPARTMENT OF COMMERCE

AMENDMENT NUMBER 1 to IAK % 41384

Total amount of interagency agreement: $12,000,625.00

Original Start Date: 01/01/2012
Original End Date: 08/12/2012
Revised End Date: 02/25/2013

Original Amount Encumbered From:	
SWIFT FinDept ID: H55EB32170	**$ 829,042.00**
Amendment Amount Encumbered From:	
SWIFT FinDept ID: H55EB32375	**$ 11,171,583.00**
Revised Total Obligation	**$ 12,000,625.00**

Reference the contract number and purchase order number assigned below when processing invoices for this agreement. Send invoices to FOD – 0940

SWIFT Vendor # for Commerce: B130000000
SWIFT Contract #: IAK % 41384
SWIFT Purchase Order # for SFY12: 3000007436

Buyer Initials: bmg Date Encumbered: 06/08/2012

Individual signing certifies that funds have been encumbered as required by MS § 16A15.

AMENDMENT NO. 1 TO INTERAGENCY AGREEMENT #IAK % 41384

Contract Start Date: January 1, 2012
Original Contract Expiration Date: August 12, 2012
Current Contract Expiration Date: August 12, 2012
Requested Contract Expiration Date: February 25, 2013

Total Contract Amount: $12,000,625.00
Original Contract Amount: $829,042
Previous Amendment(s) Total:
Amendment Amount: $11,171,583

This amendment is by and between the State of Minnesota, through its Commissioner of Human Services ("DHS") and Commissioner of Commerce ("DOC"), identified as Interagency Agreement No. IAK % 41384 to design and develop the Health Insurance Exchange; and

WHEREAS, DOC has been awarded a second Health Insurance Exchange Level 1 Establishment Grant by the Federal Department of Health and Human Services on February 25, 2012 (2/25/12 Grant); and

WHEREAS, the 2/25/12 Grant requires, among other items, cost allocation to the Medical Assistance (MA) program run by DHS; and

WHEREAS, the 2/25/12 Grant allows for the design and development of the Health Insurance Exchange, during which, DOC and vendors of DOC will have access to Protected Health Information;

WHEREAS, DHS has determined that the release of the Medical Assistance data to DOC and its vendors is consistent with the requirements of 42 CFR 431.302. Pursuant to §§1413 and 2201 of the Affordable Care Act, DHS must have a single, streamlined application for Medicaid (called Medical Assistance in Minnesota), CHIP and subsidies for coverage through the Exchange, as well as a web portal for enrollment and renewal for public programs; and

WHEREAS, CMS approved the DHS Implementation Advance Planning Document (IAPD) for enhanced Federal funding for the Medicaid portion of the Exchange on April 19, 2012.

Therefore, the parties agree that:

REVISION 1. Clause I.b. **"DOC Duties"** is amended as follows:

b. Invoice DHS for MA eligible costs in accordance with the terms of Exhibit A <u>and Exhibit B</u>.

REVISION 2. Clause II.a. **"DHS Duties"** is amended as follows:

a. Reimburse DOC for the MA share of any and all development costs of the Exchange in accordance with the terms of Exhibit A <u>and Exhibit B</u>.

REVISION 3. Clause IV. **"Consideration and Payment"** is amended as follows:

Invoicing and direct charging for salary of staff for the activities defined in Exhibit A and Exhibit B will only proceed after approval for grant funding has been received by DOC from CCIIO and after the federal match of these activities has been received by DHS from CMS (eligible activity). DOC further agrees to invoice DHS based on the budget cost centers by percentage of FFP established as a result of CMS approval of APDs.

Salaries
Once approval has been received, DOC will begin coding salary and fringe as specified in Exhibit A and Exhibit B to the account identified in the table.

Agency	Fund	Speed chart	Appropriation
H55	2001	H55EB32375	H551472

Other Allowable Costs
DOC shall invoice DHS for the Medical Assistance share of eligible activity in accordance with the specified timelines contained in Exhibit A and Exhibit B. Invoices shall include expenditure reports detailing actual costs for the preceding billing period and the formula allocation. DOC shall furnish or make available information on any accounts, expenditures or reports as requested by DHS or as may be necessary for audit purposes.

DHS shall make payment to DOC within 30 days of receipt by DHS of an approved invoice for the Medical Assistance share of allocated costs for eligible activity.

Total billings and direct charges under this contract are expected to be ~~$829042~~ 12,000,625.00. All Invoices and direct charges pursuant to this Agreement as specified in Exhibit A and Exhibit B will be based on actual costs.

REVISION 4. Clause VI. **"Term of Agreement"** is amended as follows:

Effective date: Whereas federal approval for federal Medical Assistance participation for the Exchange was approved by CMS on December 30, 2011, this agreement is effective retroactive to January 1, 2012.
Expiration date: ~~August 22, 2012~~ February 25, 2013, or until all obligations have been satisfactorily fulfilled, whichever is later.

REVISION 5. The Agreement is amended to add Clause XI **"Information Privacy and Security"** as follows:

XI. **Information Privacy and Security.** The DOC agrees to abide by and agrees to include in its contracts with any vendors who will be dealing with PHI.

A. **Information Covered by this Provision.** In carrying out its duties, DOC will be handling one or more types of private information, collectively referred to as "protected information," concerning individual DHS clients. "Protected information," for purposes of this Agreement, may include any or all of the following:

(a) Private data (as defined in Minnesota Statutes § 13.02, subd. 12), confidential data (as defined in Minn. Stat. § 13.02, subd. 3), welfare data (as governed by Minn. Stat. § 13.46), medical data (as governed by Minn. Stat. § 13.384), and other non-public data governed by other sections in the Minnesota Government Data Practices Act (MGDPA), Minn. Stats. Chapter 13;

(b) Health records (as governed by the Minnesota Health Records Act [Minn. Stat. §§ 144.291-144.298]);

(c) Chemical health records (as governed by 42 U.S.C. § 290dd-2 and 42 C.F.R. § 2.1 to § 2.67);

(d) Protected health information ("PHI") (as defined in and governed by the Health Insurance Portability Accountability Act ["HIPAA"], 45 C.F.R. § 164.501);

(e) Electronic Health Records (as governed by Health Information Technology for Economic and Clinical Health Act (HITECH), 42 USC 201 note, 42 USC 17931); and

(f) Other data subject to applicable state and federal statutes, rules, and regulations affecting the collection, storage, use, or dissemination of private or confidential information.

B. **Duties Relating to Protection of Information.**

(a) **Duty to ensure proper handling of information.** DOC shall be responsible for ensuring proper handling and safeguarding by its employees, subcontractors, and authorized agents of protected information collected, created, used, maintained, or disclosed on behalf of DHS. This responsibility includes ensuring that employees and agents comply with and are properly trained regarding, as applicable, the laws listed above in paragraph 6.1.

(b) **Minimum necessary access to information.** DOC shall comply with the "minimum necessary" access and disclosure rule set forth in the HIPAA and the MGDPA. The collection, creation, use, maintenance, and disclosure of protected information shall be limited to "that necessary for the administration and management of programs specifically authorized by the legislature or local governing body or mandated by the federal government." *See,* respectively, 45 C.F.R. §§ 164.502(b) and 164.514(d), and Minn. Stat. § 13.05 subd. 3.

(c) **Information Requests.** Unless provided for otherwise in this Agreement, if DOC receives a request to release the information referred to in this Clause, DOC must immediately notify DHS. DHS will give DOC instructions concerning the release of the data to the requesting party before the data is released.

C. **DOC Use of Information.** DOC shall:

(a) Not use or further disclose protected information created, collected, received, stored, used, maintained, or disseminated in the course or performance of this Agreement other than as permitted or required by this Agreement or as required by law, either during the period of this Agreement or hereafter.

(b) Use appropriate safeguards to prevent use or disclosure of the protected information by its employees, subcontractors and agents other than as provided for by this Agreement. This includes, but is not limited to, having implemented administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentially, integrity, and availability of any electronic protected health information at rest and in transit that it creates, receives, maintains, or transmits on behalf of DHS.

(c) Report to DHS any privacy or security incident regarding the information of which it becomes aware. For purposes of this Agreement, "*Security incident*" means the attempted or successful unauthorized access, use, disclosure, modification, or destruction of information or interference with system operations in an information system. "*Privacy incident*" means violation of the Minnesota Government Data Practices Act (MGDPA) and/or the HIPAA Privacy Rule (45 C.F.R. Part 164, Subpart E), including, but not limited to, improper and/or unauthorized use or disclosure of protected information, and incidents in which the confidentiality of the information maintained by it has been breached. This report must be in writing and sent to DHS not more than 7 days after learning of such non-permitted use or disclosure. Such a report will at least: (1) Identify the nature of the non-permitted use or disclosure; (2) Identify the PHI used or disclosed; (3) Identify who made the non-permitted use or disclosure and who received the non-permitted or violating disclosure; (4) Identify what corrective action was taken or will be taken to prevent further non-permitted uses or disclosures; (5) Identify what was done or will be done to mitigate any deleterious effect of the non-permitted use or disclosure; and (6) Provide such other information, including any written documentation, as DHS may reasonably request.

(d) Consistent with this Agreement, ensure that any agents (including contractors and subcontractors), analysts, and others to whom it provides protected information, agree in writing to be bound by the same restrictions and conditions that apply to it with respect to such information.

(e) Document such disclosures of PHI and information related to such disclosures as would be required for DHS to respond to a request by an individual for an accounting of disclosures of PHI in accordance with 45 C.F.R. § 164.528.

(f) Mitigate, to the extent practicable, any harmful effects known to it of a use, disclosure, or breach of security with respect to protected information by it in violation of this Agreement.

D. Additional Business Associate Duties. To the extent DOC handles protected health information ("PHI") in order to provide health care-related administrative services on behalf of DHS and is a "Business Associate" of DHS as defined by HIPAA, DOC further agrees to:

(a) Make available PHI in accordance with 45 C.F.R. § 164.524.

(b) Make available PHI for amendment and incorporate any amendments to PHI in accordance with 45 C.F.R. § 164.526.

(c) Comply with the limited disclosure rules set forth in the HITECH Act, HIPAA, and the MGDPA. To the extent possible, disclosures should be in a limited data set, which is largely information with the patients' identifying information removed, "to the extent practicable." Pertinent identifiers include, name and social security number; street address, e-mail address, telephone and fax numbers; certificate/license numbers; vehicle identifiers and serial numbers; URLs and IP addresses; full face photos and any other comparable images; or medical record numbers, health plan beneficiary numbers, and other account numbers. If a limited data set is not feasible, or does not meet the use or disclosure, minimum necessary should be applied. The collection, creation, use, maintenance, and disclosure of protected information shall be limited to "that necessary for the administration and management of programs specifically authorized by the legislature or local governing body or mandated by the federal government." *See*, respectively, 45 C.F.R. §§ 164.514, 45 C.F.R. §§ 164.502(b) and 164.514(d), and Minn. Stat. § 13.05 subd. 3.

(d) Make its internal practices, books, records, policies, procedures, and documentation relating to the use, disclosure, and/or security of PHI available to DHS and/or the Secretary of the United States Department of Health and Human Services (HHS) for purposes of determining compliance with the Privacy Rule and Security Standards, subject to attorney-client and other applicable legal privileges.

(e) Comply with any and all other applicable provisions of the HIPAA Privacy Rule, Administrative, and Security Standards, including future amendments thereto. Develop written policies and procedures for safeguarding and securing PHI and complying with HIPAA and the HITECH Act, and other privacy laws. Designate a privacy official to be responsible for the development and implementation of its policies and procedures as required by 45 C.F.R. Part 164, Subpart E.

E. **DHS Use of Information.** DHS shall:

(a) Only release information which it is authorized by law or regulation to share with DOC.

(b) Obtain any required consents, authorizations, or other permissions that may be necessary for it to share information with DOC.

(c) Notify DOC of limitations, restrictions, changes, or revocation of permission by an individual to use or disclose protected information, to the extent that such limitations, restrictions, changes or revocation may affect DOC's use or disclosure of protected information.

(d) Not request DOC to use or disclose protected information in any manner that would not be permitted under law if done by DHS.

F. **Disposition of Data upon Completion, Expiration, or Agreement Termination.** Upon completion, expiration, or termination of this Agreement, DOC will return to DHS or destroy all protected information received or created on behalf of DHS for purposes associated with this Agreement. A written certification of destruction or return to Authorized Representative listed in 5.1 is required. DOC will retain no copies of such protected information, provided that if both parties agree that such return or destruction is not feasible, or if DOC is required by the applicable regulation, rule or statutory retention schedule to retain beyond the life of this Agreement, DOC will extend the protections of this Agreement to the protected information and refrain from further use or disclosure of such information, except for those purposes that make return or destruction infeasible, for as long as DOC maintains the information. Additional information for destruction and handling is available in the DHS Information Security Policy, Policy numbers 3.7, and 2.19, found at http://edocs.dhs.state.mn.us/lfserver/Legacy/DHS-4683-ENG.

G. **Sanctions.** In addition to acknowledging and accepting the terms set forth in Clause 8, "Liability." Relating to liability, the parties acknowledge that violation of the laws and protections described above could result in limitations being placed on future access to protected information, in investigation and imposition of sanctions by the U.S. Department of Health and Human Services, Office for Civil Rights, and/or in civil and criminal penalties.

REVISION 6. Exhibit A of the Agreement is amended as in the attached Exhibit A.

REVISION 7. The Agreement is amended to include Exhibit B, which is attached .

This Amendment is effective May 1, 2012.

EXCEPT AS AMENDED HEREIN, THE TERMS AND CONDITIONS OF THE ORIGINAL CONTRACT AND ALL PREVIOUS AMENDMENTS REMAIN IN FULL FORCE AND EFFECT.

IN WITNESS WHEREOF, the parties have caused this contract to be duly executed intending to be bound thereby.

APPROVED:

1. STATE ENCUMBRANCE VERIFICATION:
Individual certifies that funds have been encumbered as required by Minn. State. 16A.15 and 16C.05

By (authorized signature)	B. Gaugman
Date	6-8-12

2. CONTRACTOR:
CONTRACTOR certifies that the appropriate person(s) have executed the contract on behalf of the CONTRACTOR as required by applicable articles, by-laws, resolutions, or ordinances.

By	
Title	
Date	

2. CONTRACTOR:
CONTRACTOR certifies that the appropriate person(s) have executed the contract on behalf of the CONTRACTOR as required by applicable articles, by-laws, resolutions, or ordinances.

By	
Title	
Date	

3. STATE AGENCY: Commerce
Individual certifies the applicable provisions of Minn. Stat. 16C.08, subdivisions 2 and 3 are reaffirmed.

By (authorized signature)	[illegible]
Title	Exchange Director
Date	6-5-12

4. STATE AGENCY: DHS
Individual certifies the applicable provisions of Minn. Stat. 16C.08, subdivisions 2 and 3 are reaffirmed.

By (authorized signature)	[illegible] I. Cole
Title	Assistant Commissioner Deputy
Date	6-8-12

5. COMMISSIONER OF ADMINISTRATION:

By (authorized signature)	
Date	

EXHIBIT A

Interagency Agreement between Department of Commerce and Department of Human Services
Cost Allocation of Minnesota Health Insurance Exchange Activities to Medical Assistance for the August 20122 Level One Establishment Grant

Summary

OMB Circular A-87 requires that States charge all benefiting parties an allocated share of the expenses, both developmental and operational, for goods and services (including but not limited to IT systems, software, and licensing fees) that benefit multiple stakeholders. As approved in the Level 1 Health Insurance Exchange Establishment Grant Agreement, activities under the Core area of Technical Infrastructure will be allocated to Medical Assistance as outlined below.

The Core Area of Technical Infrastructure Minnesota has proposed a budget of $3,055,602 for the Level One Establishment Grant received August 22, 2011. This budget request for Technical Infrastructure is comprised of three parts:

1. Contract and associated indirect for Exchange Component Integration and System Interaction - $1,603,500;
2. Contract and associated indirect for the Provider Display Module - $1,103,500; and
3. Salaries, fringe, equipment, supplies, other, and associated indirect costs for Technical Infrastructure staff - $348,602.

The $3,055,602 projected total cost for Technical Infrastructure for Minnesota's Level One Establishment Grant is allocated as follows:

a) The total projected cost allocated to the Level One Establishment Grant (funded through the CCIIO) is $2,226,560;
b) The total projected cost allocated to other sources is $829,042.

The Billing Cycle for the above-referenced charges will be various.

1) Contract and associated indirect for Exchange Component Integration and System Interaction - $1,603,500

The Contract for Exchange Component and Integrated System Interaction includes portions of the following components under Cost Allocation referenced in the federal IT Guidance 2.0:

1. A Health Care Coverage Portal;
2. Business Rules Management and Operations Systems;
3. Interfaces to Federal Data Services Hub;
4. Interfaces to Other Verification Sources.

~~Other components specified under Cost Allocation referenced in the IT Guidance 2.0 will be~~

~~included in a future Level Two a Health Insurance Exchange Establishment Grant application anticipated for December 2011.~~

The total projected costs for the Contract for Exchange Component and Integrated System Interaction and associated indirect is $1,603,500. These projected costs shall be allocated as follows:

a) The total projected costs charged to the Level One Establishment Grant (funded through the CCIIO) is $1,214,700; and
b) The total projected costs charged to other sources is $388,800.

DOC will invoice DHS monthly for these charges.

Formula

As outlined below, a preliminary estimate that 32.4% of users served by the Exchange will be Medicaid-eligible. This percentage will be applied to 75% of the cost of the Contract for Exchange Component and Integrated System Interaction. Indirect costs will not be allocated to Medical Assistance.

Minnesota has released an Exchange IT RFP that includes eight modules. The eight modules include: 1) Individual Eligibility and Exemption, 2) Individual Enrollment, 3) Small Employer Eligibility and Enrollment, 4) Health Benefit Plan and Navigator Certification and Display, 5) Provider Display, 6) Fund Aggregation and Payment, 7) Account Administration, and 8) Mobile Applications. Two of the eight modules, The Small Employer Eligibility and Enrollment and Fund Aggregation and Payment modules, are not anticipated to benefit Medicaid. The purpose of the IT RFP is to obtain technical assistance related to the integration of these eight modules and develop a plan for an integrated system architecture that facilitates interaction between the Exchange modules and partnered systems.

2) Contract and associated indirect for the Provider Display Module - $1,103,500

The Contract for the Provider Display Module includes the following component under Cost Allocation referenced in the IT Guidance 2.0:

1. Member Education;
2. Selection; and
3. Enrollment into Plans.

The total projected costs for the Contract for the Provider Display Module and associated indirect is $1,103,500. These projected costs shall be allocated as follows:

a) The total projected cost charged to the Level One Establishment Grant (funded through the CCIIO) is $747,100; and
b) The total projected cost charged to other sources is $356,400.

DOC will invoice MDH for the Minnesota state share of costs of this module and coordinate with DHS any additional transactions to between DMC and DHS to ensure state share requirements are met. **DOC will invoice DHS monthly for these charges.**

Formula

As outlined below, a preliminary estimate that 32.4% of users served by the Exchange will be Medicaid-eligible. This percentage will be applied to 100% of the cost of the Contract for the Provider Display Module. Indirect costs will not be allocated to Medical Assistance.
The purpose of the Contract for the Provider Display Module is to develop this Module of the Exchange IT RFP to assist Medicaid and non-Medicaid Exchange participants in selecting and enrolling into health benefit plans that best suit their needs.

3) Salaries, fringe, equipment, supplies, and other associated indirect costs for Technical Infrastructure staff - $348,602

These costs for Exchange Technical Infrastructure staff include portions of the following components referenced in the federal IT Guidance 2.0:

1. Health Care Coverage Portal;
2. Business Rules Management and Operations Systems;
3. Interfaces to Federal Data Services Hub; and
4. Interfaces to Other Verification Sources.

The total projected costs for salaries, fringe, equipment, supplies and other associated indirect costs for Technical Infrastructure Staff is $348,602. These projected costs shall be allocated as follows:

a) The total projected cost charged to the Level One Establishment Grant (funded through the CCIIO) is $264,760; and
b) The total projected cost charged to other sources is $83,842.

DOC will invoice DHS for these charges as follows:

a. **Salaries and fringe – direct charge of 24.3% of Information Policy Director (currently vacant) and Information Project Director (Pete Frank) (66,981); and**

b. **Equipment, supplies, and other associated direct costs of this activity – monthly invoice (16,862).**

Formula

As outlined below, a preliminary estimate that 32.4% of users served by the Exchange will be Medicaid-eligible. This percentage will be applied to 75% of the cost of the Exchange Technical Infrastructure staff. As referenced for the Exchange Component Integration and System Interaction Contract above, Minnesota has released an Exchange IT RFP that includes eight modules, two of which are not anticipated to benefit Medicaid. Exchange Technical Infrastructure staff will be responsible for the development, implementation, and project management of technical infrastructure functions of the Exchange related to the integration of the eight modules and interaction of the modules between the Exchange and partnered systems.

Cost Allocation Methodology /Medical Assistance User Ratio

Based on the federal IT Guidance 2.0, the following cost allocation methodology will be used for the development of an Exchange.

The following calculations describe Minnesota's preliminary estimate that 32.4% of users served by the Exchange will be Medicaid-eligible.

Share of Minnesota Population Eligible for Exchange:

9.0% Uninsured
6.4% MAGI Medicaid
2.3% MinnesotaCare
0.7% General Assistance Medical Care (GAMC)
0.5% Minnesota Comprehensive Health Association (MCHA) – high risk pool
4.8% Individual Market
7.3% Small Group Market 2-50
3.0% Group Market 51-100
34.0% Total Share of Minnesota Population Eligible for Exchange

Share of Minnesota Population Eligible for Exchange and Medicaid Eligible:

2.5% Uninsured (28% estimated Medicaid eligible up to 133%)
6.4% MAGI Medicaid
1.4% MinnesotaCare (63% estimated Medicaid eligible up to 133%)
0.7% GAMC (income level is Medicaid eligible up to 133%)
11.0% Total Share of Minnesota Population Eligible for Exchange and Medicaid Eligible

Cost Allocation: Medicaid Share of Exchange Eligible Population

11.0% / 34.0% = **32.4%**

Data Sources:

- Minnesota Department of Health, Health Economics Program, 2009 Distribution of Coverage and 2009 Minnesota Health Access Survey
  Minnesota Department of Human Services, Reports and Forecasts, 2009 Public Program Enrollment Counts .

EXHIBIT B

Interagency Agreement between Department of Commerce and Department of Human Services
Cost Allocation of Minnesota Health Insurance Exchange Activities to Medical Assistance for the February 2012 Level One Establishment Grant

Summary

OMB Circular A-87 requires that States charge all benefiting parties an allocated share of the expenses, both developmental and operational, for goods and services (including but not limited to IT systems, software, and licensing fees) that benefit multiple stakeholders. As approved in the Level 1 Health Insurance Exchange Establishment Grant Agreement, activities under the Core area of Technical Infrastructure will be allocated to Medical Assistance as outlined below.

The Core Area of Technical Infrastructure Minnesota has proposed a budget of $31,283,470 for the Level One Establishment received February 25, 2012. This budget request for Technical Infrastructure is comprised of six parts:

1. Contract costs for the Individual Eligibility and Exemption Module of the Exchange Technical Solution Exchange $6,000,000;
2. Contract costs for the Individual Enrollment, Health Benefit Plan and Navigator/Broker Certification and Display Module, and the Account Administration Module - $13,500,000,
3. Contract costs for the Small Employer Eligibility and Enrollment Module and the Fund Aggregation Module and non salary indirect costs- $5,055,660;
4. Contract costs for other technical contracts including Mobile Application, IV&V, Integrator and staff augmentation - $2,401,500;
5. Salaries and fringe and associated indirect costs for Exchange technical staff - $221,538; and
6. Equipment, supply and other costs to support the project and technical staff including contract staff - $4,104,773.

The $31,283,470 projected total cost for Technical Infrastructure for Minnesota's February 2012 Level One Establishment Grant is allocated as follows:

a) The total projected cost allocated to the Level One Establishment Grant (funded through the CCIIO) is $20,111,888;
b) The total projected cost allocated to other sources is $11,171,583

Budgeted amounts are estimates; billing will be based on actual costs and will be billed monthly.

1. Contract for Exchange Individual Eligibility and Exemption Module (Module 1) $6,000,000

This contract includes portions of the following components under Cost Allocation referenced in the IT Guidance 2.0: Health Care Coverage Portal, Business Rules Management and Operations Systems, Interfaces to Federal Data Services Hub, Interfaces to Other Verification Sources, and

Notices.

a) Total Projected Costs	$6,000,000
b) Costs charged to this CCIIO grant	$2,874,000
c) Costs charged to Medicaid	$3,126,000

As specified below, Minnesota has developed a preliminary estimate that 52.1% of individual users served by the Exchange will be Medicaid-eligible. The purpose of this contract is to develop the Individual Eligibility and Exemption Module to be used by individuals to determine eligibility to Medical Assistance and Tax Credits. As such, 52.1% of the contract costs will be allocated to Medicaid.

2. **Contract for the Individual Enrollment, Health Benefit Plan and Navigator Certification and Display and Account Administration (Modules 2, 4 and 7)**
   $13,500,000

This contract includes the following component under Cost Allocation referenced in the IT Guidance 2.0: Member Education, Selection, and Enrollment into Plans, and Account Creation and Case Notes.

a) Total Projected Costs	$13,500,000
b) Costs charged to this CCIIO grant	$7,627,500
c) Costs charged to Medicaid	$5,872,500

As specified below, Minnesota has developed a preliminary estimate that 43.5% of users served by the Exchange will be Medicaid-eligible. The purpose of these contracts is to develop the Individual Enrollment, Health Benefit Plan and Navigator Certification and Display and Account Administration modules of the Exchange IT RFP to assist Medicaid and non-Medicaid Exchange participants in selecting and enrolling into health benefit plans that best suit their needs. Module 5 – Provider Display is included in the prior Level 1 grant application and cost allocated similarly (See Exhibit A). As such, 43.5% of these contracted costs will be allocated to Medicaid.

3. **Contracts costs for Small Employer Eligibility and Enrollment and Fund Aggregation and Payment (Modules 3 and 6) and non-salary indirect costs.**
   $5,055,660

a) Total Projected Costs	$5,055,660
b) Costs charged to this CCIIO grant	$5,055,660
c) Costs charged to Medicaid	$0

Cost of these contracts will not be allocated to Medicaid since the Medicaid participant will not be provided any benefit to these activities. Indirect costs for non-salary items will not be allocated to Medicaid.

4. **Contract and costs for IV&V, Integration of Modules, and contracted IT staff (Systems Architect, Business Analysts, Project Management, Quality Assurance and User**

Acceptance Testing)
$2,401,500

These contracts include the following components under Cost Allocation referenced in the IT Guidance 2.0: Health Care Coverage Portal, Business Rules Management and Operations Systems, Interfaces to Federal Data Services Hub, Interfaces to Other Verification Sources, Account Creation and Case Notes, Notices, Interfaces to Community Assisters or Other Outreach Organizations, Customer Service Technology Support, Communication with Plans and Member Education, Selection, and Enrollment into Plans.

a) Total Projected Costs	$2,401,500
b) Costs charged to this CCIIO grant	$1,625,815
c) Costs charged to Medicaid	$775,685

As specified above Minnesota has developed a preliminary average estimate that Medicaid enrollees will comprise 52.1% of individuals that benefit from Module 1, 43.5% of users that benefit from Modules 2, 4, 5 and 7, and 0% of users that benefit from Modules 3 and 6. The average across all Modules is 32.3%. As such, 32.3% of these contracted costs and associated indirect costs of these contracts will be allocated to Medicaid.

5. **Salaries, fringe, and associated indirect costs for Technical Infrastructure staff**
$221,538

These costs for Exchange Technical Infrastructure staff include portions of the following components under Cost Allocation referenced in the IT Guidance 2.0: Health Care Coverage Portal, Business Rules Management and Operations Systems, Interfaces to Federal Data Services Hub, Interfaces to Other Verification Sources, Account Creation and Case Notes, Notices, Interfaces to Community Assisters or Other Outreach Organizations, Customer Service Technology Support, Communication with Plans and Member Education, Selection, and Enrollment into Plans.

a) Total Projected Costs	$221,538
b) Costs charged to this CCIIO grant	$149,981
c) Costs charged to Medicaid	$71,557

As specified above, Minnesota has developed a preliminary average estimate that Medicaid enrollees will comprise of 52.1% of individuals that benefit from Module 1, 43.5% of users that benefit from Modules 2, 4, 5 and 7, and 0% of users that benefit from Modules 3 and 6. The average across all Modules is 32.3%. This percentage has been applied to 100% of the cost of these contracts. These activities include staff costs associated with internal IT staff. As such, 32.3% of these costs will be allocated to Medicaid.

6. **Equipment, supplies and other costs for Technical Infrastructure** $4,104,773

These costs for Exchange Technical Infrastructure staff include portions of the following components under Cost Allocation referenced in the IT Guidance 2.0: Health Care Coverage Portal, Business Rules Management and Operations Systems, Interfaces to Federal Data Services Hub, Interfaces to Other Verification Sources, Account Creation and Case Notes, Notices, Interfaces to

Community Assisters or Other Outreach Organizations, Customer Service Technology Support, Communication with Plans and Member Education, Selection, and Enrollment into Plans.

d) Total Projected Costs	$4,104,773
e) Costs charged to this CCIIO grant	$2,778,931
f) Costs charged to Medicaid	$1,325,842

As specified above, Minnesota has developed a preliminary average estimate that Medicaid enrollees will comprise of 52.1% of individuals that benefit from Module 1, 43.5% of users that benefit from Modules 2, 4, 5 and 7, and 0% of users that benefit from Modules 3 and 6. The average across all Modules is 32.3%. This percentage has been applied to 100% of the cost of these contracts. These activities include development and testing environments, supplies, rental space and other staff costs associated with internal IT staff. As such, 32.3% of these costs will be allocated to Medicaid.

Cost Allocation Methodology /Medical Assistance User Ratio

Based on the federal IT Guidance 2.0, the following cost allocation methodology will be used for the development of an Exchange.

Estimated participation in Minnesota Health Insurance Exchange (Results from Background Research Actuarial and Economic Modeling by Dr. Jon Gruber of MIT and Bela Gorman of Gorman Actuarial)

Tax Credit Recipients	390,000
Enrollees in Firms Receiving Tax Credit	70,000
Non-Tax Credit Recipients in Reformed Individual Market	70,000
Enrollees in Firms > 50 not receiving Tax Credit	95,000
Enrollees in Firms 50-99	25,000
Public Insurance Enrollees	500,000
Total	1,150,000

Cost Allocation for Exchange Module Development

Minnesota is proposing to cost allocate IT costs as follows:

- Module 1 using the ratio of public enrollees to total individual enrollees (500/960 or 52.1%)
- Modules 2, 4, 5, and 7 using the ratio of public enrollees to total participants in the Exchange (500/1,150 or 43.5%)
- Other IT contracts for Integration of Modules, IV&V, Mobile Applications and other contracted staff use the average cost allocation ratio across the modules or 32.3% (see below)
- Other Exchange IT staff costs including salaries, rent, supplies, equipment, etc use the average cost allocation ratio across the modules or 32.3% (see below)

Module 1 – Individual Eligibility and Exemption	52.1%
Module 2 – Individual Enrollment	43.5%

Module 3 – Small Employer Eligibility and Enrollment	0%
Module 4 – Health Benefit Plan and Navigator Certification and Display	43.5%
Module 5 – Provider Display	43.5%
Module 6 – Fund Aggregation and Payment	0%
Module 7 – Account Administration	43.5%
Average of Modules	32.3%

AMENDMENT NO. 2 TO INTERAGENCY AGREEMENT #IAK % 41384

881,661

Contract Start Date: January 1, 2012
Original Contract Expiration Date: August 12, 2012
Current Contract Expiration Date: August 12, 2012
Requested Contract Expiration Date: February 25, 2013

Total Contract Amount: $26,~~042,618~~
Original Contract Amount: $829,042
Previous Amendment(s) Total:
First Amendment Amount: $11,171,583
Second Amendment Amount:$14,881,036

This amendment is by and between the State of Minnesota, through its Commissioner of Human Services ("DHS") and Commissioner of Commerce ("DOC"), identified as Interagency Agreement No. IAK % 41384 to design and develop the Health Insurance Exchange.

Therefore, the parties agree that:

REVISION 1. Clause I. **"DOC Duties"** is amended as follows:

DOC shall

a. Allocate eligible Health Insurance Exchange development costs to the MA program in accordance with OMB-A-87 requirements and standards: Eligible costs and the cost allocation methods are outlined in Exhibit A, which is attached hereto and incorporated herein.

b. Invoice DHS for MA eligible costs in accordance with the terms of Exhibit A and Exhibit B.

c. Obtain any and all necessary approvals/Gate Reviews required by the Center for Consumer Information and Insurance Oversight (CCIIO).

d. Invoice the Minnesota Department of Health ("MDH") for the Minnesota state share of the Provider Display Module as defined in Exhibit A. The Minnesota state share for the provider Display Module shall be transferred to DHS to the extent necessary for obtaining Federal Financial Participation ("FFP") and invoiced in accordance with the terms of Exhibit A.

e. Seek and receive written approval from DHS prior to entering into any contract which is required to be cost allocated to the MA program. Written approval may be provided via email from either the Chief Financial Officer of DHS or the DHS Authorized Representative under this agreement.

REVISION 2. Clause IV. **"Consideration and Payment"** is amended as follows:

Invoicing and direct charging for salary of staff for the activities defined in Exhibit A and Exhibit B will only proceed after approval for grant funding has been received by DOC from CCIIO and after the federal match of these activities has been received by DHS from CMS (eligible activity). DOC further agrees to invoice DHS based on the budget cost centers by percentage of FFP established as a result of CMS approval of APDs.

Salaries
Once approval has been received, DOC will begin coding salary and fringe as specified in Exhibit A and Exhibit B to the account identified in the table.

Agency	Fund	Speed chart	Appropriation
H55	2001	H55EB32170	H551143

Other Allowable Costs
DOC shall invoice DHS for the Medical Assistance share of eligible activity in accordance with the specified timelines contained in Exhibit A and Exhibit B. Invoices shall include expenditure reports detailing actual costs for the preceding billing period and the formula allocation. DOC shall furnish or make available information on any accounts, expenditures or reports as requested by DHS or as may be necessary for audit purposes.

DHS shall make payment to DOC within 30 days of receipt by DHS of an approved invoice for the Medical Assistance share of allocated costs for eligible activity.

Total billings and direct charges under this contract are expected to be $26,042,618. All Invoices and direct charges pursuant to this Agreement as specified in Exhibit A and Exhibit B will be based on actual costs.

This Amendment is effective June 27, 2012.

EXCEPT AS AMENDED HEREIN, THE TERMS AND CONDITIONS OF THE ORIGINAL CONTRACT AND ALL PREVIOUS AMENDMENTS REMAIN IN FULL FORCE AND EFFECT.

IN WITNESS WHEREOF, the parties have caused this contract to be duly executed intending to be bound thereby.

APPROVED:

1. STATE ENCUMBRANCE VERIFICATION:
Individual certifies that funds have been encumbered as required by Minn. Stat. 16A.15 and 16C.05

By (authorized signature)	Sheila Bey Bean by Jay B. Brown
Date	6/29/2012

2. CONTRACTOR:
CONTRACTOR certifies that the appropriate person(s) have executed the contract on behalf of the CONTRACTOR as required by applicable articles, by-laws, resolutions, or ordinances.

By	JBB 6/29/2012
Title	
Date	

2. CONTRACTOR:
CONTRACTOR certifies that the appropriate person(s) have executed the contract on behalf of the CONTRACTOR as required by applicable articles, by-laws, resolutions, or ordinances.

By	JBB 6/29/2012
Title	
Date	

3. STATE AGENCY:
Individual certifies the applicable provisions of Minn. Stat. 16C.08, subdivisions 2 and 3 are reaffirmed.

By (authorized signature)	JBB 6/29/2012
Title	
Date	

4. STATE AGENCY: DHS
Individual certifies the applicable provisions of Minn. Stat. 16C.08, subdivisions 2 and 3 are reaffirmed.

By (authorized signature)	
Title	Assistant Commissioner Chief Financial & Operating Officer
Date	6/28/12

5. COMMISSIONER OF ADMINISTRATION:

By (authorized signature)	Jay B. Brown
Date	6/29/2012

State Agency Commissioner
Exchange Director
6-29-12

EXHIBIT A

Interagency Agreement between Department of Commerce and Department of Human Services
Cost Allocation of Minnesota Health Insurance Exchange Activities to Medical Assistance for the August 20122 Level One Establishment Grant

Summary

OMB Circular A-87 requires that States charge all benefiting parties an allocated share of the expenses, both developmental and operational, for goods and services (including but not limited to IT systems, software, and licensing fees) that benefit multiple stakeholders. As approved in the Level 1 Health Insurance Exchange Establishment Grant Agreement, activities under the Core area of Technical Infrastructure will be allocated to Medical Assistance as outlined below.

The Core Area of Technical Infrastructure Minnesota has proposed a budget of $4,750,471 for the Level One Establishment Grant received August 22, 2011. This budget request for Technical Infrastructure is comprised of four parts:

1. Contract costs for Provider and a portion of Account Administration - $4,480,332
2. Salaries, fringe, and associated indirect costs for Technical Infrastructure staff - $231,797
3. Equipment, supplies, and administrative support costs for Technical Infrastructure staff - $30,800
4. Indirect for non-personnel costs associated with Technology Infrastructure - $7,812

The $4,750,471projected total cost for Technical Infrastructure for Minnesota's Level One Establishment Grant is allocated as follows:

a) The total projected cost allocated to the Level One Establishment Grant (funded through the CCIIO) is $2,105,011;
b) The total projected cost allocated to other sources is $1,645,730.

The Billing Cycle for the above-referenced charges will be various.

1) Contract costs for Provider Display and a portion of the Account Administration Module - $4,480,332

This contract includes portions of the following components under Cost Allocation referenced in the IT Guidance 2.0: Health Care Coverage Portal, Business Rules Management and Operations Systems, Interfaces to Federal Data Services Hub, Member Education, Selection, and Enrollment into Plans and Interfaces to Other Verification Sources.

a. Total Projected Costs: $4,480,332
b. Costs charged to this CCIIO grant: $1,930,575

c. Costs charged to other sources: $2,549,757

As specified below Minnesota has developed a preliminary estimate that 56.91% of users served by the Exchange will be Medicaid-eligible. The purpose of these contracts is to develop Provider Display and Account Administration. As such, 56.91% of these contracted costs will be allocated to Medicaid.

2) Salaries, fringe, and associated indirect costs for Technical Infrastructure staff - $231,797

These costs for Exchange Technical Infrastructure staff include portions of the following components under Cost Allocation referenced in the IT Guidance 2.0: Health Care Coverage Portal, Business Rules Management and Operations Systems, Interfaces to Federal Data Services Hub, and Interfaces to Other Verification Sources.

a. Total Projected Costs: $231,797
b. Costs charged to this CCIIO grant: $144,947
c. Costs charged to other sources: $86,851
d. Please note where the cost is via the Core Area: Technical Infrastructure

As specified below, Minnesota has developed a preliminary average estimate that Medicaid enrollees will comprise of 67.31% of individuals that benefit from Module 1, 56.91% of users that benefit from Modules 2, 4, 5 and 7, and 0% of users that benefit from Modules 3 and 6. The average across all Modules is 42.14%. Prior cost allocation plan, approved in the PAPD was 24.3%, effective December 31, 2011. As such, 23.4% of costs will be allocated to Medicaid for activities January through June of 2012 (or until approval, whichever is later) and 42.14% of costs beginning in July of 2012 (or upon approval, whichever is later) will be allocated to Medicaid.

3) Equipment, supplies, and other costs for Technical Infrastructure staff - $30,800

These costs for Exchange Technical Infrastructure staff include portions of the following components under Cost Allocation referenced in the IT Guidance 2.0: Health Care Coverage Portal, Business Rules Management and Operations Systems, Interfaces to Federal Data Services Hub, and Interfaces to Other Verification Sources

a. Total Projected Costs: $30,800
b. Costs charged to this CCIIO grant: $21,677
c. Costs charged to other sources: $9,123
d. Please note where the cost is via the Core Area: Technical Infrastructure

As specified below, Minnesota has developed a preliminary average estimate that Medicaid enrollees will comprise of 67.31% of individuals that benefit from Module 1, 56.91% of users that benefit from Modules 2, 4, 5 and 7, and 0% of users that benefit from Modules 3 and 6. The average across all Modules is 42.14%. Prior cost allocation plan, approved in the PAPD was 24.3%, effective December 31, 2011. As such, 23.4% of costs will be allocated to Medicaid for activities January through June of 2012 (or until approval, whichever is later) and 42.14% of costs beginning in July of 2012 (or upon approval, whichever is later) will be allocated to Medicaid.

4.) Indirect for non-personnel costs associated with Technology Infrastructure - $7,812

a. Total Projected Costs: $7,812
b. Costs charged to this CCIIO grant: $7,812
c. Costs charged to other sources: $0
d. Please note where the cost is via the Core Area: Technical Infrastructure

Indirect costs for non-personnel items approved in the Department of Commerce cost allocation plan and part of the Technical Infrastructure costs of the Exchange will not be allocated.

Cost Allocation Methodology /Medical Assistance User Ratio

Based on the federal IT Guidance 2.0, the following cost allocation methodology will be used for the development of an Exchange.

Estimated participation in Minnesota Health Insurance Exchange (Results from Background Research Actuarial and Economic Modeling by Dr. Jon Gruber of MIT and Bela Gorman of Gorman Actuarial)

Tax Credit Recipients	280,000
Enrollees in Firms Receiving Tax Credit	70,000
Non-Tax Credit Recipients in Reformed Individual Market	60,000
Enrollees in Firms > 50 not receiving Tax Credit	90,000
Enrollees in Firms 50-99	30,000
Public Insurance Enrollees	700,000
Total	1,230,000

Cost Allocation for Exchange Module Development

Minnesota is proposing to cost allocate IT costs as follows:

- Module 1 using the ratio of public enrollees to total individual enrollees (700/1040 or 67.31%)
- Modules 2, 4, 5, and 7 using the ratio of public enrollees to total participants in the Exchange (700/1,230 or 56.91%)
- Other IT contracts for Integration of Modules, 4&5, Mobile Applications and other contracted staff use the average cost allocation ratio across the modules or 42.14% (see below)
- Other Exchange IT staff costs including, but not limited to, salaries, rent, supplies, equipment, use the average cost allocation ratio across the modules or 42.14% (see below)

Module 1 – Individual Eligibility and Exemption	67.31%
Module 2 – Individual Enrollment	56.91%
Module 3 – Small Employer Eligibility and Enrollment	0%
Module 4 – Health Benefit Plan and Navigator Certification and Display	56.91%
Module 5 – Provider Display	56.91%
Module 6 – Fund Aggregation and Payment	0%
Module 7 – Account Administration	56.91%

Average of Modules	42.14%

EXHIBIT B

Interagency Agreement between Department of Commerce and Department of Human Services
Cost Allocation of Minnesota Health Insurance Exchange Activities to Medical Assistance for the February 2012 Level One Establishment Grant

Summary

OMB Circular A-87 requires that States charge all benefiting parties an allocated share of the expenses, both developmental and operational, for goods and services (including but not limited to IT systems, software, and licensing fees) that benefit multiple stakeholders. As approved in the Level 1 Health Insurance Exchange Establishment Grant Agreement, activities under the Core area of Technical Infrastructure will be allocated to Medical Assistance as outlined below.

The Core Area of Technical Infrastructure Minnesota has proposed a budget of $43,354,651 for the Level One Establishment received February 25, 2012. This budget request for Technical Infrastructure is comprised of seven parts:

1. Contract costs for the Individual Eligibility and Exemption Module of the Exchange Technical Solution Exchange $14,507,083;
2. Contract costs for non-MAGI Medicaid eligibility screening - $1,307,500;
3. Contract costs for the Individual Enrollment, Health Benefit Plan and Navigator/Broker Certification and Display Module, and the Account Administration Module - $16,849,742;
4. Contract costs for the Small Employer Eligibility and Enrollment Module and the Fund Aggregation Module and non salary indirect costs- $4,198,911;
5. Contract costs for other technical contracts including, IV&V, , Risk Assessment and staff augmentation - $1,814,500;
6. Salaries and fringe and associated indirect costs for Exchange technical staff - $280,615; and
7. Equipment, supply and other costs to support the project and technical staff including contract staff - $4,395,300.

The $43,349,651projected total cost for Technical Infrastructure for Minnesota's February 2012 Level One Establishment Grant is allocated as follows:

a) The total projected cost allocated to the Level One Establishment Grant (funded through the CCIIO) is $19,950,763;
b) The total projected cost allocated to other sources is $23,396,888.

Budgeted amounts are estimates; billing will be based on actual costs and will be billed monthly.

1. Contract for Exchange Individual Eligibility and Exemption Module (Module 1)
$14,507,083

This contract includes portions of the following components under Cost Allocation referenced in the IT Guidance 2.0: Health Care Coverage Portal, Business Rules Management and Operations Systems, Interfaces to Federal Data Services Hub, Interfaces to Other Verification Sources, and Notices.

a) Total Projected Costs	$14,507,083
b) Costs charged to this CCIIO grant	$4,742,365

c) Costs charged to Medicaid $9,764,718

As specified below, Minnesota has developed a preliminary estimate that 52.1% of individual users served by the Exchange will be Medicaid-eligible. The purpose of this contract is to develop the Individual Eligibility and Exemption Module to be used by individuals to determine eligibility to Medical Assistance and Tax Credits. As such, 52.1% of the contract costs will be allocated to Medicaid.

2. **Contract for non-MAGI Medicaid eligibility**
   $1,307,500

This contract includes portions of the following components under Cost Allocation referenced in the IT Guidance 2.0: Health Care Coverage Portal, Business Rules Management and Operations Systems, Interfaces to Federal Data Services Hub, Interfaces to Other Verification Sources, and Notices.

a) Total Projected Costs	$1,307,500
b) Costs charged to this CCIIO grant	$0
c) Costs charged to Medicaid	$1,307,500
d) Please note where the cost is via the Core Area:	Technical Infrastructure

The purpose of this contract is to develop the non-MAGI Medicaid Eligibility to be used by individuals to determine eligibility to Medical Assistance. As such, 100% of the contract costs will be allocated to Medicaid..

3. **Contract for the Individual Enrollment, Health Benefit Plan and Navigator Certification and Display and Account Administration (Modules 2, 4 and 7)**
   $16,849,742

This contract includes the following component under Cost Allocation referenced in the IT Guidance 2.0: Member Education, Selection, and Enrollment into Plans, and Account Creation and Case Notes.

a) Total Projected Costs	$16,849,742
b) Costs charged to this CCIIO grant	$7,260,554
c) Costs charged to Medicaid	$9589,188

As specified below, Minnesota has developed a preliminary estimate that 56.91% of users served by the Exchange will be Medicaid-eligible. The purpose of these contracts is to develop the Individual Enrollment, Health Benefit Plan and Navigator Certification and Display and Account Administration modules of the Exchange IT RFP to assist Medicaid and non-Medicaid Exchange participants in selecting and enrolling into health benefit plans that best suit their needs. Module 5 – Provider Display is included in the prior Level 1 grant application and cost allocated similarly (See Exhibit A). As such, 56.91% of these contracted costs will be allocated to Medicaid.

4. **Contracts costs for Small Employer Eligibility and Enrollment and Fund Aggregation and Payment (Modules 3 and 6) and non-salary indirect costs.**
   $4,198,911

a) Total Projected Costs	$4,198,911
b) Costs charged to this CCIIO grant	$4,198,911
c) Costs charged to Medicaid	$0

Cost of these contracts will not be allocated to Medicaid since the Medicaid participant will not be provided

any benefit to these activities. Indirect costs for non-salary items will not be allocated to Medicaid.

5. **Contract and costs for IV&V, Risk Assessment , and contracted IT)**
   $1,815,500

These contracts include the following components under Cost Allocation referenced in the IT Guidance 2.0: Health Care Coverage Portal, Business Rules Management and Operations Systems, Interfaces to Federal Data Services Hub, Interfaces to Other Verification Sources, Account Creation and Case Notes, Notices, Interfaces to Community Assisters or Other Outreach Organizations, Customer Service Technology Support, Communication with Plans and Member Education, Selection, and Enrollment into Plans.

a) Total Projected Costs	$1,815,500
b) Costs charged to this CCIIO grant	$1,050,448
c) Costs charged to Medicaid	$765,052

As specified above Minnesota has developed a preliminary average estimate that Medicaid enrollees will comprise 67.31% of individuals that benefit from Module 1, 56.91% of users that benefit from Modules 2, 4, 5 and 7, and 0% of users that benefit from Modules 3 and 6. The average across all Modules is 42.12%. Prior cost allocation plan, approved in a IAPD was 32,3% effective May 1, 2012. As such, 32.3% of costs will be allocated to Medicaid for activities May through June of 2012 (or until approval, whichever is later) and 42.14% of costs beginning in July of 2012 (or upon approval, whichever is later) will be allocated to Medicaid.

6. **Salaries, fringe, and associated indirect costs for Technical Infrastructure staff**
   $280,615

These costs for Exchange Technical Infrastructure staff include portions of the following components under Cost Allocation referenced in the IT Guidance 2.0: Health Care Coverage Portal, Business Rules Management and Operations Systems, Interfaces to Federal Data Services Hub, Interfaces to Other Verification Sources, Account Creation and Case Notes, Notices, Interfaces to Community Assisters or Other Outreach Organizations, Customer Service Technology Support, Communication with Plans and Member Education, Selection, and Enrollment into Plans.

a) Total Projected Costs	$280,615
b) Costs charged to this CCIIO grant	$162,364
c) Costs charged to Medicaid	$118,251

As specified above, Minnesota has developed a preliminary average estimate that Medicaid enrollees will comprise of 67.31% of individuals that benefit from Module 1, 56.91% of users that benefit from Modules 2, 4, 5 and 7, and 0% of users that benefit from Modules 3 and 6. The average across all Modules is 42.14%. This percentage has been applied to 100% of the cost of these contracts. These activities include staff costs associated with internal IT staff. Prior cost allocation plan, approved in a IAPD was 32,3% effective May 1, 2012. As such, 32.3% of costs will be allocated to Medicaid for activities May through June of 2012 (or until approval, whichever is later) and 42.14% of costs beginning in July of 2012 (or upon approval, whichever is later) will be allocated to Medicaid

7. **Equipment, supplies and other costs for Technical Infrastructure**
   $4,395,300

These costs for Exchange Technical Infrastructure staff include portions of the following components under Cost Allocation referenced in the IT Guidance 2.0: Health Care Coverage Portal, Business Rules Management and Operations Systems, Interfaces to Federal Data Services Hub, Interfaces to Other

Verification Sources, Account Creation and Case Notes, Notices, Interfaces to Community Assisters or Other Outreach Organizations, Customer Service Technology Support, Communication with Plans and Member Education, Selection, and Enrollment into Plans.

d)	Total Projected Costs	$4,395,300
e)	Costs charged to this CCIIO grant	$2,543,121
f)	Costs charged to Medicaid	$1,852,179

As specified above, Minnesota has developed a preliminary average estimate that Medicaid enrollees will comprise of 67.31% of individuals that benefit from Module 1, 56.91% of users that benefit from Modules 2, 4, 5 and 7, and 0% of users that benefit from Modules 3 and 6. The average across all Modules is 42.14%. This percentage has been applied to 100% of the cost of these contracts. These activities include development and testing environments, supplies, rental space and other staff costs associated with internal IT staff. . As such, 32.3% of costs will be allocated to Medicaid for activities May through June of 2012 (or until approval, whichever is later) and 42.14% of costs beginning in July of 2012 (or upon approval, whichever is later) will be allocated to Medicaid.

Cost Allocation Methodology /Medical Assistance User Ratio

Based on the federal IT Guidance 2.0, the following cost allocation methodology will be used for the development of an Exchange.

Estimated participation in Minnesota Health Insurance Exchange (Results from Background Research Actuarial and Economic Modeling by Dr. Jon Gruber of MIT and Bela Gorman of Gorman Actuarial)

Tax Credit Recipients	280,000
Enrollees in Firms Receiving Tax Credit	70,000
Non-Tax Credit Recipients in Reformed Individual Market	60,000
Enrollees in Firms > 50 not receiving Tax Credit	90,000
Enrollees in Firms 50-99	30,000
Public Insurance Enrollees	700,000
Total	1,230,000

Cost Allocation for Exchange Module Development

Minnesota is proposing to cost allocate IT costs as follows:

- Module 1 using the ratio of public enrollees to total individual enrollees (700/1040 or 67.31%);
- Modules 2, 4, 5, and 7 using the ratio of public enrollees to total participants in the Exchange (700/1230 or 56.91%);
- Other IT contracts for Integration of Modules, IV&V, Mobile Applications and other contracted staff use the average cost allocation ratio across the modules or 42.14% (see below);
- Other Exchange IT staff costs including salaries, rent, supplies, equipment, etc use the average cost allocation ratio across the modules or 42.14% (see below);

Module 1 – Individual Eligibility and Exemption	67.31%
Module 2 – Individual Enrollment	56.91%
Module 3 – Small Employer Eligibility and Enrollment	0%
Module 4 – Health Benefit Plan and Navigator Certification and Display	56.91%
Module 5 – Provider Display	56.91%
Module 6 – Fund Aggregation and Payment	0%
Module 7 – Account Administration	56.91%

Average of Modules	42.14%

AMENDMENT NO. 3 TO INTERAGENCY AGREEMENT #IAK % 41384

Contract Start Date: January 1, 2012
Original Contract Expiration Date: August 12, 2012
Current Contract Expiration Date: August 12, 2012
Requested Contract Expiration Date: February 25, 2013

Total Contract Amount: $26,042,618
Original Contract Amount: $829,042
Previous Amendment(s) Total:
First Amendment Amount: $11,171,583
Second Amendment Amount: $14,041,993

This amendment is by and between the State of Minnesota, through its Commissioner of Human Services ("DHS") and Commissioner of Commerce ("DOC"), identified as Interagency Agreement No. IAK % 41384 to design and develop the Health Insurance Exchange.

Whereas, Amendment 2 contained errors in the contract dollars, this parties agree to execute Amendment 3 to correct the contract amount.

Therefore, the parties agree that:

REVISION 1.

Clause IV. **"Consideration and Payment"** is amended as follows:

Invoicing and direct charging for salary of staff for the activities defined in Exhibit A and Exhibit B will only proceed after approval for grant funding has been received by DOC from CCIIO and after the federal match of these activities has been received by DHS from CMS (eligible activity). DOC further agrees to invoice DHS based on the budget cost centers by percentage of FFP established as a result of CMS approval of APDs.

Salaries
Once approval has been received, DOC will begin coding salary and fringe as specified in Exhibit A and Exhibit B to the account identified in the table.

Agency	Fund	Speed chart	Appropriation
H55	2001	H55EB~~32170~~ 32375	H55~~11~~431472

Other Allowable Costs
DOC shall invoice DHS for the Medical Assistance share of eligible activity in accordance with the specified timelines contained in Exhibit A and Exhibit B. Invoices shall include expenditure reports detailing actual costs for the preceding billing period and the formula allocation. DOC shall furnish or make available information on any accounts, expenditures or reports as requested by DHS or as may be necessary for audit purposes.

DHS shall make payment to DOC within 30 days of receipt by DHS of an approved invoice for the Medical Assistance share of allocated costs for eligible activity.

Total billings and direct charges under this contract are expected to be $26,042,618. All Invoice

and direct charges pursuant to this Agreement as specified in Exhibit A and Exhibit B will be based on actual costs.

REVISION 2: Changes to Exhibit A and Exhibit B are attached and incorporated into this Amendment.

EXCEPT AS AMENDED HEREIN, THE TERMS AND CONDITIONS OF THE ORIGINAL CONTRACT AND ALL PREVIOUS AMENDMENTS REMAIN IN FULL FORCE AND EFFECT.

IN WITNESS WHEREOF, the parties have caused this contract to be duly executed intending to be bound thereby.

APPROVED:

1. STATE ENCUMBRANCE VERIFICATION:
Individual certifies that funds have been encumbered as required by Minn. State. 16A.15 and 16C.05

By (authorized signature)	B. Hausman
Date	9-4-12

2. STATE AGENCY: DHS
Individual certifies the applicable provisions of Minn. Stat. 16C.08, subdivisions 2 and 3 are reaffirmed.

By (authorized signature)	[illegible]
Title	Deputy Assistant Commissioner
Date	9-12-12

3. STATE AGENCY: Commerce
Individual certifies the applicable provisions of Minn. Stat. 16C.08, subdivisions 2 and 3 are reaffirmed.

By (authorized signature)	[illegible]
Title	Exchange Director
Date	9-11-12

4. COMMISSIONER OF ADMINISTRATION:

By (authorized signature)	
Date	

CORRECTED EXHIBIT A

Interagency Agreement between Department of Commerce and Department of Human Services
Cost Allocation of Minnesota Health Insurance Exchange Activities to Medical Assistance for the August ~~20122~~ 2011 Level One Establishment Grant

Summary

OMB Circular A-87 requires that States charge all benefiting parties an allocated share of the expenses, both developmental and operational, for goods and services (including but not limited to IT systems, software, and licensing fees) that benefit multiple stakeholders. As approved in the Level 1 Health Insurance Exchange Establishment Grant Agreement, activities under the Core area of Technical Infrastructure will be allocated to Medical Assistance as outlined below.

The Core Area of Technical Infrastructure Minnesota has proposed a budget of $4,750,~~471~~741 for the Level One Establishment Grant received August 22, 2011. This budget request for Technical Infrastructure is comprised of four parts:

1. Contract costs for Provider and a portion of Account Administration - $4,480,332
2. Salaries, fringe, and associated indirect costs for Technical Infrastructure staff - $231,797
3. Equipment, supplies, and administrative support costs for Technical Infrastructure staff - $30,800
4. Indirect for non-personnel costs associated with Technology Infrastructure - $7,812

The $4,750,~~471~~741 projected total cost for Technical Infrastructure for Minnesota's Level One Establishment Grant is allocated as follows:

a) The total projected cost allocated to the Level One Establishment Grant (funded through the CCIIO) is $2,105,011;
b) The total projected cost allocated to other sources is ~~$1,645,730.~~ $2,645,730.

The Billing Cycle for the above-referenced charges will be various.

1) Contract costs for Provider Display and a portion of the Account Administration Module - $4,480,332
This contract includes portions of the following components under Cost Allocation referenced in the IT Guidance 2.0: Health Care Coverage Portal, Business Rules Management and Operations Systems, Interfaces to Federal Data Services Hub, Member Education, Selection, and Enrollment into Plans and Interfaces to Other Verification Sources.

a. Total Projected Costs: $4,480,332
b. Costs charged to this CCIIO grant: $1,930,575

c. Costs charged to other sources: $2,549,757

As specified below Minnesota has developed a preliminary estimate that 56.91% of users served by the Exchange will be Medicaid-eligible. The purpose of these contracts is to develop Provider Display and Account Administration. As such, 56.91% of these contracted costs will be allocated to Medicaid.

2) Salaries, fringe, and associated indirect costs for Technical Infrastructure staff - $231,797

These costs for Exchange Technical Infrastructure staff include portions of the following components under Cost Allocation referenced in the IT Guidance 2.0: Health Care Coverage Portal, Business Rules Management and Operations Systems, Interfaces to Federal Data Services Hub, and Interfaces to Other Verification Sources.

a. Total Projected Costs: $231,797
b. Costs charged to this CCIIO grant: $144,947
c. Costs charged to other sources: $86,850
d. Please note where the cost is via the Core Area: Technical Infrastructure

As specified below, Minnesota has developed a preliminary average estimate that Medicaid enrollees will comprise of 67.31% of individuals that benefit from Module 1, 56.91% of users that benefit from Modules 2, 4, 5 and 7, and 0% of users that benefit from Modules 3 and 6. The average across all Modules is 42.14%. Prior cost allocation plan, approved in the PAPD was 24.3%, effective December 31, 2011. As such, 23.4% of costs will be allocated to Medicaid for activities January through June of 2012 (or until approval, whichever is later) and 42.14% of costs beginning in July of 2012 (or upon approval, whichever is later) will be allocated to Medicaid.

3) Equipment, supplies, and other costs for Technical Infrastructure staff - $30,800

These costs for Exchange Technical Infrastructure staff include portions of the following components under Cost Allocation referenced in the IT Guidance 2.0: Health Care Coverage Portal, Business Rules Management and Operations Systems, Interfaces to Federal Data Services Hub, and Interfaces to Other Verification Sources

a. Total Projected Costs: $30,800
b. Costs charged to this CCIIO grant: $21,677
c. Costs charged to other sources: $9,123
d. Please note where the cost is via the Core Area: Technical Infrastructure

As specified below, Minnesota has developed a preliminary average estimate that Medicaid enrollees will comprise of 67.31% of individuals that benefit from Module 1, 56.91% of users that benefit from Modules 2, 4, 5 and 7, and 0% of users that benefit from Modules 3 and 6. The average across all Modules is 42.14%. Prior cost allocation plan, approved in the PAPD was 24.3%, effective December 31, 2011. As such, 23.4% of costs will be allocated to Medicaid for activities January through June of 2012 (or until approval, whichever is later) and 42.14% of costs beginning in July of 2012 (or upon approval, whichever is later) will be allocated to Medicaid.

4.) Indirect for non-personnel costs associated with Technology Infrastructure - $7,812

a. Total Projected Costs: $7,812
b. Costs charged to this CCIIO grant: $7,812
c. Costs charged to other sources: $0
d. Please note where the cost is via the Core Area: Technical Infrastructure

Indirect costs for non-personnel items approved in the Department of Commerce cost allocation plan and part of the Technical Infrastructure costs of the Exchange will not be allocated.

Cost Allocation Methodology /Medical Assistance User Ratio

Based on the federal IT Guidance 2.0, the following cost allocation methodology will be used for the development of an Exchange.

Estimated participation in Minnesota Health Insurance Exchange (Results from Background Research Actuarial and Economic Modeling by Dr. Jon Gruber of MIT and Bela Gorman of Gorman Actuarial)

Tax Credit Recipients	280,000
Enrollees in Firms Receiving Tax Credit	70,000
Non-Tax Credit Recipients in Reformed Individual Market	60,000
Enrollees in Firms > 50 not receiving Tax Credit	90,000
Enrollees in Firms 50-99	30,000
Public Insurance Enrollees	700,000
Total	1,230,000

Cost Allocation for Exchange Module Development

Minnesota is proposing to cost allocate IT costs as follows:

- Module 1 using the ratio of public enrollees to total individual enrollees (700/1040 or 67.31%)
- Modules 2, 4, 5, and 7 using the ratio of public enrollees to total participants in the Exchange (700/1,230 or 56.91%)
- Other IT contracts for Integration of Modules, 4&5, Mobile Applications and other contracted staff use the average cost allocation ratio across the modules or 42.14% (see below)
- Other Exchange IT staff costs including, but not limited to, salaries, rent, supplies, equipment, use the average cost allocation ratio across the modules or 42.14% (see below)

Module 1 – Individual Eligibility and Exemption	67.31%
Module 2 – Individual Enrollment	56.91%
Module 3 – Small Employer Eligibility and Enrollment	0%
Module 4 – Health Benefit Plan and Navigator Certification and Display	56.91%
Module 5 – Provider Display	56.91%
Module 6 – Fund Aggregation and Payment	0%
Module 7 – Account Administration	56.91%

Average of Modules.	42.14%

EXHIBIT B

Interagency Agreement between Department of Commerce and Department of Human Services
Cost Allocation of Minnesota Health Insurance Exchange Activities to Medical Assistance for the February 2012 Level One Establishment Grant

Summary

OMB Circular A-87 requires that States charge all benefiting parties an allocated share of the expenses, both developmental and operational, for goods and services (including but not limited to IT systems, software, and licensing fees) that benefit multiple stakeholders. As approved in the Level 1 Health Insurance Exchange Establishment Grant Agreement, activities under the Core area of Technical Infrastructure will be allocated to Medical Assistance as outlined below.

The Core Area of Technical Infrastructure Minnesota has proposed a budget of $43,354,651 for the Level One Establishment received February 25, 2012. This budget request for Technical Infrastructure is comprised of seven parts:

1. Contract costs for the Individual Eligibility and Exemption Module of the Exchange Technical Solution Exchange $14,507,083;
2. Contract costs for non-MAGI Medicaid eligibility screening - $1,307,500;
3. Contract costs for the Individual Enrollment, Health Benefit Plan and Navigator/Broker Certification and Display Module, and the Account Administration Module - $16,849,742;
4. Contract costs for the Small Employer Eligibility and Enrollment Module and the Fund Aggregation Module and non salary indirect costs- $4,198,911;
5. Contract costs for other technical contracts including, IV&V, , Risk Assessment and staff augmentation - ~~$1,814,500~~ 1,815,500;
6. Salaries and fringe and associated indirect costs for Exchange technical staff - $280,615; and
7. Equipment, supply and other costs to support the project and technical staff including contract staff - $4,395,300.

The ~~$43,349,651~~ 43,354,651 projected total cost for Technical Infrastructure for Minnesota's February 2012 Level One Establishment Grant is allocated as follows:

a) The total projected cost allocated to the Level One Establishment Grant (funded through the CCIIO) is ~~$19,950,763~~ 19,957,763;
b) The total projected cost allocated to other sources is $23,396,888.

Budgeted amounts are estimates; billing will be based on actual costs and will be billed monthly.

1. Contract for Exchange Individual Eligibility and Exemption Module (Module 1)
$14,507,083

This contract includes portions of the following components under Cost Allocation referenced in the IT Guidance 2.0: Health Care Coverage Portal, Business Rules Management and Operations Systems, Interfaces to Federal Data Services Hub, Interfaces to Other Verification Sources, and Notices.

a) Total Projected Costs	$14,507,083
b) Costs charged to this CCIIO grant	$4,742,365

c) Costs charged to Medicaid $9,764,718

As specified below, Minnesota has developed a preliminary estimate that 52.1% of individual users served by the Exchange will be Medicaid-eligible. The purpose of this contract is to develop the Individual Eligibility and Exemption Module to be used by individuals to determine eligibility to Medical Assistance and Tax Credits. As such, 52.1% of the contract costs will be allocated to Medicaid.

2. **Contract for non-MAGI Medicaid eligibility**
   $1,307,500

This contract includes portions of the following components under Cost Allocation referenced in the IT Guidance 2.0: Health Care Coverage Portal, Business Rules Management and Operations Systems, Interfaces to Federal Data Services Hub, Interfaces to Other Verification Sources, and Notices.

a) Total Projected Costs	$1,307,500
b) Costs charged to this CCIIO grant	$0
c) Costs charged to Medicaid	$1,307,500
d) Please note where the cost is via the Core Area:	Technical Infrastructure

The purpose of this contract is to develop the non-MAGI Medicaid Eligibility to be used by individuals to determine eligibility to Medical Assistance. As such, 100% of the contract costs will be allocated to Medicaid.

3. **Contract for the Individual Enrollment, Health Benefit Plan and Navigator Certification and Display and Account Administration (Modules 2, 4 and 7)**
   $16,849,742

This contract includes the following component under Cost Allocation referenced in the IT Guidance 2.0: Member Education, Selection, and Enrollment into Plans, and Account Creation and Case Notes.

a) Total Projected Costs	$16,849,742
b) Costs charged to this CCIIO grant	$7,260,554
c) Costs charged to Medicaid	$9,589,188

As specified below, Minnesota has developed a preliminary estimate that 56.91% of users served by the Exchange will be Medicaid-eligible. The purpose of these contracts is to develop the Individual Enrollment, Health Benefit Plan and Navigator Certification and Display and Account Administration modules of the Exchange IT RFP to assist Medicaid and non-Medicaid Exchange participants in selecting and enrolling into health benefit plans that best suit their needs. Module 5 – Provider Display is included in the prior Level 1 grant application and cost allocated similarly (See Exhibit A). As such, 56.91% of these contracted costs will be allocated to Medicaid.

4. **Contracts costs for Small Employer Eligibility and Enrollment and Fund Aggregation and Payment (Modules 3 and 6) and non-salary indirect costs.**
   $4,198,911

a) Total Projected Costs	$4,198,911
b) Costs charged to this CCIIO grant	$4,198,911
c) Costs charged to Medicaid	$0

Cost of these contracts will not be allocated to Medicaid since the Medicaid participant will not be provided

any benefit to these activities. Indirect costs for non-salary items will not be allocated to Medicaid.

5. **Contract and costs for IV&V, Risk Assessment , and contracted IT)**
   $1,815,500

These contracts include the following components under Cost Allocation referenced in the IT Guidance 2.0: Health Care Coverage Portal, Business Rules Management and Operations Systems, Interfaces to Federal Data Services Hub, Interfaces to Other Verification Sources, Account Creation and Case Notes, Notices, Interfaces to Community Assisters or Other Outreach Organizations, Customer Service Technology Support, Communication with Plans and Member Education, Selection, and Enrollment into Plans.

a)	Total Projected Costs	$1,815,500
b)	Costs charged to this CCIIO grant	$1,050,448
c)	Costs charged to Medicaid	$765,052

As specified above Minnesota has developed a preliminary average estimate that Medicaid enrollees will comprise 67.31% of individuals that benefit from Module 1, 56.91% of users that benefit from Modules 2, 4, 5 and 7, and 0% of users that benefit from Modules 3 and 6. The average across all Modules is 42.12%. Prior cost allocation plan, approved in a IAPD was 32,3% effective May 1, 2012. As such, 32.3% of costs will be allocated to Medicaid for activities May through June of 2012 (or until approval, whichever is later) and 42.14% of costs beginning in July of 2012 (or upon approval, whichever is later) will be allocated to Medicaid.

6. **Salaries, fringe, and associated indirect costs for Technical Infrastructure staff**
   $280,615

These costs for Exchange Technical Infrastructure staff include portions of the following components under Cost Allocation referenced in the IT Guidance 2.0: Health Care Coverage Portal, Business Rules Management and Operations Systems, Interfaces to Federal Data Services Hub, Interfaces to Other Verification Sources, Account Creation and Case Notes, Notices, Interfaces to Community Assisters or Other Outreach Organizations, Customer Service Technology Support, Communication with Plans and Member Education, Selection, and Enrollment into Plans.

a)	Total Projected Costs	$280,615
b)	Costs charged to this CCIIO grant	$162,364
c)	Costs charged to Medicaid	$118,251

As specified above, Minnesota has developed a preliminary average estimate that Medicaid enrollees will comprise of 67.31% of individuals that benefit from Module 1, 56.91% of users that benefit from Modules 2, 4, 5 and 7, and 0% of users that benefit from Modules 3 and 6. The average across all Modules is 42.14%. This percentage has been applied to 100% of the cost of these contracts. These activities include staff costs associated with internal IT staff. Prior cost allocation plan, approved in a IAPD was 32,3% effective May 1, 2012. As such, 32.3% of costs will be allocated to Medicaid for activities May through June of 2012 (or until approval, whichever is later) and 42.14% of costs beginning in July of 2012 (or upon approval, whichever is later) will be allocated to Medicaid

7. **Equipment, supplies and other costs for Technical Infrastructure**
   $4,395,300

These costs for Exchange Technical Infrastructure staff include portions of the following components under Cost Allocation referenced in the IT Guidance 2.0: Health Care Coverage Portal, Business Rules Management and Operations Systems, Interfaces to Federal Data Services Hub, Interfaces to Other

Verification Sources, Account Creation and Case Notes, Notices, Interfaces to Community Assisters or Other Outreach Organizations, Customer Service Technology Support, Communication with Plans and Member Education, Selection, and Enrollment into Plans.

d)	Total Projected Costs	$4,395,300
e)	Costs charged to this CCIIO grant	$2,543,121
f)	Costs charged to Medicaid	$1,852,179

As specified above, Minnesota has developed a preliminary average estimate that Medicaid enrollees will comprise of 67.31% of individuals that benefit from Module 1, 56.91% of users that benefit from Modules 2, 4, 5 and 7, and 0% of users that benefit from Modules 3 and 6. The average across all Modules is 42.14%. This percentage has been applied to 100% of the cost of these contracts. These activities include development and testing environments, supplies, rental space and other staff costs associated with internal IT staff. . As such, 32.3% of costs will be allocated to Medicaid for activities May through June of 2012 (or until approval, whichever is later) and 42.14% of costs beginning in July of 2012 (or upon approval, whichever is later) will be allocated to Medicaid.

Cost Allocation Methodology /Medical Assistance User Ratio

Based on the federal IT Guidance 2.0, the following cost allocation methodology will be used for the development of an Exchange.

Estimated participation in Minnesota Health Insurance Exchange (Results from Background Research Actuarial and Economic Modeling by Dr. Jon Gruber of MIT and Bela Gorman of Gorman Actuarial)

Tax Credit Recipients	280,000
Enrollees in Firms Receiving Tax Credit	70,000
Non-Tax Credit Recipients in Reformed Individual Market	60,000
Enrollees in Firms > 50 not receiving Tax Credit	90,000
Enrollees in Firms 50-99	30,000
Public Insurance Enrollees	700,000
Total	1,230,000

Cost Allocation for Exchange Module Development

Minnesota is proposing to cost allocate IT costs as follows:

- Module 1 using the ratio of public enrollees to total individual enrollees (700/1040 or 67.31%);
- Modules 2, 4, 5, and 7 using the ratio of public enrollees to total participants in the Exchange (700/1230 or 56.91%);
- Other IT contracts for Integration of Modules, IV&V, Mobile Applications and other contracted staff use the average cost allocation ratio across the modules or 42.14% (see below);
- Other Exchange IT staff costs including salaries, rent, supplies, equipment, etc use the average cost allocation ratio across the modules or 42.14% (see below);

Module 1 – Individual Eligibility and Exemption	67.31%
Module 2 – Individual Enrollment	56.91%
Module 3 – Small Employer Eligibility and Enrollment	0%
Module 4 – Health Benefit Plan and Navigator Certification and Display	56.91%
Module 5 – Provider Display	56.91%
Module 6 – Fund Aggregation and Payment	0%
Module 7 – Account Administration	56.91%

Average of Modules	42.14%

AMENDMENT NO. 4 TO INTERAGENCY AGREEMENT #IAK % 41384

Contract Start Date: January 1, 2012	Total Contract Amount: $46,667,685
Original Contract Expiration Date: August 12, 2012	Original Contract Amount: $829,042
Current Contract Expiration Date: February 25. 2013	Previous Amendment(s) Total:
Requested Contract Expiration Date: September 26, 2013	First Amendment Amount: $11,171,583
	Second Amendment Amount: $14,041,993
	Third Amendment:$0
	Fourth Amendment: $20,625,067

This amendment is by and between the State of Minnesota, through its Commissioner of Human Services ("DHS") and Commissioner of Commerce ("DOC"), identified as Interagency Agreement No. IAK % 41384 to design and develop the Health Insurance Exchange.

Therefore, the parties agree that:

REVISION 1.

Clause 3 Joint Duties is amended as follows

a. DOC and DHS shall create an interagency workgroup on joint issues, including but not limited to the following:

   i. eligibility, enrollment and account management issues that are common to the development of an Exchange and the modernization of the current Eligibility Determination and Enrollment Systems at DHS including creation and usage of single streamlined application for individual eligibility;
   ii. recommendations on ~~operationalizing common~~ roles and responsibilities between the Exchange and DHS related to operationalizing eligibility determinations, verifications data updates, eligibility re-determinations, notices, appeals and enrollment through a set of single streamlined processes for individuals utilizing the Exchange;
   iii. program integration strategies including creation of common work plans, timelines and mitigation of issues; and
   iv. other strategies to ensure compliance with federal regulations and timelines.

   The workgroup shall report its findings and recommendations to designated leadership in DHS and DOC or other governance structures that may be determined in the future.

b. DOC and DHS shall also jointly issue an Request For Proposals ("RFP") for an Independent Verification and Validation ("IV&V") review of the Exchange and the modernization of the Eligibility Determination and Enrollment Systems at DHS. DHS shall, in cooperation with the Minnesota Department of Administration, MN.iT @ DHS, and DOC, be lead agency in the issuance of the IV&V review RFP, and in the management of the IV&V contract.

c. With respect to the IV&V RFP, DHS shall obtain all necessary approvals from CMS for the contemplated IV&V procurement process and shall require the awarded IV&V vendor to submit all documentation to CMS required by 45 CFR 95.626 simultaneously with submission to DHS DOC, and MN.iT Central.

d. DOC and DHS shall collaborate on the timing of submission of documents for approval by CCIIO and CMS, so as, to the extent possible, achieve simultaneous reviews of documents by CCIIO and CMS.

Clause IV. **"Consideration and Payment"** is amended as follows:

Invoicing and direct charging for salary of staff for the activities defined in Exhibit A, ~~and~~ Exhibit B and Exhibit C will only proceed after approval for grant funding has been received by DOC from CCIIO and after the federal match of these activities has been received by DHS from CMS (eligible activity). DOC further agrees to invoice DHS based on the budget cost centers by percentage of FFP established as a result of CMS approval of APDs.

Salaries

Once approval has been received, DOC ~~will~~ may begin coding salary and fringe as specified in Exhibit A, ~~and~~ Exhibit B and Exhibit C to the account identified in the table or invoice DHS as described below.

Agency	Fund	Speed chart	Appropriation
H55	2001	H55EB 32375	H551472

Other Allowable Costs

DOC shall invoice DHS for the Medical Assistance share of eligible activity in accordance with the specified timelines contained in Exhibit A, ~~and~~ Exhibit B and Exhibit C. Invoices shall include expenditure reports detailing actual costs for the preceding billing period and the formula allocation. DOC shall furnish or make available information on any accounts, expenditures or reports as requested by DHS or as may be necessary for audit purposes.

DHS shall make payment to DOC within 30 days of receipt by DHS of an approved invoice for the Medical Assistance share of allocated costs for eligible activity.

Total billings and direct charges under this contract are expected to be $46,667,685. All Invoices and direct charges pursuant to this Agreement as specified in Exhibit A ~~and~~ Exhibit B, and Exhibit C will be based on actual costs.

This amendment is effective upon approval of IAPDU-3 by CMS.

EXCEPT AS AMENDED HEREIN, THE TERMS AND CONDITIONS OF THE ORIGINAL CONTRACT AND ALL PREVIOUS AMENDMENTS REMAIN IN FULL FORCE AND EFFECT.

IN WITNESS WHEREOF, the parties have caused this contract to be duly executed intending to be bound thereby.

APPROVED:

1. STATE ENCUMBRANCE VERIFICATION:
Individual certifies that funds have been encumbered as required by Minn. State. 16A.15 and 16C.05

By (authorized signature) B. Hausman
Date 11/15/12

2. STATE AGENCY: DHS
Individual certifies the applicable provisions of Minn. Stat. 16C.08, subdivisions 2 and 3 are reaffirmed.

By (authorized signature)
Title Deputy Assistant Commissioner
Date 10-22-12

3. STATE AGENCY: Commerce
Individual certifies the applicable provisions of Minn. Stat. 16C.08, subdivisions 2 and 3 are reaffirmed.

By (authorized signature)
Title Exchange Director
Date 10-17-12

4. COMMISSIONER OF ADMINISTRATION:

By (authorized signature)
Date

EXHIBIT C

Interagency Agreement between Department of Commerce and Department of Human Services
Cost Allocation of Minnesota Health Insurance Exchange Activities to Medical Assistance for the September 2012 Level One Establishment Grant

Summary
As required under section IV.5.B.vi of the Cooperative Agreements to Support Establishment of State Operated Health Insurance Exchanges, Minnesota is proposing to cost allocate the IT systems work and other applicable costs per OMB Circular A-87 between the Exchange and the Medicaid program for those activities that will benefit Medicaid. Components under Cost Allocation referenced in the IT Guidance 2.0 are included in this proposal.

For this grant application, Minnesota has proposed an aggregate budget of $52,304,799 in the Core Area of Technical Infrastructure. This budget request for Technical Infrastructure can be broken into seven parts:

1. Maintenance costs for the Individual Eligibility and Exemption Module and IT Business Analyst for the Individual Eligibility Program.
   $760,000

2. Maintenance costs for the Individual Enrollment, Health Benefit Plan and Navigator Certification and Display and Account Administration Modules.
   $1,689,500

3. Maintenance costs for the Small Employer Eligibility and Enrollment and the Fund Aggregation Module and IT Business Analyst for the SHOP program.
   $4,722,554

4. Contract costs IV&V, service configuration and integration, security assessment and contracted ASAP IT staff.
   $22,456,000

5. Salaries and fringe benefits and associated indirect costs for Exchange technical staff.
   $903,500

6. Equipment, supplies and other costs to support the project and technical staff including contract IT staff.
   $21,543,244
7. Maintenance costs for non-MAGI health care eligibility.
   $230,000

a)	Total Projected Costs	$52,304,799
b)	Exchange Level-One Establishment Grant	$31,679,732
c)	Enhanced Federal Medicaid Match:	$20,625,067
d)	Please note where the cost is via the Core Area:	Technical Infrastructure

Estimated participation in Minnesota Health Insurance Exchange (Results from Background Research Actuarial and Economic Modeling by Dr. Jon Gruber of MIT and Bela Gorman of Gorman Actuarial)

Tax Credit Recipients	280,000
Enrollees in Firms Receiving Tax Credit	70,000
Non-Tax Credit Recipients in Reformed Individual Market	60,000
Enrollees in Firms > 50 not receiving Tax Credit	90,000
Enrollees in Firms 50-99	30,000
Public Insurance Enrollees	700,000
Total	1,230,000

Cost Allocation for Exchange Module Development

Minnesota is proposing to cost allocate IT costs as follows:

- Module 1 using the ratio of public enrollees to total individual enrollees (700,000/1,040,000 or 67.31%)
- Modules 2, 4, 5, and 7 using the ratio of public enrollees to total participants in the Exchange (700,000/1,230,000 or 56.91%)
- Other IT contracts for Integration of Modules, IV&V, Mobile Applications and other contracted staff use the average cost allocation ratio across the modules or 42.14% (see below)
- Other Exchange IT staff costs including salaries, rent, supplies, equipment, etc use the average cost allocation ratio across the modules or 42.14% (see below)

Module 1 – Individual Eligibility and Exemption	67.31%
Module 2 – Individual Enrollment	56.91%
Module 3 – Small Employer Eligibility and Enrollment	0%
Module 4 – Health Benefit Plan and Navigator Certification and Display	56.91%
Module 5 – Provider Display	56.91%
Module 6 – Fund Aggregation and Payment	0%
Module 7 – Account Administration	56.91%
Average of Modules	42.14%

a) **Maintenance contract costs for the Individual Eligibility and Exemption Module and IT Business Analyst for the Individual Eligibility Program.**
$760,000

This contract includes portions of the following components under Cost Allocation referenced in the IT Guidance 2.0: Health Care Coverage Portal, Business Rules Management and Operations Systems, Interfaces to Federal Data Services Hub, Interfaces to Other Verification Sources, and Notices.

a)	Total Projected Costs	$760,000
b)	Exchange Level-One Establishment Grant	$248,444
c)	Enhanced Federal Medicaid Match:	$511,556
d)	Please note where the cost is via the Core Area:	Technical Infrastructure

As specified above, Minnesota has developed a preliminary estimate that 67.31% of individual users served by the Exchange will be Medicaid-eligible. The purpose of these contracts are for maintenance of

the Individual Eligibility and Exemption Module to be used by individuals to determine eligibility to Medical Assistance and Tax Credits and business analyst IT support for the Individual Eligibility program for the IT build. As such, 67.31% of the contract costs will be allocated to Medicaid.

2. **Maintenance for the Individual Enrollment, Health Benefit Plan and Navigator Certification and Display and Account Administration (Modules 2, 4, 5 and 7)**
   $1,689,500

This contract includes the following component under Cost Allocation referenced in the IT Guidance 2.0: Member Education, Selection, and Enrollment into Plans, and Account Creation and Case Notes.

Total Projected Costs	$1,689,500
a) Exchange Level-One Establishment Grant	$728,006
b) Enhanced Federal Medicaid Match:	$961,494
c) Please note where the cost is via the Core Area:	Technical Infrastructure

As specified above Minnesota has developed a preliminary estimate that 56.91% of users served by the Exchange will be Medicaid-eligible. The purpose of this contract is maintenance of the Individual Enrollment, Health Benefit Plan and Navigator Certification and Display, Provider Display and Account Administration modules of the Exchange IT RFP to assist Medicaid and non-Medicaid Exchange participants in selecting and enrolling into health benefit plans that best suit their needs. As such, 56.91% of these contracted costs will be allocated to Medicaid.

3. **Maintenance costs for Small Employer Eligibility and Enrollment and Fund Aggregation and Payment Modules, IT Business Analyst for SHOP and non-salary indirect costs**
   $4,722,554

Total Projected Costs	$4,722,554
a) Exchange Level-One Establishment Grant	$4,722,554
b) Enhanced Federal Medicaid Match:	$0
c) Please note where the cost is via the Core Area	Technical Infrastructure

Cost of these contracts and non-salary indirect will not be allocated to Medicaid since the Medicaid participant will not be provided any benefit to these activities.

4. **Contract costs Change Orders, IV&V, service configuration and integration, security assessment and contracted ASAP IT staff**
   $22,456,000

These contracts include the following components under Cost Allocation referenced in the IT Guidance 2.0: Health Care Coverage Portal, Business Rules Management and Operations Systems, Interfaces to Federal Data Services Hub, Interfaces to Other Verification Sources, Account Creation and Case Notes, Notices, Interfaces to Community Assisters or Other Outreach Organizations, Customer Service Technology Support, Communication with Plans and Member Education, Selection, and Enrollment into Plans.

a) Total Projected Costs	$22,456,000
b) Exchange Level-One Establishment Grant	$12,993,042

c) Enhanced Federal Medicaid Match: $9,462,958
d) Please note where the cost is via the Core Area Technical Infrastructure

As specified above Minnesota has developed a preliminary average estimate that Medicaid enrollees will comprise 67.31% of individuals that benefit from Module 56.91% of users that benefit from Modules 2, 4, 5 and 7, and 0% of users that benefit from Modules 3 and 6. The average across all Modules is 42.12%. As such, 42.14% of these contract costs will be allocated to Medicaid.

5. **Salaries, benefits, and associated indirect costs for salary for Technical Infrastructure staff** $903,500

These costs for Exchange Technical Infrastructure staff include portions of the following components under Cost Allocation referenced in the IT Guidance 2.0: Health Care Coverage Portal, Business Rules Management and Operations Systems, Interfaces to Federal Data Services Hub, Interfaces to Other Verification Sources, Account Creation and Case Notes, Notices, Interfaces to Community Assisters or Other Outreach Organizations, Customer Service Technology Support, Communication with Plans and Member Education, Selection, and Enrollment into Plans.

Total Projected Costs $903,500
a) Exchange Level-One Establishment Grant $522,765
b) Enhanced Federal Medicaid Match: $380,735
c) Please note where the cost is via the Core Area Technical Infrastructure

As specified above, Minnesota has developed a preliminary average estimate that Medicaid enrollees will comprise of 67.31% of individuals that benefit from Module 1, 56.91% of users that benefit from Modules 2, 4, 5 and 7, and 0% of users that benefit from Modules 3 and 6. The average across all Modules is 42.14%. This activity includes IT Infrastructure staff to support the IT build of the Exchange. This percentage has been applied to 100% of the personnel cost. As such, 42.14% of costs will be allocated to Medicaid.

6. **Equipment, supplies, and other associated costs for Technical Infrastructure staff** $21,543,244

These costs for Exchange Technical Infrastructure staff include portions of the following components under Cost Allocation referenced in the IT Guidance 2.0: Health Care Coverage Portal, Business Rules Management and Operations Systems, Interfaces to Federal Data Services Hub, Interfaces to Other Verification Sources, Account Creation and Case Notes, Notices, Interfaces to Community Assisters or Other Outreach Organizations, Customer Service Technology Support, Communication with Plans and Member Education, Selection, and Enrollment into Plans.

d) Total Projected Costs $21,543,244
e) Exchange Level-One Establishment Grant $12,464,921
f) Enhanced Federal Medicaid Match: $9,078,323
g) Please note where the cost is via the Core Area Technical Infrastructure

As specified above, Minnesota has developed a preliminary average estimate that Medicaid enrollees will comprise of 67.31% of individuals that benefit from Module 1, 56.91% of users that benefit from Modules 2, 4, 5 and 7, and 0% of users that benefit from Modules 3 and 6. The average across all