



**GENERAL ASSEMBLY**  
**STATE OF VERMONT**  
LEGISLATIVE JOINT FISCAL COMMITTEE

Tuesday, December 1, 2015

Agenda

Room 5, State House

- 9:00 a.m. Convene Meeting
- 9:05 a.m. Recess meeting and convene Executive Session for the purposes of discussing the Joint Fiscal Offices' budget and personnel matters.
- 9:50 a.m. Adjourn Executive Session and reconvene Committee meeting:  
Possible vote on Legislative Joint Fiscal Office Budget
- 9:55 a.m. Adjourn

Reports Submitted

- I. Vermont Health Connect update on project development, operations, and enrollment data. [Sec. C. 106 of Act 58 of 2015] [DVHA] [received]
- II. Position Pilot Program for Department for Children and Families. [Sec. E.100(d) of Act 179 of 2015]. [Dept. of Human Resources] [received]
- III. Status of System reviews or process changes implemented for promotion of efficient operations. [Sec. E.100.4 of Act 58 of 2015] [Agency of Administration] [received]

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SEN. M. JANE KITCHEL, CHAIR  
REP. JANET ANCEL, VICE-CHAIR  
SEN. DIANE SNELLING, CLERK  
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SEN. RICHARD SEARS  
REP. DAVID SHARPE

**STATE OF VERMONT**  
LEGISLATIVE JOINT FISCAL COMMITTEE

Tuesday, December 1, 2015

**Minutes**

Members present: Representatives Ancel, Branagan, Johnson, and Lippert, and Senators Ashe, Kitchel, Snelling.

Other Attendees: Stephen Klein.

The Chair, Senator Kitchel, called the meeting to order at 9:11 a.m., and Senator Ashe moved to recess the Committee meeting and convene an Executive Session for the purpose of discussing the Joint Fiscal Office' budget and personnel matters. Representative Johnson seconded the motion and the Committee approved it.

At 9:38 a.m., the Committee adjourned the Executive Session and reconvened the Committee meeting. Representative Ancel moved to accept the proposed Joint Fiscal Office budget presented at the November 13, 2015 meeting. Representative Branagan seconded the motion and the Committee approved unanimously.

On a motion from Representative Branagan and a second from Representative Lippert, the Committee adjourned at 9:40 a.m.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "Theresa Utton-Jerman".

Theresa Utton-Jerman, and  
Stephen Klein  
Joint Fiscal Office



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*Agency of Administration*

**TO: Joint Fiscal Committee  
Government Accountability Committee  
House Committee on Government Operations  
Senate Committee on Government Operations**

**FROM: Maribeth Spellman, Commissioner**

**DATE: November 30, 2015**

**SUBJECT: Position Pilot Program**

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In accordance with Act 179, Sec. E.100(d), Secretary of Administration Justin Johnson has approved the attached position pilot request from the Department for Children and Families (DCF).

The written description required by Act 179, Sec. E.100(d)(4), including the method for evaluating the cost-effectiveness of the positions, as provided by DCF, is attached for your information.

The Department of Human Resources fully supports this request and we believe the request is an appropriate use of the Position Pilot.

#### **Summary of Department for Children and Families' Position Pilot Request**

DCF is requesting approval for three new clinical positions at the Woodside Juvenile Rehabilitation Center (Woodside). By adding these positions Woodside will increase quality of care and meet federal requirements for Psychiatric Residential Treatment Facilities. In terms of cost effectiveness, by meeting federal requirements Woodside can continue to draw funds through the global commitment offsetting more than 2.1 million dollars from the general fund.

c: Secretary Johnson  
Commissioner Schatz  
M. Paulger



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Agency of Human Services

## MEMORANDUM

TO: Justin Johnson, Secretary of Administration  
Maribeth Spellman, Commissioner, Department of Human Resources  
FROM: Ken Schatz, Commissioner *KAS*  
CC: Hal Cohen, Secretary, Agency of Human Services  
DATE: September 24, 2015  
RE: Position Pilot Request for Woodside Juvenile Rehabilitation Center

### Introduction

The Department for Children and Families (DCF) is requesting approval for three new positions at Woodside Juvenile Rehabilitation Center (Woodside) pursuant to the Position Pilot Program (pilot) created in Section E.100(d) of Act 179 (2014). The pilot was created to help participating departments more effectively manage costs of overtime, compensatory time, temporary employees and contractual work by removing the position cap with the goal of maximizing resources to the greatest benefit of Vermont taxpayers. In implementing the pilot, DCF is authorized to create new positions as long as they are funded within existing appropriations and approved by the Secretary of Administration. This is DCF's fifth pilot request.

### Pilot Purpose & Description of Requested New Positions

Woodside is a secure residential treatment program for youth between the ages of 10 and 18 that provides comprehensive educational, rehabilitative, family support, vocational and specialized treatment services. In 2011, Woodside re-purposed and expanded its services, combining its former male-only treatment program with its treatment program and offering every resident, regardless of gender, length of stay, and/or disposition status, the same evidence-based treatment opportunities. As a result, the number of youth receiving treatment services increased and Woodside became recognized as a cost-effective alternative to hospitalization. In July 2015, Woodside received its second three year accreditation from the Commission on Accreditation of Rehabilitation Facilities (CARF).

Since repurposing in 2011 Woodside has operated as a cost effective alternative to hospitalization. In January 2015 Woodside became aware that the cost effective alternative to hospitalization status does not exempt Woodside from meeting the Code of Federal Regulations (CFRs) for Psychiatric Residential Treatment Facilities (PRTF). Woodside meets many of the CFRs; however, the current clinical staffing resources do not allow full compliance. Failure to meet the CFRs will result in the loss of the Center for Medicaid/Medicare (CMS) funding for the Woodside facility through the Global Commitment Fund (GCF). The total Woodside operating budget is nearly 4.9 million dollars, of which CMS funds approximately 56%.

Title 42, Chapter IV, Subchapter G, Part 483.358 (a) of the CFRs states, "Orders for restraint or seclusion must be by a physician, or other licensed practitioner permitted by the State and the facility to order restraint or seclusion and trained in the use of emergency safety interventions." Currently Woodside employs 1 licensed psychologist as the Assistant Director - Clinical Services. The Vermont







Licensing Regulations for Vermont Residential Treatment Programs are being amended to allow Licensed Psychologists to make orders for restraint and isolation. Even with the amended regulations having 1 professional on call 24/7 is not sustainable.

In addition Title 42, Chapter IV, Subchapter G Part 483.358 (b) states, "If the order for restraint or seclusion is verbal, the verbal order must be received by a registered nurse or other licensed staff such as a licensed practical nurse, while the emergency safety intervention is being initiated by staff or immediately after the emergency situation ends." The Vermont practice boards require the staff person receiving the call to be a Registered Nurse.

Title 42, Chapter IV, Subchapter G Part 483.362 (a) states, "Clinical staff trained in the use of safety interventions must be physically present, continually assessing and monitoring the physical and psychological well-being of the resident and the safe use of restraint throughout the duration of the emergency safety intervention." Woodside does not have the staff resources to provide this coverage during the evenings and nights.

Currently Woodside has two Psychiatric Nurses who are registered nurses (RN). Per the CFR these nurses can receive telephone calls from the licensed professional who is ordering the restraint and observe the restraint; however, Woodside does not have enough RNs to cover all shifts. When restraint or seclusion occurs after hours there is no RN on site to receive the call in accordance with the CFRs.

As a solution to the shortage of clinical staff and to allow for a clinical staffing pattern that can meet the increased clinical staff utilization required for continued GCF funding of the program, Woodside proposes to create one new Psychiatric Nurse position, one new Psychiatric Nurse Supervisor position and one Clinical Care Coordinator Position. These new positions will provide clinical coverage from 7:00 am to 3:00 am (20 hours per day) 7 days per week so that restraint and seclusion are facilitated and documented in accordance with the CFRs.

#### Method and Source of Funding

This pilot request for three new positions is cost neutral with the savings anticipated from the reduction in the cost of contract staff and overtime. The source of the funds for this pilot request is a combination of general fund (GF) and GCF.

	GF	FF	Gross
Upgrade Nurse to Supv.	\$4,371	\$5,789	\$10,520
2 Psychiatric Nurses	\$97,846	\$119,735	\$2217,581
Clinical Coordinator	\$32,217	\$39,424	\$71,642
<b>Sub-total Pos. Cost</b>	<b>\$134,794</b>	<b>\$164,948</b>	<b>\$299,742</b>
<b>Offset</b>			
On Call Pay	\$14,353	\$17,564	\$31,918
Call In Pay	\$1,465	\$1,793	\$3,258
HCMH	\$41,948	\$51,331	\$93,279
UVMHC	\$25,618	\$31,349	\$56,967
Donnelly	\$16,864	\$20,636	\$37,500
Group Delivery Cont.	\$33,728	\$41,273	\$75,000
<b>Total Savings</b>	<b>\$133,967</b>	<b>\$163,947</b>	<b>\$297,922</b>
<b>Over/(Under)/Even</b>	<b>(\$818)</b>	<b>(\$1,001)</b>	<b>(\$1,820)</b>



Woodside currently uses a staffing pattern for the psychiatric nurses that cover the hours of 7:45 am to 5:45 pm seven days a week leaving evenings and weekends without coverage. As a result nurses are paid standby pay for 16 hours per day, 7 days per week to ensure Woodside has a nurse to respond. Standby pay is paid out at 1/5 the nurses hourly rate for every hour that they are on standby. In addition, when a nurse is called to respond to evaluate a resident post restraint that nurse is paid four hours of overtime in accordance with the Collective Bargaining Unit Contract between the State and the VSEA. That often results in a nurse being called to Woodside after hours, working 30 minutes and drawing 4 hours of pay. The current practice is expensive and it does not meet the requirements under the CRFs. The creation of these two new nursing positions will eliminate all standby and call in pay while providing coverage from 7:00 am to 3:00 am 7 days per week.

The creation of the Clinical Coordinator position will allow Woodside to reduce the Clinical Coordinator and Transition Coordinator contracts with Howard Center. This position will document Woodside's compliance with the CFRs, Residential Licensing Regulations and CARF standards.

#### **Evaluation of Cost Effectiveness of Pilot**

The language in the Big Bill authorizing the pilot program also directs each participating department to evaluate the cost-effectiveness of the pilot in addition to describing the source of funds and ensuring that the pilot will be funded within existing appropriations. The cost-effectiveness of this pilot request is evaluated through the reduced spending in both overtime and contracted services as described above. The cost-effectiveness is also evaluated through improved services through compliance with the CFRs.

In FY15 Woodside was allocated \$4,874,114. As a treatment facility Woodside is funded through a combination of GF and GCF dollars. The GCF funds Woodside at approximately 56% for a total GCF contribution of \$2,144,610 of the FY15 allocation. In order to maintain the GCF funding stream Woodside is required to meet the CFRs. In order to meet the CFRs Woodside must staff the program as outlined above. Failure to meet the CFRs will result in an increase in cost to the GF from 2.7 million to 4.9 million.

#### **Conclusion**

The addition of these three new positions at Woodside enables the program to continue drawing funds through the GCF offsetting more than 2.1 million dollars from the GF. The addition of these permanent staff will increase quality of care and allow Woodside to meet the requirements under Title 42, Chapter IV, Subchapter G Part 483 or the Code of Federal Regulations for Psychiatric residential Treatment Facilities. Woodside will continue to monitor these important outcomes.

The Big Bill language that created this pilot states in Section E.100(d)(4): "At least 15 days prior to the establishment of Pilot positions, the Joint Fiscal Committee, the Government Accountability Committee, and the House and Senate Committees on Government Operations shall be provided a written description from the Pilot entity and the Commissioner of Human Resources of the method for evaluating the cost-effectiveness of the positions." DCF requests that the Commissioner of the Department of Human Resources forwards this position pilot request to these legislative committees. Please feel free to contact me with any questions you may have or information you may need. Thank you.

LAWRENCE MILLER  
Chief of Health Care Reform



State of Vermont  
OFFICE OF THE GOVERNOR

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TO: HCHC, SCHW, SCF, HROC, JFC  
FROM: Lawrence Miller, Chief of Health Care Reform  
Date: December 1, 2015  
RE: Vermont Health Connect Monthly Report

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A handwritten signature in blue ink that reads "Lawrence Miller".

I am pleased to submit the seventh monthly report in conformance with Section C.106 of the budget bill.

This report serves as the re-cap of key operational and enrollment metrics for October. In order to provide the most up-to-date information available, it also covers project development work and efforts to address the State Auditor's recommendations through November 16.

With the successful deployment of automated change and automated renewal functionality, we are fortunate to be in a far different place than we were a year ago. We now have a system that can support the customer service levels that Vermonters deserve. While work remains, the nature of that work is completely different. Having built the system, we can now focus on fine tuning our operations and, most importantly, on empowering Vermonters to take control of their health insurance decision making.

With few exceptions enrolled Vermonters should expect that their 2016 health plans and subsidies will be clearly stated on their December invoice; that they should be easily able to change plans if they wish to do so during Open Enrollment; that their calls will generally be answered promptly; that their change requests will typically be processed promptly. And they should expect that, when challenges do arise, customer service staff will be on hand to help.

We have Service Level Agreements in place to ensure that those experiences are the rule and not the exception. Our Customer Support Center aims for at least a 90% answer rate and to answer more than three out of four calls within 24 seconds. They have exceeded those targets 11 out of the last 12 months. Our Systems Integrator strives to keep our system online 99.9% of the time and to keep average page loads under two seconds. They have surpassed those targets every month since our spring system upgrades were deployed. Having cleared the backlog of change requests earlier this fall, our Eligibility and Enrollment team will aim to complete new requests submitted in the first half of the month in time to appear on the following invoice, and changes submitted in the second half on one of the following two invoices.

On the empowerment side, we can do more with our insurance carriers, Assister organizations, and other partners to promote health insurance literacy. In the weeks ahead, we will roll out new tools and resources to help Vermonters understand their subsidies, assess how various plan designs and

deductibles could impact their total health care costs, and feel confident in choosing a plan and putting it to use for their family. We will also work with our partners to clearly communicate details about grace periods and the importance of paying bills on time – as well as new payment options which now make it easier for customers to do so.

This Thanksgiving, I appreciate our dedicated state workers and Assistors, our insurance carrier partners and contractors, and all of you.





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*Agency of Human Services*

## **Vermont Health Connect Update on Project Development, Operations, and Enrollment Data**

Submitted to the  
House Committee on Health Care,  
Senate Committees on Health and Welfare and on Finance,  
Health Reform Oversight Committee,  
and Joint Fiscal Committee

Submitted by  
Lawrence Miller, Chief of Health Care Reform  
Vermont Agency of Administration

Hal Cohen, Secretary  
Agency of Human Services

Steven M. Costantino, Commissioner  
Department of Vermont Health Access

Prepared by Vermont Health Connect at the direction of 2015 Act 58 Sec. C. 106 to  
deliver an update by December 1, 2015

**December 1, 2015**

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## 2016 Open Enrollment and Renewal

2016 Open Enrollment began November 1 and runs until January 31. This is the once-a-year opportunity for Vermonters with Vermont Health Connect qualified health plans to change plans if they wish. It is also an opportunity for Vermonters without health coverage and Vermonters who want an alternative to COBRA coverage or an unaffordable employer-sponsored health plan to come to Vermont Health Connect.

Current customers received a letter in late October to let them know that, as long as they keep paying their monthly bill, they will automatically be mapped to the 2016 version of their qualified health plan. If they want to change health plans or add household members to their plan for 2016, they are able to do so by calling the Customer Support Center or logging into their online account.

Vermont Health Connect's insurance carrier partners – Blue Cross Blue Shield of Vermont, MVP Health Care, and Northeast Delta Dental – have worked closely with the health insurance marketplace to update their systems and help Vermonters prepare for Open Enrollment. After customers received Vermont Health Connect's renewal notice, the carriers followed up with mailings that provide information on each customer's 2016 plans and rates.

More than three out five customers receive financial help to lower the cost of health insurance. Many of these customers will find that their monthly bill is not increasing. This is because the cost of each health plan increases by a different amount, and financial help also increases each year. In fact, because the federally specified benchmark for financial help – the second lowest-cost Silver plan – saw a larger increase than some of the most popular health plans, many customers who qualify for Advanced Premium Tax Credits will actually see a premium decrease. For example, an individual earning \$30,000 per year will pay \$187 for a Standard Silver 73 plan with cost-sharing reductions. In 2015, they would have paid about \$10 more per month.

Customers with Medicaid and Dr. Dynasaur coverage are on a different schedule that is not necessarily tied to Open Enrollment. They will receive a letter in the mail when it's time for them to renew.

Open Enrollment is also a great time for Vermonters who need health insurance to join the more than 96% of Vermonters who already have coverage. According to calculations from data in last year's Household Health Insurance Survey, most uninsured Vermonters can get basic coverage for less than \$90 per month. In addition, most could buy a Silver plan with cost-sharing reductions for less than \$180 per month – this would have low out-of-pocket costs, more like a Gold or Platinum plan, but with a much lower premium.

New customers can fill out an application for health insurance online at [VermontHealthConnect.gov](http://VermontHealthConnect.gov), call the Customer Support Center to apply over the phone, or set up an in-person appointment with an Assister in their community. If they'd prefer to first explore health plans and see how much financial help they might qualify for, they can find a Subsidy Estimator and plan comparison materials at [VermontHealthConnect.gov](http://VermontHealthConnect.gov).

By signing up for health coverage, Vermonters can avoid having to pay the individual shared responsibility fee – which increases significantly in 2016 – when they file their federal taxes. The federal fee for not having health insurance increases in 2016 – the typical uninsured individual will pay \$695 when they file their 2016 taxes (in spring 2017). Those with higher incomes will pay more – 2.5% of their household income above the filing threshold – and could have to pay for all of their own health care costs on top of that.

## **Project Development** (updates as of November 16, 2015)

### **Status of Deliverables Related to System Upgrades**

On October 1, Vermont Health Connect deployed the technology upgrade necessary to automate the 2016 renewal process. This deployment marked a major milestone and significantly diminished the risk that the State would need to exercise the manual renewal contingency mapped out this summer. This risk was eliminated at the end of the month when a "passive renewal" file was generated to communicate with the Federal Data Services Hub and determine 2016 eligibility for customers' accounts.

Four out of five cases were automatically renewed through the passive file. Any cases that could not be completed in this manner – if, for example, a customer did not answer an application question that was previously optional and is now required – are being worked by Vermont Health Connect's Eligibility and Enrollment unit.

Prior to closing its doors, Exeter delivered code to support such additional upgrades as Medicaid redetermination integration, Department of Labor verifications, billing and payment functionality, and notices. In order to avoid major changes to workflows during the open enrollment season, the project plan was adjusted to split these upgrades into two major releases. The first release, targeted for the end of the year, will focus on Medicaid renewals, verifications, and notices. This will be followed by a second release in 2016 which will focus on case management and non-functional requirements.

The State and its contractors are in the process of testing the code and will take steps to manage scope and deliver the best service for Vermonters.

Regarding security, the State continues to work the Plan of Action and Milestones within the guidelines set by its federal partners.



## Risks – Open and Recently Mitigated

### Open Risks

The following items have been identified as risks to the timing or scope of Vermont Health Connect's upcoming projects.

- Any defects found in OneGate testing could impact the timing and scope of near-term deployments while human resource talent is transitioned from Exeter to Optum and other staffing channels to maintain a consistency of product knowledge.
- While the Centers for Medicaid and Medicare Services (CMS) approved Vermont Health Connect's proposal to have small businesses direct enroll with insurance carriers for 2016, the lack of an approved plan or vendor contract for SHOP poses a risk for 2017.
- A plan for Medicaid customer billing needs to be finalized and approved.
- Execution of system enhancements to support business processes for corrections of operational errors and system errors that are returned from the carriers (834 errors) need to be finalized. In August, Optum and Vermont Health Connect teams developed a path to resolution for critical 834 errors. In September, this path was pursued and resulted in a sharp decrease in the inventory of 834 errors. Additional processes need to be completed and operational work transitioned from Optum to state staff before this risk can be considered closed.

### Recently Mitigated Risk (Closed since Last Month's Report)

The following risks that were identified in last month's report have since been mitigated:

Former Risk	Comment
<ul style="list-style-type: none"><li>• Inflexible delivery dates pose a risk in the event that unexpected issues arise during testing.</li></ul>	Vermont Health Connect successfully deployed automated renewals.
<ul style="list-style-type: none"><li>• Outside dependencies carry a risk to any project's deadlines, and the automated renewal deployment is very dependent on insurance carrier engagement. Frequent meetings and collaboration are chief among the efforts to mitigate this risk.</li></ul>	Vermont Health Connect successfully deployed automated renewals.

## Actions to Address State Auditor's Recommendations (updates as of November 16, 2015)

State Auditor Douglas Hoffer released a report in April that included a set of recommended actions for Vermont Health Connect. The following table outlines these recommendations as well as Vermont Health Connect's work to address the findings with updates as of October (middle column) and November (right-hand column).

Notable updates for the past month include:

- Regarding the recommendation to expeditiously complete the Vermont Health Connect project management plan documents for the 2015 releases, including a scope statement, requirements traceability matrix, and test plan (Finding #1), the Release 2 (R2) scope statement is complete. The RTM is directly tied to the VHC release schedule. As such, the RTM will be finalized after the final scheduled release. The test plan for the R2c release (December 2015) is complete.

Topic/Finding	VHC Status Update, Oct 2015	VHC Status Update, Nov 2015
1. Expeditiously complete the VHC project management plan documents for the 2015 releases, including a scope statement, requirements traceability matrix, and test plan	Testing for Release 2b (R2b) ended on September 29th. The requirements traceability matrix (RTM) will be revised based on the results of the release testing effort. The RTM is directly tied to the VHC release schedule. As such, the RTM will be finalized after the final scheduled release.	The Release 2 (R2) scope statement is complete. The RTM is directly tied to the VHC release schedule. As such, the RTM will be finalized after the final scheduled release. The test plan for the R2c release (December 2015) is complete.
2. Include in future VHC system development contracts clauses that provide monetary consequences tied to the contractor's performance.	VHC has been working with legal counsel to develop a competitive process consistent with Bulletin 3.5 for small business (SHOP) functionality.	VHC has been working with legal counsel to develop a competitive process consistent with Bulletin 3.5 for small business (SHOP) functionality.
3. Document the roles and responsibilities of each of the organizations that provide system and operations support to VHC, including explicitly laying out decision-making responsibilities and collaboration	We are continuing to work through job descriptions across the matrixed unit. We have updated roles & responsibility documents for eligibility, ops leadership, and workforce management teams. We are now turning our attention to the enrollment unit, with the goal of completing job descriptions by the end of the year. Leadership is also finalizing an updated organizational chart that provides	We are continuing to work through job descriptions across the matrixed unit. We have updated roles & responsibility documents for eligibility, ops leadership, and workforce management teams. We are now turning our attention to the enrollment unit, with the goal of completing job descriptions by the end of the year. Leadership is also finalizing an updated organizational chart that provides additional clarity on decision

requirements.	additional clarity on decision making and collaboration requirements.	making and collaboration requirements.
4. Include expected service levels or performance metrics in future VHC system development and premium payment processor contracts and establish mechanisms to track contractor performance against the performance levels in these agreements.	The maintenance & operations and hosting contracts have been executed and include provisions for service level agreements, payment credits, and performance metrics. The premium processing contract includes provisions for service level agreements, payment credits, and performance metrics. The contract has been finalized, with a retroactive effective date of July 1, 2015.	The maintenance & operations, hosting, and premium processing contracts have been executed and include provisions for service level agreements, payment credits, and performance metrics.



<p>5. Establish a process and expeditiously perform reconciliations of enrollment data between the VHC, Benaissance, and the carriers' systems</p>	<p><b>Regarding 2015 reconciliation:</b></p> <ul style="list-style-type: none"> <li>• All discrepancies on coverage periods, premiums, and premium assistance amounts on BCBSVT policies as of 8/25 have been reconciled at VHC, BCBS, and sent for updating at the payment processor where needed.</li> <li>• Discrepancies on coverage periods are currently being investigated for all MVP and Northeast Delta Dental (NEDD) policies as of 9/15; the VHC system is being updated real time, as needed, while updates are being sent for processing to the carriers and payment processor where needed. Premium and premium assistance amount discrepancies are next in the queue.</li> <li>• The approach for long-term reconciliation reporting process is being modified to better suit the needs of the State. The solution will build on the development already in progress while implementing a more effective front-end product for state users.</li> <li>• Financial reconciliation will be addressed following completion of the reconciliation of system enrollment data.</li> </ul> <p><b>Regarding 2014 reconciliation:</b></p> <ul style="list-style-type: none"> <li>• A solution is currently being drafted to further address enrollment data reconciliation between the carrier, payment processing, and VHC systems given the inter-relationships of present system limitations, operational resources, and business processes available.</li> <li>• A solution was formulated and is being executed to remediate all Unallocated Customer Payment monies on BCBS plans. A similar plan is being considered for MVP and NEDD plans and is pending data and collaborative conversations with the involved parties.</li> </ul>	<p><b>Regarding 2015 reconciliation:</b></p> <ul style="list-style-type: none"> <li>• All discrepancies on coverage periods, premiums, and premium assistance amounts on policies at BCBSVT (8/25 data), MVP (10/5 data), and NEDD (9/15 data) have been updated at VHC and/or delivered for updating at the carrier and/or payment processor, where needed.</li> <li>• Recognition of system issues based on 10/15 reports has warranted another round of work on coverage periods at BCBS, coupled with root cause analysis; this is now in progress.</li> <li>• The approach for long-term reconciliation reporting has been modified to better suit the needs of the State. The solution will build on the development already in progress while implementing a more effective front-end product for state users. <ul style="list-style-type: none"> <li>o Collaboration with the carriers is underway to reach agreement on the data transport method of system extracts.</li> </ul> </li> <li>• Financial reconciliation will be addressed following completion of the reconciliation of system enrollment data. Preliminary discussions have begun with BCBSVT.</li> </ul> <p><b>Regarding 2014 reconciliation:</b></p> <ul style="list-style-type: none"> <li>• A solution is currently being drafted to further address enrollment data reconciliation between the carrier, payment processing, and VHC systems given the inter-relationships of present system limitations, operational resources, and business processes available.</li> <li>• A solution was formulated and is being executed to remediate all Unallocated Customer Payment monies on BCBS plans. A similar plan is being considered for MVP and NEDD plans and is pending data and collaborative conversations with the involved parties.</li> </ul>
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6. Establish a process and expeditiously perform reconciliations of enrollment data between the VHC system and the relevant Medicaid system(s).	The approach for the reconciliation reporting process is being modified to better suit the needs of the state. The solution will build on the development already in progress while implementing a more effective front-end product for state users. Given the modified approach and the subject matter, the first actionable data within Medicaid reconciliation will dovetail with 1095B efforts.	The approach for the reconciliation reporting process is being modified to better suit the needs of the state. The solution will build on the development already in progress while implementing a more effective front-end product for state users. Given the modified approach and the subject matter, the first actionable data within Medicaid reconciliation will dovetail with 1095B efforts.
7. Reconsider decisions that have complicated the premium payment processing function, including the requirement that the full premium payment be at Benaissance without exception before remittance to the carriers and the split of the billing and dunning/termination processes between different organizations.	DVHA has initiated discussions with its payment processing and insurance issuer partners to modify payment processing methodologies to ensure payment processing occurs in the most efficient manner. Further analysis of options has been deferred until 2014 and 2015 reconciliation activities are complete.	DVHA has initiated discussions with its payment processing and insurance issuer partners to modify payment processing methodologies to ensure payment processing occurs in the most efficient manner. Further analysis of options has been deferred until 2014 and 2015 reconciliation activities are complete.
8. Establish a process to terminate Dr. Dynasaur recipients in the VHC system who meet the State's termination criteria.	The estimates from Benaissance and Optum were completed on 8/20. The State is working directly with Benaissance to deliver a more cost-effective solution. Scope meetings with Benaissance were completed as of 9/25. The sizing of the revised scope of work was completed by Benaissance on 10/5. The State is now working with Optum to complete the integration sizing of the revised scope for leadership review and consideration.	The State intends to comply with applicable Medicaid billing requirements. We are actively exploring our options to implement a technical solution and resolve delinquent cases.
9. Expeditiously develop VHC financial reports to implement stronger financial controls.	The premium processing contract includes provisions for service level agreements, payment credits, and performance metrics. The contract has been finalized, with a retroactive effective date of July 1, 2015.	The premium processing contract includes provisions for service level agreements, payment credits, and performance metrics. The contract has been finalized, with a retroactive effective date of July 1, 2015.

10. Obtain and review reports from Benaissance that provide detail on the makeup of the balance in the VHC bank account and monitor this account to ensure that payments are being remitted appropriately and in a timely manner.	See #9 above	See #9 above
11. Establish a process and expeditiously perform reconciliations of payment data among the VHC, Benaissance, and the carriers' systems.	See #5 above and note that automated reconciliation continues to be under development.	See #5 above and note that automated reconciliation continues to be under development.

## Operations Update (data through November 4, 2015)

### Change Processing

Change Requests		
Date of Change Request	# of Change Requests	% Completed by 4 <sup>th</sup> of Next Month (First Invoice)
6/16-7/15	3,455	52%
7/16-8/15	3,704	73%
8/16-9/15	3,447	86%
9/16-10/15	3,122	81%

On October 1, Vermont Health Connect announced that the backlog of change requests had been cleared; that the marketplace was operating at a vastly improved customer service level for change requests; and customers would be able to report many changes online. This accomplishment marked a major milestone and was made possible by new technology that was deployed at the end of May. In turn, it helped paved the way for the deployment of automated renewal functionality.

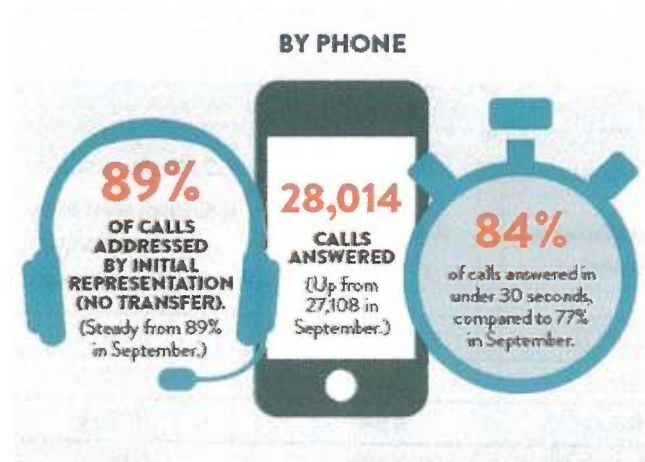
Vermont Health Connect continues to receive approximately 125 change requests per day. Some changes, known as “qualifying events,” allow customers to sign up for health insurance or change health plans outside of the annual Open Enrollment period. Examples of qualifying events include getting married or losing job-sponsored insurance. Other changes, such as income changes, can impact the amount of financial help a customer receives. Finally, some changes are simply adjustments to personal information, such as a name change, an address change, or even a preference to be called on their cell phone instead of their home phone.

Instead of taking several months for a change to process, customers who report a change by the 15th of a month should now expect to see that change reflected on their next bill. Changes submitted in the second half of a month should be reflected on one of the following two invoices. The Eligibility and Enrollment team will track progress toward this target.

For the month ending October 15, four out of five (81%) change requests were processed by the following invoice. Of the remaining requests, some were awaiting information from the customer before they could be completed while others were impacted by the need to put change-processing on hold for much of the second half of October to avoid creating discrepancies with the renewal files that were being prepared.



## Customer Support Center (Maximus Call Center)



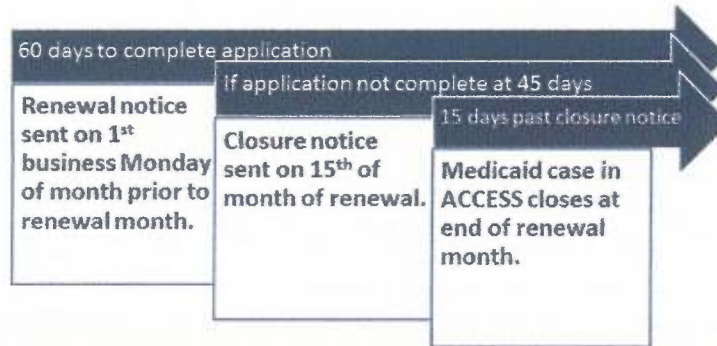
Month	Calls Offered	Answer Rate	Calls Answered	Calls Answered <30 Seconds	Transfer Rate
August 2015	27,486	89%	24,489	61%	9%
September 2015	28,536	95%	27,108	77%	11%
October 2015	29,230	96%	28,014	84%	11%

In October, the Customer Support Center received 29,230 calls. They answered 28,014 and had 1,216 customer hang ups for an answer rate of 96%. More than four out of five calls (84%) were answered in less than 30 seconds, up from 77% in August. Common reasons for calling included requests for change of circumstance (COC) and change of information (COI), making payments by phone, questions about verifications notice, questions about invoices and payments, and Access to Care issues. Nearly nine out of ten calls (89%) were able to be resolved without transferring, matching August's rate.



## Medicaid Renewals

### Legacy Medicaid Renewals



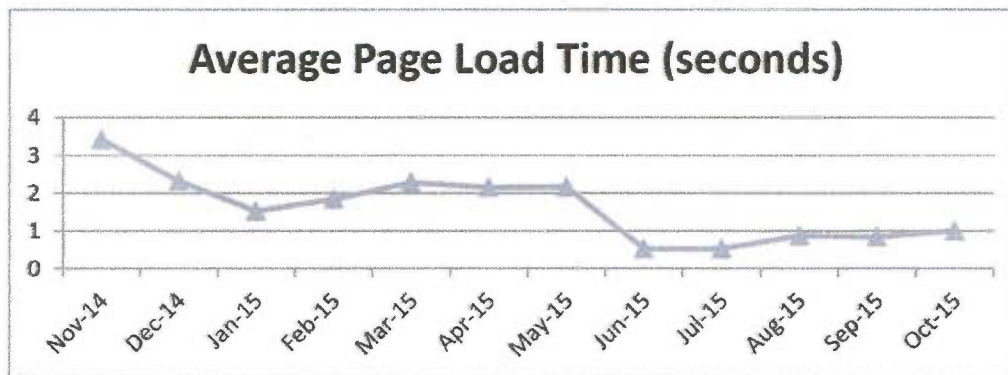
DCF and DVHA's matrixed Eligibility and Enrollment unit is beginning the renewal process for 27,000 households with accounts on the State's legacy ACCESS system. Starting in January and continuing each month until October 2016, Vermont will mail notices to nearly 3,000 households that have at least one Medicaid for Children and Adults (MCA) beneficiary to tell them that it is time to renew. The renewal process will involve applying for coverage through Vermont Health Connect and determining whether they are eligible for MCA or for qualified health plans (QHP) with financial help.

After receiving a renewal letter, customers will have nearly 60 days to enroll by submitting an application online, by phone, or on paper. Customers who don't reply will receive a reminder and then their Medicaid case will be closed. Those who still qualify for MCA can re-enroll at any time. Those who qualify for a QHP will have a 60-day Special Enrollment Period from the time their Medicaid ends, after which they could have to wait until the following open enrollment to enroll in coverage.

Additionally, in October, the Eligibility and Enrollment unit began contacting 13,000 Medicaid for the Aged, Blind and Disabled (MABD) customers for renewal, at the rate of about 1,000 MABD customers per month. Unlike MCA, MABD renewals consist only of paper applications and their accounts will remain in ACCESS, not Vermont Health Connect.

Finally, rolling renewals for MCA recipients who are already in the Vermont Health Connect system are tentatively set to begin in January. The goal is to complete Medicaid renewals before Open Enrollment in fall 2016.

## System Performance and Traffic



Month	Availability	Avg Page Load Time (seconds)	Max Peak User	Visits
August 2015	99.98%	0.87	126	43,975
September 2015	99.91%	0.84	101	50,799
October 2015	99.92%	1.00	105	49,316

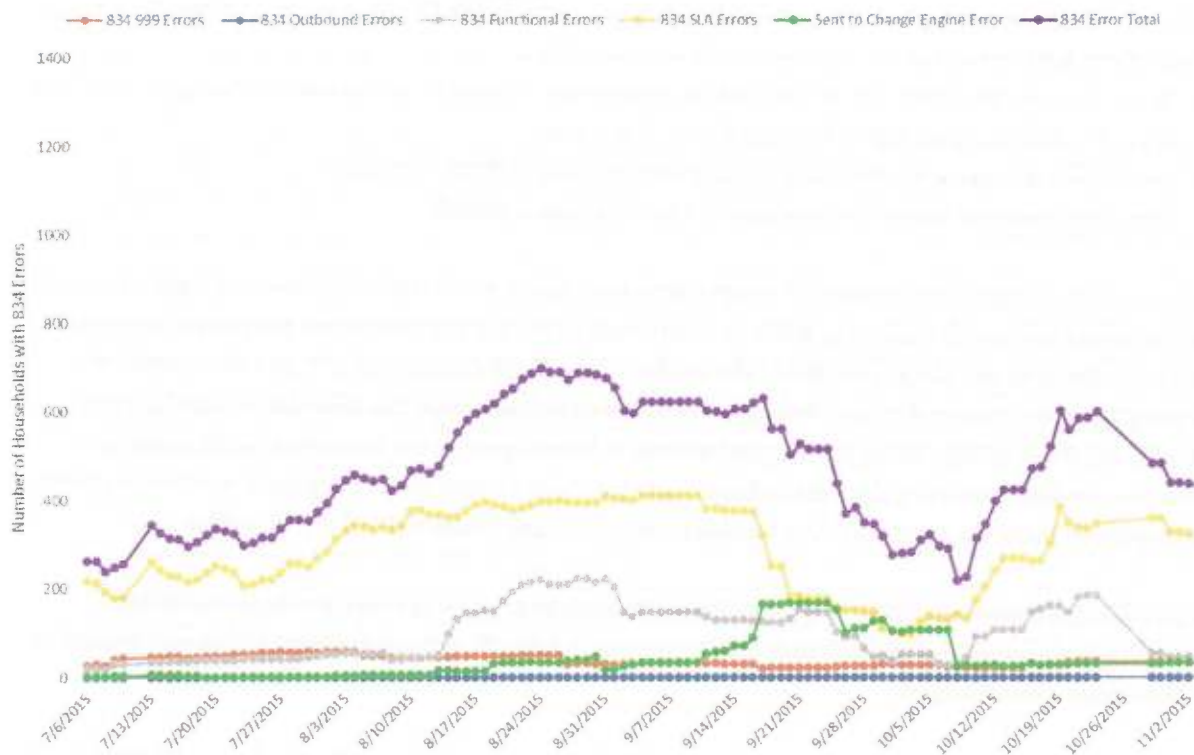
Vermont Health Connect's web traffic decreased slightly to just under 50,000 visits in October. Average page load time ticked up to one second but remained significantly faster than the load times prior to the spring system upgrade.

Vermont Health Connect's systems achieved 99.92% availability in October, similar to the September performance in that regard. The availability metric measures the amount of time systems are up and running relative to the amount of time they are expected to be. Scheduled maintenance periods, such as those that occur from 1am to 5am each morning, are not counted.

## Carrier Integration



### 834 Errors over Time



An 834 is an electronic file sent from Vermont Health Connect to an insurance carrier with information about an individual or family's enrollment information. An 834 error indicates that this electronic file might not have been successfully processed.

The inventory of 834 transaction and premium processing errors increased in early October due to a system defect at one of Vermont Health Connect's carrier partners. This issue, which impacted the ability to send a confirmation of cases with multiple transactions back to Vermont Health Connect's system, was resolved in late October and led to a decrease in inventory.

Vermont Health Connect's 834 enrollment team continues to work collaboratively with the Optum Maintenance & Operations (M&O) team to identify, issues, patterns, defects and resolutions for all 834 errors. The two teams meet every Tuesday and Thursday to address errors, error resolution and work with the insurance carriers on errors that might be caused by carrier systems.

It is important to note that as Vermont Health Connect continues to enroll Vermonters into coverage there will always be some number of electronic enrollment files that have been sent but not yet fully processed. Therefore, the number of 834 errors will never reach zero. In addition, a dramatic increase in integration activity – such as was the case when customer service staff worked through the backlog of change requests this summer - can be expected to be accompanied by a corresponding increase in errors.

## Verifications

Federal guidelines require all state health insurance marketplaces – including Vermont Health Connect – to confirm that customers meet eligibility requirements. The Vermont Health Connect system utilizes the Federal Data Services Hub (federal hub) at the time of application to verify:

- Social Security Number, citizenship and/or immigration status for all customers wishing to purchase a qualified health plan (QHP) through the marketplace;
- MAGI-based Income for Medicaid for Children and Adults (MCA) enrollees;
- Annual Income for QHP enrollees who will be receiving a subsidy.

If attempts to verify customer information through the federal hub are unsuccessful, Vermont Health Connect must ask customers to provide documentation. In an attempt to reduce the burden on applicants, State staff conducted two efforts to use already-verified information in the State's legacy ACCESS system to verify the Social Security Numbers, citizenship, and immigration status of individuals in the Vermont Health Connect system. Following these efforts, State staff mailed notices in late August to the remaining 3,126 customers who needed to provide supporting documentation. Customers were asked to mail copies of verification items or, if they prefer, to bring the copies to their local Economic Services Division (ESD) district office.

Federal rules require that an exchange gives customers 90 days to provide appropriate documentation. Vermont Health Connect mailed the first reminder notice on October 5. A final reminder notice was mailed to 1,145 households on November 4.

If any items remain unresolved after 90 days, Vermont Health Connect will proceed with disenrollment for 2016. Termination notices will include information about full-cost individual direct enrollment as well as the availability of special enrollment periods should documentation subsequently become available to customers outside of Open Enrollment.



## In-Person Assistance

Vermont Health Connect continued its series of “Health Insurance 101” workshops in partnership with Vermont’s community libraries. October events were held in Newport, Rutland, Burlington, Essex, Lyndon, Barton, Barre, Brattleboro, and Bennington. The sessions were free to the public and designed to help customers and potential customers better understand health insurance terms, financial help, and the Vermont Health Connect system.

The Vermont Health Connect Assister Program continued to work with Navigators, Certified Application Counselors, and Brokers to prepare for Open Enrollment. Together, these Assisters ensure that Vermonters in every corner of the state have access to in-person assistance if they need help understanding health insurance or signing up for a plan.

In October Navigators collectively conducted 535 consultations with Vermonters – defined as unique interactions of ten minutes or more. This was down from 993 consultations in September.

Vermont Health Connect also prepared for Open Enrollment by distributing promotional and educational materials to libraries and Assister organizations as well as Agency of Human Services District Offices, federally qualified health centers, pharmacies, the Tax Department, Vermont Lottery Commission, and other customer-facing partners.

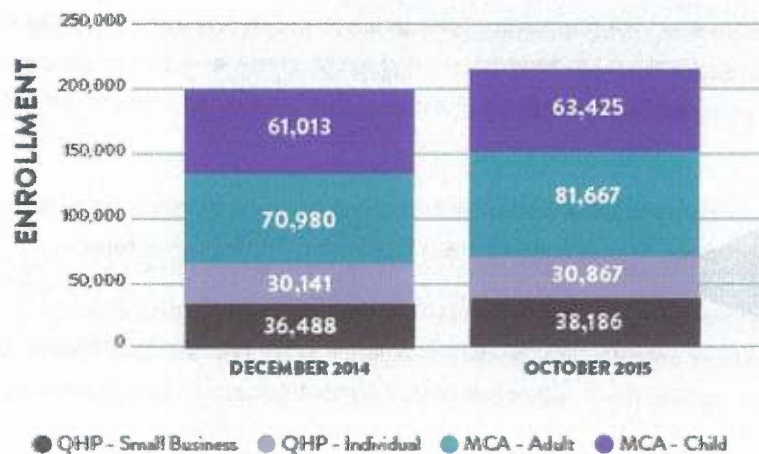
Vermonters can get more details on events by clicking “News and Events” at [VermontHealthConnect.gov](https://VermontHealthConnect.gov) or by calling the Customer Support Center at 1-855-899-9600 (toll-free). To find an Assister near them, they can click “Find an Assister in your Community” or call the Customer Support Center.



## Enrollment Update (data through October 31, 2015)

### Current Coverage

#### INDIVIDUALS ENROLLED IN QUALIFIED HEALTH PLANS (QHP) OR MEDICAID FOR CHILDREN AND ADULTS (MCA)



1

A combination of reports from insurers, Vermont Health Connect, and the State's legacy ACCESS system suggest that Vermont is continuing to reduce its uninsured rate. The number of Vermonters covered by Vermont Health Connect qualified health plans (QHPs) increased by more than 2,000 from December 2014 to October 2015, while the number covered by Medicaid/Dr. Dynasaur increased by more than 13,000.

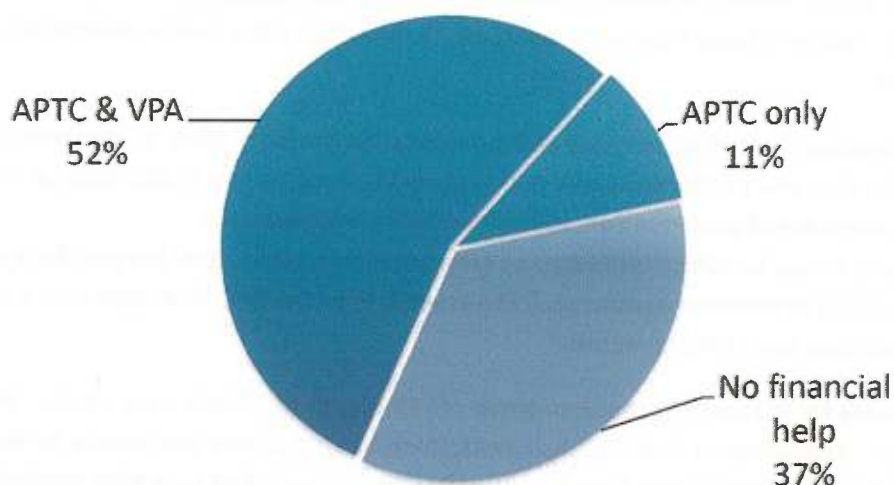
Of customers in QHPs:

- Over half (52%) are female,
- Three in five (59%) are between the ages of 45 and 64,
- Over half (56%) are in Silver plans (see Financial Help section for additional selection breakdowns).

<sup>1</sup> Effectuated enrollments for Small Business QHP (direct enrolled) as reported by insurers to VHC. December 2014 Individual QHP as reported by insurers to the Centers for Medicaid and Medicare Services (CMS). October 2015 Individual QHP as reported by insurers to VHC. Medicaid for Children and Adults (MCA) as reported by Vermont Health Connect and Vermont's legacy ACCESS system. MCA includes Dr. Dynasaur and CHIP but does not include Medicaid for the Aged, Blind, and Disabled (MABD).

## Financial Help – Premium Assistance

### Customers in Qualified Health Plans (QHP) Receiving Financial Help to Make Health Coverage More Affordable



Between Medicaid/Dr. Dynasaur and premium assistance, nearly nine out of 10 individual customers receive financial help to make health coverage more affordable.

Of individuals in private health plans (QHPs) in 2015:

- Nearly two out of three (63%) qualified for federal Advanced Premium Tax Credits (APTC).
- More than half (52%) qualified for cost-sharing reductions (CSR) and Vermont Premium Assistance (VPA).

The amount of financial help varies depending on household size and income. In 2015, an individual making less than \$46,680 or a family of four making less than \$95,400 a year may qualify for financial help. For example, an individual who has an income of about \$24,000 per year receives approximately \$340 in APTC and VPA per month. This means she could pay \$120 for a Silver health plan that costs \$460 per month.

In 2016, an individual making less than \$47,080 or a family of four making up to \$97,000 a year may qualify for financial help.

## Financial Help – Cost-Sharing Reductions

Two out of three (67%) Vermonters who qualify for cost-sharing reductions (CSR) are taking advantage of it, by selecting a Silver plan. One in six (18%) of these CSR-eligible customers selected a Bronze plan. The Bronze plan could save them hundreds of dollars if they don't need any medical services. If they have high medical needs, however, the Silver plan could save them thousands in out-of-pocket costs.

There are four levels of CSR, which Vermonters qualify for based on household income relative to the federal poverty level. Vermonters with lower incomes qualify for CSR levels that offer steeper reductions in out-of-pocket costs. Consider:

- The typical (median) individual receiving CSR is enrolled in a Standard Silver 87 plan with a \$600 medical deductible and \$1,250 maximum out-of-pocket (compared to a \$1,900 medical deductible and \$5,100 maximum out-of-pocket in an unsubsidized Standard Silver plan).
- This individual, whose benefits translate to an income of just over \$21,000 per year for a single person, also receives \$362 in premium assistance. If she purchased a Standard Silver plan with a full-cost of \$466, it would cost her \$104 per month.

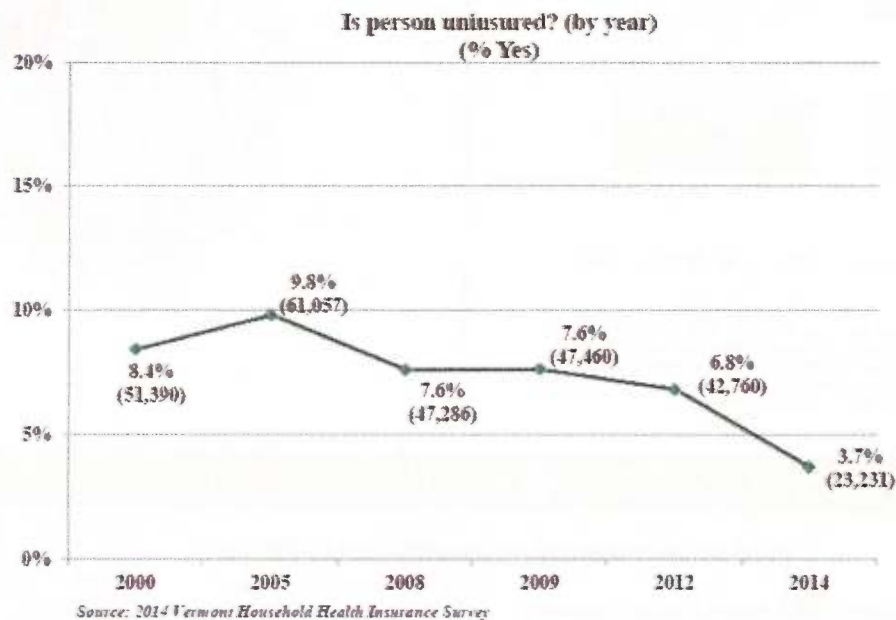
Vermonters who qualify for the two less generous levels of CSR could conceivably have a lower total cost in a Gold or Platinum plan, depending on their medical needs. Notably, Vermonters who qualify for the two most generous levels of CSR can expect a lower total cost in a Silver plan even if they have high medical needs.

Vermont Health Connect has continued to engage CSR-eligible customers, especially those who qualify for the most generous CSR levels (Silver 87 and Silver 94), to make sure they understand how cost-sharing reductions work and what they mean for their total health care costs. These outreach efforts include:

- More customized CSR explanations included in the 2016 version of Vermont Health Connect's Subsidy Estimator,
- CSR information in notices,
- Increased emphasis on CSR in call center staff training,
- Health Insurance 101 materials and events to help Vermonters understand out-of-pocket costs and key insurance terms,
- Additional engagement to make sure Silver 87 and 94-eligible customers understand CSR.

## Vermont Health Connect and the State's Uninsured Rate

**The percentage of uninsured Vermont residents in 2014 has decreased compared to 2009 and 2012.**



The Vermont Household Health Insurance Survey (VHHIS) provides the most comprehensive look into the state of health coverage in Vermont. Last winter VHHIS revealed that Vermont's uninsured rate was cut nearly in half over the past two years. The survey also reported that Vermont had done particularly well in terms of covering children in the state. The number of uninsured children in Vermont fell from nearly 2,800 in 2012 to fewer than 1,300 in 2014.

In September, the U.S. Census Bureau announced similar results. The Census reported that Vermont had leapfrogged Hawaii and Washington, D.C. to attain one of the two lowest uninsured rates in the nation (behind only Massachusetts).

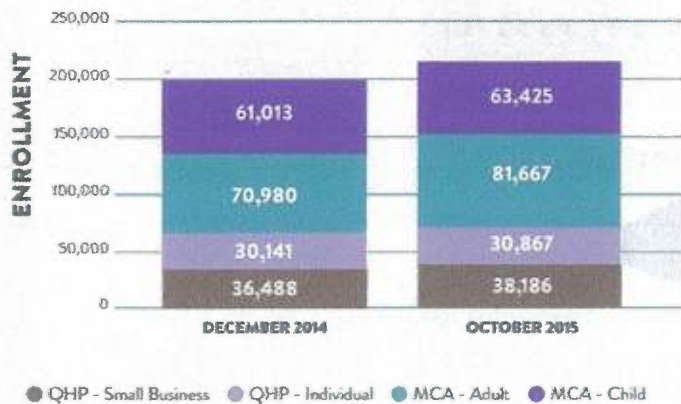
Nonetheless, until every Vermonter has quality health coverage, there will be room for improvement. With healthy numbers of new applicants coming to Vermont Health Connect in 2015 and strong momentum heading into 2016 Open Enrollment, Vermont is continuing to move closer to the goal of ensuring that all Vermonters have access to quality health coverage.



# VERMONT HEALTH CONNECT OCTOBER 2015 DASHBOARD

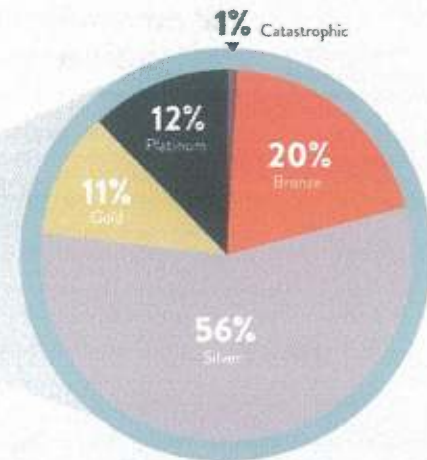
## COVERED VERMONTERS

### INDIVIDUALS ENROLLED IN QUALIFIED HEALTH PLANS (QHP) OR MEDICAID FOR CHILDREN AND ADULTS (MCA)



Note: Effectuated enrollments for Small Business QHP (direct enrolled) as reported by insurers to VHC. Dec. 2014 Individual QHP as reported by insurers to Center for Medicaid and Medicare Services (CMS). October 2015 Individual QHP as reported by insurers to VHC. Medicaid for Children and Adults (MCA) as reported by Vermont Health Connect and Vermont's legacy ACCESS system. MCA includes Dr. Dynasaur and CHIP but does not include Medicaid for the Aged, Blind, and Disabled (MABD).

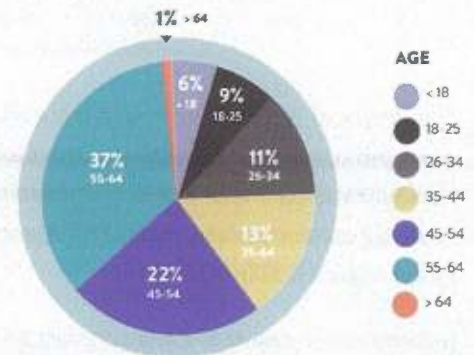
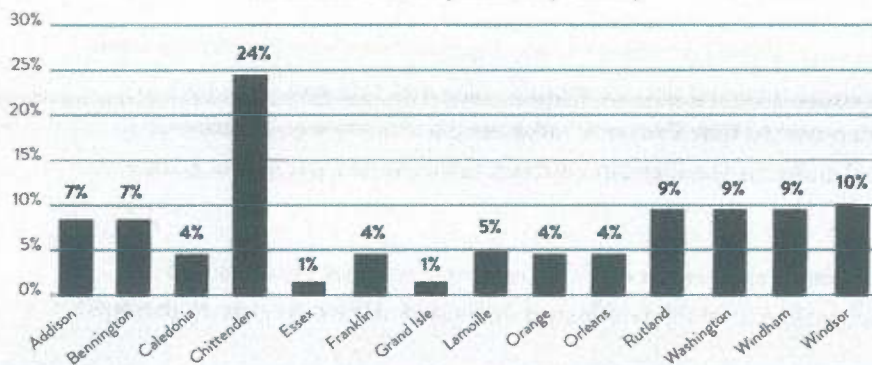
### QHP INDIVIDUAL COVERAGE BY METAL LEVEL



## DEMOGRAPHICS

### WHO IS COVERED BY QUALIFIED HEALTH PLANS?

#### Individual QHP Population by County



## CUSTOMER SUPPORT

### ONLINE



\*Percentage of time web portal was up and running outside of scheduled maintenance period.

### BY PHONE



### IN PERSON

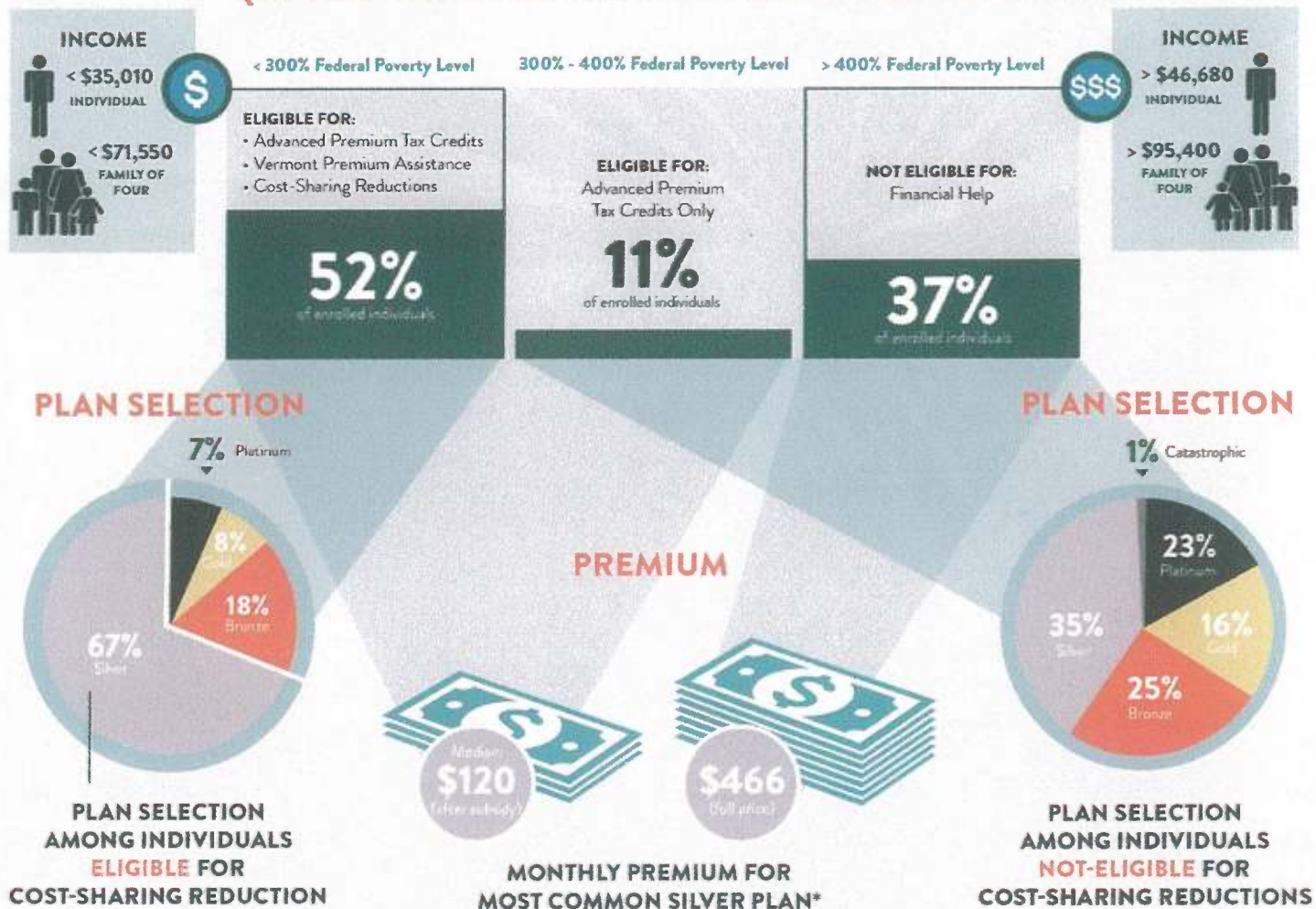


\*Unique interactions with individuals  
lasting at least 10 minutes.



## FINANCIAL HELP

### WHO'S RECEIVING FINANCIAL HELP TO PURCHASE A QHP AND WHAT ARE THEY PAYING FOR HEALTH CARE?



### POSSIBLE TOTAL COSTS (PREMIUM & OUT-OF-POCKET)

Typical (median) individual receiving Cost-Sharing Reductions\*\*  
Income: \$21,500  
Plan Type: BCBSVT Standard Silver 87 Plan

**AFTER SUBSIDY**

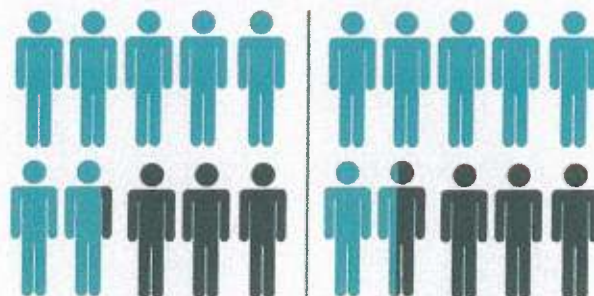
Premium: \$104 Deductible: \$600  
Maximum Out-of-Pocket: \$1,250

VS.

**FULL PRICE**

Premium: \$466 Deductible: \$1,900  
Maximum Out-of-Pocket: \$5,100

### QHP INDIVIDUALS RECEIVING FINANCIAL HELP



\*The BCBSVT Standard Silver Plan is the most common plan.

\*\*Note: There are four tiers of cost-sharing reductions. Depending on income, an individual in a Standard Silver CSR plan could have a deductible between \$100 and \$1,900 and a maximum out-of-pocket between \$500 and \$4,000. The median CSR customer is in a Silver 87 plan detailed above.

NOT TO  
JFC specifically  
but given to  
them.

## INDEPENDENT EXTERNAL AUDIT: 2014 AUDIT FINDINGS REPORT

### Vermont Intended Corrective Action Plan

DEPARTMENT OF VERMONT HEALTH ACCESS (DVHA)  
VERMONT HEALTH CONNECT (VHC)

## **I. RESPONSE TO THE AUDIT REPORT FINDINGS**

The State appreciates the opportunity to participate in the first independent external audit for Vermont Health Connect (VHC,) and we are committed to remediating any deficiencies or weaknesses identified by Grant Thornton.

The majority of findings in this audit highlight the lack of documented Standard Operating Procedures (SOPs) guiding the operations of VHC, and the State agrees with these findings. The scope was limited to Qualified Health Plans (QHP), and the State acknowledges that formal, documented SOPs do not exist regarding QHP operations for the areas identified. However, VHC functions as an integrated eligibility and enrollment system that serves both QHP and MAGI Medicaid customers. As such, VHC operational processes have frequently been based upon long-standing policies and documented procedures for administration of the State's Medicaid program. VHC will develop and document SOPs for all areas identified in this audit, and will refer to, integrate, or adopt existing Vermont Medicaid SOPs where appropriate. Detailed corrective action plans for the remainder of the findings can be found below.

**\*Please note** that work to develop and implement this corrective action plan (CAP) began in May, 2015 prior to the anticipated release of the final report by May 31<sup>st</sup>, 2015. Grant Thornton's delivery of the final report was significantly delayed, and this CAP reflects status as of November, 2015. As such, some items have been closed, some are on track for a November, 2015 completion date, and some of the original target dates have been extended into 2016.

## **II. INTENDED CORRECTIVE ACTION PLAN**

**Audit Finding Recommendation #2015-001:** VHC should design and implement SOPs and document formal policies to ensure compliance with Federal regulation for the stated areas to ensure that it complies with the requirements of 45 CFR 155.

### **Corrective Action**

#### **1. Description of the identified weakness or deficiency and of the root cause of such weakness:**

VHC does not have formal, documented SOPs, inclusive of the QHP population, for the designated areas. The VHC business process development model includes generation of process flows, job aids, and training content for our processes. During this reporting period (Q1-Q4, 2014) VHC was actively operating while simultaneously working to design, develop and implement remaining functionality and processes. Due to system limitations and lack of automated functionality, many of our operational processes rely upon manual workarounds that will be retired when automated functionality is implemented as designed. Stabilization of these processes will allow for completion of all process documentation, including SOPs.



2. Proposed action steps and timeline to resolve the weakness or deficiency:

VHC will document formal SOPs for the identified areas using the existing Department of Vermont Health Access (DVHA) operating procedure template and process. When applicable, VHC will refer to, integrate, or adopt existing Vermont Medicaid SOPs. Ownership for each area and target completion dates are provided below:

Topic	Owner	Target Completion Date
1. SOPs for addressing complaints a) Section §155.205(d)(2) – the Exchange, and §155.210(c)(4) – Navigators, are required to “Provide referrals to any applicable office for any enrollee with a grievance, complaint, or question regarding their health plan, coverage, or a determination under such plan or coverage”.	Devon Downing Customer Service Director	Complete
2. SOP’s for performing relationship checks a) Section §155.215 (a)(1) – Conflict-of-interest standards for Navigators	Victoria Jarvis Assister Program Manager	Complete
3. SOP’s over user provisioning of new hires and terminations a) Section §155.260 – ‘Privacy and security of personally identifiable information’ b) Section §155.270 – ‘Use of standards and protocols for electronic transactions’ c) Section §155.280 – ‘Oversight and monitoring of privacy and security requirements’	Maureen O'Day BASU Supervisor	11/30/2015
4. SOPs for making accurate eligibility determinations a) Section §155.305 – Eligibility standards and §155.315 – Verification process related to eligibility for enrollment in a QHP through the Exchange. 5. SOPs regarding the prevention of improper eligibility determinations a) Section §155.305 – Eligibility standards and §155.315 – Verification process related to eligibility for enrollment in a QHP through the Exchange. 6. SOPs regarding management’s identification of incorrect eligibility determinations a) Section §155.315 and §155.320	Michele Betit Health Care Eligibility Director	3/1/2016
7. SOPs in making accurate enrollments a) Section §155.410 – Initial and annual open enrollment periods b) Section §155.415 – Allowing issuer application assisters to assist with eligibility applications c) Section §155.420 – Special enrollment periods d) Section §155.430 – Termination of coverage	Cindy Olson Premium Processing and Enrollment Manager	3/1/2016

8. SOPs to reconcile enrollment information with QHP issuers and CMS a) Section §155.400 (d) – Reconcile Files.	Cindy Olson <i>Premium Processing and Enrollment Manager</i>	3/1/2016
9. SOPs for the recertification process for QHPs a) Section §155.1000 and §155.1075 10. SOPs for the decertification process for QHPs a) Section §155.1080 (a – Definition, b – Decertification Process, c – Decertification by the Exchange) 11. SOPs for the appeal of a decertification of a QHP a) Section §155.1080 (d) - Appeal of decertification 12) SOPs to provide notice of decertification to all affected parties a) Section §155.1080 (e)(1)(2)(3)(4) - Notice of decertification 13) SOPs for the certification process of QHPs a) Section §155.1000 (c)(1)(2)(i)(ii)(iii) - General certification criteria	Dana Houlihan <i>Director, Enrollment Policy &amp; Plan Management</i>	Complete

3. Plan for monitoring the implementation and validating that the implemented steps correct the weakness or deficiency:

The designated owners above will be responsible for ensuring completion of SOPs in their areas. The VHC Compliance Officer will monitor overall progress and completion, and will work with the identified owners to validate that the implemented steps correct the deficiency.

4. Point of contact: Paul Hochanadel, VHC Compliance Officer

**Audit Finding Recommendation #2015-002:** VHC should create SOPs for addressing complaints in an effective and timely manner. Furthermore, putting in place a complaint logging and monitoring system would help VHC stay current on the status of complaint responses and tracking the completion of complaints in an effective and timely manner.

**Corrective Action**

1. Description of the identified weakness or deficiency and of the root cause of such weakness:

As the administrator of Vermont's Medicaid program, the State has well-established processes to receive and respond to customer feedback and complaints, including a complaint logging and monitoring system. Because VHC serves both QHP and MAGI Medicaid customers, VHC uses these processes for all VHC customer feedback. VHC staff are trained to listen to customer feedback and provide information about the range of options that exist:

- **Feedback/complaints** that are logged but without the expectation of a reply
- A formal **grievance**, with a written response from the State
- An **appeal** of a decision to deny, terminate, or reduce services
- An **expedited appeal** that requires a decision within 3 days
- A **fair hearing**, which is a legal process to contest any decision, including an appeal decision

However, during this audit sufficient information about this process was not provided to Grant Thornton in a timely manner.

2. Proposed action steps and timeline to resolve the weakness or deficiency:
  - A. Review our approach to tracking of customer feedback, by 7/1/2015. **Complete**
  - B. Document formal SOP for addressing complaints using existing DVHA operating procedure template by 11/30/2015.
3. Plan for monitoring the implementation and validating that the implemented steps to correct the weakness or deficiency:

The VHC Compliance Officer will monitor progress and completion, and will work with the Customer Service Director to validate that the implemented steps correct the deficiency.

4. Point of contact: Devon Downing, Customer Service Director

**Audit Finding Recommendation #2015-003:** VHC should obtain HHS approval for trainings to be compliant with Federal guidelines. VHC should appoint resources to correct LMS's technical errors to ensure accurate representation of passed courses. Additionally, VHC should consider developing LMS into a comprehensive and accurate tracking tool for courses, exams, and certifications completed. To fix redundancy and duplication of efforts, VHC should standardize the trainings within LMS to have just one course covering each topic and requirement instead of several versions of the training circulating containing the same content. Additionally, VHC should have an acting Navigator Project Director who administers the 21 grants awarded to Navigator Organizations oversee the certification process of individual Navigators and CACs. The Project Director should work closely with the Vermont Health Connect training team to develop training content that is relevant and should be responsible for documenting and tracking that certification requirements have been met for individual Assistants prior to requesting accounts on the Vermont Health Connect portal for those who have met certification requirements.

#### **Corrective Action**

1. Description of the identified weakness or deficiency and of the root cause of such weakness:

In Q1 2015 VHC identified that the VHC LMS allowed some individuals seeking to complete privacy & security training to complete training without receiving the requisite training materials. Additionally, the existing reporting capability did not allow VHC to accurately determine who completed mandated training. VHC took the following corrective actions to resolve LMS deficiencies:

- a. Worked with the vendor to resolve the outstanding logic issues around reporting functionality and provisioning/de-provisioning.
- b. Updated the Privacy & Security training course requirements to comply with CMS guidance. The materials were also reviewed and approved by the State's Privacy & Security team.
- c. Reviewed user lists to ensure appropriate individuals received access, in collaboration with operations business leads.

- d. Released an updated version of the Privacy & Security training module for VHC employees, contractors and Assisters, ensuring all users are current in their training and are scheduled to receive refresher training on an annual cadence.
- e. Conducted a "lessons learned" exercise to improve processes in the future.

The Assister Program Manager is responsible for overall management of the Navigator program, including administration of Navigator grants and oversight of the certification process for Navigators and CAC's. The VHC Training Manager was on-boarded on April 1<sup>st</sup>, 2015, and has assumed responsibility for LMS administration. The State is working with the Agency on plans to develop a new coordinated LMS that would reduce duplication and improve the user experience.

Finally, the State has communicated with our CMS State Officer regarding the recommendation to receive HHS approval of Navigator trainings, and we have determined this recommendation to be unwarranted. Per CMS: "HHS reviews evidence of states' Navigator programs, including the components of training materials and ongoing training opportunities, through Establishment Readiness Reviews. However, HHS does not require approval of the specific content of each SBM's Navigator training materials."

2. Proposed action steps resolve the weakness or deficiency:  
Required action steps have been completed.

Timeline for implementing the action steps: N/A

3. Plan for monitoring the implementation and validating that the implemented steps correct the weakness or deficiency:  
Front end provisioning will be monitored by the LMS Administrator while back-end work and updating of content will be performed by the VHC training team, led by the Training Manager.

The training team will identify checkpoints that require monitoring and review, including smoke/stress tests of the LMS in December, 2015 prior to annual P&S training.

In November 2015, the Training team will begin restructuring and reformatting the training modules to ensure that they are in compliance with CMS guidelines. Risks and issues will be identified and documented for resolution, and any outstanding logic issues will be identified and addressed with the LMS vendor. This process will be monitored by the Training Manager and the Director of Operations.

4. Point of contact: Eric Seel, VHC Training Manager

**Audit Finding Recommendation #2015-004:** VHC should obtain written attestation from each Navigator organization and Navigator staff on their agreement to be in compliance with conflict of interest provisions outlined in the "Navigator Conflict of Interest Framework" during the term of the agreement. Additionally, VHC should require, and have readily available, relationship check submissions from Navigator organizations and their staff members prior to being on-boarded.



## **Corrective Action**

### **1. Description of the identified weakness or deficiency and of the root cause of such weakness:**

VHC has contractual agreements with all Navigator and IPA organizations binding them to the conflict of interest framework developed from the federal rule, which states that all Navigator and IPA organizations and staff members are conflict of interest free and remain as such through the completion of their contract. Maintenance of written attestation from individual Navigators was completed by each Navigator and IPA organization, and not by VHC.

### **2. Proposed action steps to resolve the weakness or deficiency:**

- A. Develop an additional relationship check process, with documented written attestation for each Navigator maintained by the State.
- B. Modify process to ensure that completion of the relationship check form will be required prior to start of work.

### **3. Timeline for implementing the action steps:**

- A. **Complete.** This process was added to the grant contract process for the FY2016 grant cycle.
- B. **Complete.** Process was implement on June 15<sup>th</sup>, and completed June 28<sup>th</sup>, 2015.

### **4. Plan for monitoring the implementation and validating that the implemented steps correct the weakness or deficiency:**

N/A

### **5. Point of contact: Victoria Jarvis, Assister Program Manager**

**Audit Finding Recommendation #2015-005:** VHC should design and implement SOPs and document formal policies for the prevention and detection of improper eligibility determinations. The SOPs should, at a minimum, include the Federal Regulations outlined in 45 CFR 155, Subpart D—Exchange Functions in the Individual Market: *Eligibility Determinations for Exchange Participation and Insurance Affordability Programs*: §155.305 Eligibility standards and §155.315 Verification process related to eligibility for enrollment in a QHP through the Exchange.

## **Corrective Action**

### **1. Description of the identified weakness or deficiency and of the root cause of such weakness:**

Vermont's Health Benefits Eligibility and Enrollment (HBEE) rules comply with federal regulations and are a resource for all eligibility staff. MAGI/QHP training materials were created in 2013 (and modified in 2014-2015) which also address Vermont's rules and business processes.

Since the launch of VHC in October 2013, Vermont has experienced numerous pending eligibility defects and delayed functionality. Therefore, eligibility workers in the Health Access Eligibility Unit (HAEU) have been required to perform manual workarounds for change of circumstance and other business processes. Those workarounds have been necessary to ensure access to health care benefits for our clients.

To ensure compliant eligibility decisions, manual workarounds have procedural documents that were developed by Health Care SME's in conjunction with VHC project business analysts. Those documents are functionally "Mitigation Process SOP's" which eligibility staff use to ensure clients get access to health care benefits until defects are resolved. Completing the remainder of the VHC system build will allow permanent processes and procedures to be implemented and documented.

2. Proposed action steps resolve the weakness or deficiency:

- A. Continue to resolve VHC system defects and complete delivery of automated system functionality.
- B. Ensure processes are documented as formal SOPs using the existing Department of Vermont Health Access (DVHA) operating procedure template.

3. Timeline for implementing the action steps:

- A. Per delivery schedule, next major deployment occurs 12/17/2015.
- B. 3/1/2016

4. Plan for monitoring the implementation and validating that the implemented steps correct the weakness or deficiency:

The VHC Compliance Officer will monitor progress and completion, and will work with the Health Care Eligibility Director to validate that the implemented steps correct the deficiency.

5. Point of contact: Michele Betit, Health Care Eligibility Director

**Audit Finding Recommendation #2015-006:** VHC should design and implement a corrective action plan to address the backlogged applications to detect improper eligibility determination and ensure compliance with Federal Regulations 45 CFR 155, Subpart D—Exchange Functions in the Individual Market: *Eligibility Determinations for Exchange Participation and Insurance Affordability Programs*: §155.305 Eligibility standards and §155.315 Verification process related to eligibility for enrollment in a QHP through the Exchange.

**Corrective Action**

1. Description of the identified weakness or deficiency and of the root cause of such weakness;

Vermont has been working closely with CMS in 2014 and 2015 regarding corrective action for the lack of automated VHC functionality necessary to perform automated verifications for QHP annual income, immigration status, MAGI income, social security number, and citizenship. Because of the functionality limitations, Vermont submitted an updated verification plan which reflected an agreement with CMS that VHC would not require verification prior to an eligibility determination as cited in Vermont rule. Instead, VHC would be granted a Medicaid E14 waiver until defects were fixed and additional systems functionality was delivered to do the automated verifications. In that verification plan, VHC agreed to base eligibility determinations upon self-attested data and then perform verification work within 90 days post-eligibility decision.

Unfortunately, because of resource limitations including lack of automated notices and sufficient staff to do the manual work, VHC was not able to perform those post eligibility verifications within the 90 day reasonable opportunity period. Because of this, CMS has been working closely with Vermont to develop a new mitigated verification plan. When CMS approves Vermont's mitigated verification plan, they will issue Vermont an E14 waiver (allowing post eligibility verifications within 90 days) going forward.

**2. Proposed action steps resolve the weakness or deficiency:**

- A. Continue implementation of current verification plans (See "Verifications Proposal 3.17.15" and "Verifications Proposal 3.17.15\_Income addendum 4.28.2015".)
- B. Implement product enhancements and defect fixes to allow verification to occur as designed. MAGI Income reasonable compatibility has been fixed and functioning as expected. We are still awaiting fixes for Annual Income, Immigration Status, MEC, and Incarceration status. We expect those to come in an upcoming release the end of 2015.
- C. In 2015, VHC came into compliance with QHP verification requirements at 45 CFR 155.315 for SSN, citizenship, and immigration status. The verification process is as follows:
  - a. Check electronic data source (EDS) at time of application, renewal or COC: if customer attestation doesn't match EDS response, that item is noted as "pending review" in the VHC system.
  - b. Check legacy system for previous documentation-based verification.
  - c. Notice customer for documentation. (Note: Sometimes inconsistencies are able to be resolved prior to noticing, i.e. typo is apparent in the case record.)
  - d. Customer is sent 2 reminders during the 90 day period.
  - e. If response received, items are logged as verified in VHC system.
  - f. If no response received or inadequate response received, customer is noticed that termination will take place at the end of the month (under state law this notice must be sent 2 weeks prior to termination).
- D. VHC will complete its first round of inconsistency resolution for SSN, citizenship, and immigration status in late 2015 (notices were sent in August). VHC will send its next round of verification notices in January 2016 based on the customer attestations and EDS responses received during the annual redetermination process. VHC intends to include annual income in its verification noticing for 2016 pending resolution of a technical defect related to reasonable compatibility.

**3. Timeline for implementing the action steps:**

- A. Ongoing
- B. Q4, 2015
- C. Complete
- D. Q1, 2016

**4. Plan for monitoring the implementation and validating that the implemented steps correct the weakness or deficiency:**

- A. We have a ticketing method in place to monitor all defects that have been identified to the contractors and are alerted when they are corrected and updated in the system.
- B. We have a daily report out that indicates how many verifications are completed and how many are outstanding. Monitoring of that daily report would indicate a greater success rate and thus indicate that the deficiency is being addressed.

5. Point of contact: Michele Betit, Health Care Eligibility Director

**Audit Finding Recommendation #2015-007:** VHC should upgrade HR and system capabilities to ensure that a complete list of new hires, terminations, and changes in access for SIEBEL, WebCenter, and ACCESS is accessible to ensure that users have appropriate provisioning levels to ensure compliance with Federal Regulation. Additionally, we recommend that VHC perform periodic user access reviews and reconciliations to ensure that all system provisioning is up-to-date.

**Corrective Action**

1. Description of the identified weakness or deficiency and of the root cause of such weakness:

The State acknowledges the need to improve the effectiveness of our user provisioning system. During this reporting period the State implemented a transition to a new user provisioning tracking tool, Landesk, which has significantly improved the provisioning and account management process. Through implementing this tool we have discovered additional process and system enhancements that are required. These enhancements will improve our ability to perform ad-hoc and quarterly reviews of active users, and ensure that account creation, modification, and termination happens in an appropriate, timely manner.

2. Proposed action steps and timeline to resolve the weakness or deficiency:

- A. Utilize enhanced IDM functionality to allow user groups to attest to accuracy of current system access. To be included in "R2C" deployment, scheduled for 12/17/2015.
- B. Perform quarterly attestations of active accounts and review roles and responsibilities with operations business leads. In the event resulting changes or de-provisioning are required, enter a Landesk ticket to document corrections. Landesk tickets to be entered and approved within 2 weeks of the business leads' responses to the attestation request. Attestations will be performed on September 30<sup>th</sup>, Dec 30<sup>th</sup>, 2015, and quarterly ongoing.
- C. Develop a Landesk workflow for Optum DDI resource provisioning by November 30, 2015.
- D. Implement Landesk workflow enhancements to require requester to provide pertinent information for level of provisioning as a mandatory field. Updates to existing workflow for VHC provisioning will be submitted to the Landesk DII group by October 15<sup>th</sup>, 2015.
- E. Document SOP for operations user provisioning to include initial provisioning, changes, and termination by November 30<sup>th</sup>, 2015. Documentation currently in practice will be updated with new roles and responsibilities, Landesk ticketing system, and resolver group changes by December 30<sup>th</sup>, 2015.

BASU staff will track and hold parties accountable to deliverables for the system development in Siebel, IDM, OBIEE and LANDesk. She will monitor deliverable dates and ensure accountability. Suzannah will update the existing SOP to include current state provisioning responsibilities, resolver groups and the Landesk ticketing system. The SOP will also include the attestation requirements and responsibilities for business leads.

3. Plan for monitoring the implementation and validating that the implemented steps correct the weakness or deficiency:



- A. Once functionality is present, changes will be processed by BASU to ensure users have the proper system access.
- B. BASU will review results of attestation with business leads and Director of Operations in October, 2015 and quarterly thereafter.
- C. Once DDI Landesk workflow is available BASU will ensure it is meeting all audit and business requirements and modify as needed.
- D. Once VHC workflows have been updated in Landesk, BASU will review the new requirements with all workgroups, distribute the new SOP, and provide additional training as requested.
- E. BASU will review completed SOP document with operations business leads, perform training with work groups as required/requested and make the SOP available on SharePoint.

The VHC Compliance Officer will monitor overall progress and completion, and will work with the Business Applications Support Unit Supervisor to validate that the implemented steps correct the deficiency.

- 4. Point of contact: Maureen O'Day, Business Applications Support Unit Supervisor

**Audit Finding Recommendation #2015-008:** VHC should establish policies and procedures to ensure that initial enrollment transactions are confirmed prior to the first insurance premium installment.

**Corrective Action**

- 1. Description of the identified weakness or deficiency and of the root cause of such weakness:

Initial enrollment transactions do not occur prior to payment, as it is our policy to require receipt of payment prior to initial effectuation for new customers. Per the 834 Companion Guide, a document that provides detail regarding the sharing of information between VHC and external partners, "An Initial Enrollment transmission is created by the Exchange and sent to the QHP issuer after an application has been determined eligible, a QHP has been selected, and payment has been verified."

- 2. Proposed action steps resolve the weakness or deficiency:

A. N/A

- 3. Timeline for implementing the action steps: N/A

- 4. Plan for monitoring the implementation validating that the implemented steps correct the weakness or deficiency:

N/A

- 5. Point of contact: Cindy Olson, Premium Processing and Enrollment Manager

**Audit Finding Recommendation #2015-009:** VHC should design and implement Standard Operating Procedures and document formal policies to ensure timely preparation of reconciliations between QHP

issuers and CMS. We recommend that VHC begin a monthly reconciliation between QHP issuers and CMS to ensure that enrollment information is recorded accurately and in a timely manner. Additionally, we recommend that VHC assign appropriate resources to perform this reconciliation.

**Corrective Action**

**A. Description of the identified weakness or deficiency and of the root cause of such weakness:**

VHC does not currently send 834 enrollment transactions to CMS to facilitate payment of APTC to carriers. CMS is not yet prepared to receive these transactions and was not during the 2014 reporting period.

**B. Proposed action steps resolve the weakness or deficiency:**

Implementation of enrollment transmissions from VHC to CMS is proposed for inclusion in the VHC 2015 project/implementation plan. However, VHC has not finalized procurement of necessary system integration services to complete the design, development, and implementation of this functionality. Additionally, VHC's ability to reconcile 834 enrollment transactions with CMS is contingent upon CMS establishing this capability, currently targeted for Q4 2015 per most recent CMS guidance.

**Next steps:**

- A. Finalize procurement of necessary system integration services by receiving CMS approval of SOV-Optum contract amendment 8, receiving CMS approval of re-baselined Level 2 Establishment Grant # HBEIE 120130, and completing SOV execution of contract amendment 8.
- B. Include development of SOPs and allocation of resources to perform all work required in integrated master schedule.

**C. Timeline for implementing the action steps:**

- A. **Complete.** Intended go-live date is 12/17/2015.
- B. 3/1/2016

**C. Plan for monitoring the implementation validating that the implemented steps correct the weakness or deficiency:**

The VHC Compliance Officer will monitor progress and completion, and will work with the Premium Processing and Enrollment Manager to validate that the implemented steps correct the deficiency.

**D. Point of contact: Cindy Olson, Premium Processing and Enrollment Manager**

**Audit Finding Recommendation #2015-0010:** VHC should develop and establish a timeline for the recertification of QHPs process that ensure completion on or before September 15<sup>th</sup> of the applicable calendar year in compliance with Federal regulation 45 CFR 155. Additionally, we recommend that VHC should design and implement controls to monitor compliance with Federal regulations and develop corrective action plans to remediate instances of non-compliance.

## **Corrective Action**

1. Description of the identified weakness or deficiency and of the root cause of such weakness:

Recertification of the Qualified Health Plans was not completed in a timely manner. For 2015, Vermont Health Connect completed QHP certification on September 22, 2014; CMS guidance in effect stipulated that certification needed to be completed by September 15.

2. Proposed action steps resolve the weakness or deficiency:

- A. Create an annual QHP certification timeline.
- B. Ensure that the timeline complies with federal requirements including overall completion date
- C. Incorporate a minimum two-week buffer into the annual QHP certification completion date

Note: In 2015, federal guidance was revised to require completion of QHP certification two weeks in advance of the beginning of open enrollment, instead of the previous requirement to complete certification specifically by September 15.

3. Timeline for implementing the action steps:

- A. **Complete.** The 2016 QHP certification timeline was completed in March 2015.
- B. **Complete.** The 2016 QHP certification timeline provides for completion on September 5, 2015. This task was completed on September 4<sup>th</sup>, 2015. CMS guidelines updated in 2015 for the 2016 plan year requires completion of QHP certification two weeks prior to the beginning of open enrollment on November 1.
- C. **Complete.** The target date for Vermont Health Connect's certification is six weeks in advance of the CMS requirement.

4. Plan for monitoring the implementation and validating that the implemented steps correct the weakness or deficiency:

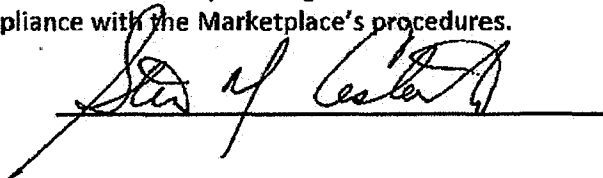
N/A

5. Point of contact: Dana Houlihan, Director of Enrollment Policy and Plan Management

## **III. CONCLUSION**

We affirm to the best of our knowledge that the information included in this Intended Corrective Action Plan is accurate and based on a thorough review of the Key Findings and Recommendations stated in the Audit Findings Report, which is in compliance with the Marketplace's procedures.

SIGNATURE OF SBM EXECUTIVE DIRECTOR/CEO:





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Steven Costantino, DVHA Commissioner  
Lori Collins, DVHA Deputy Commissioner

## EXECUTIVE SUMMARY

### Purpose

The purpose of this independent audit is to report on whether the Vermont Health Connect (VHC) is in compliance with the federal government regulations for state health insurance exchanges and Qualified Health Plan issuers as set forth in Center for Medicare & Medicaid Services (CMS) final rule (9957-F) issued August 30, 2013, and 45 CFR 155.1200 *Exchange Establishment Standards and Other Related Standards under the Affordable Care Act*.

### Scope

The compliance audit scope covered VHC policies, processes and controls related to the implementation and on-going monitoring of the Vermont Health Exchange during the audit period of October 1, 2013 through December 31, 2014. Grant Thornton developed the audit scope to address the audit procedures outlined by CMS Protocol for implementation of CMS-9957-F. The scope included Qualified Health Plans (QHPs), but not Medicaid.

### Methodology

To address the report objectives, we developed the following methodology for completing our compliance audit procedures:

- Examined internal Standard Operating Procedures and Policies to assess their comprehensiveness, appropriate applicability, and compliance with Federal Regulations
- Conducted interviews with various key State personnel and reviewed process documentation to gain a better understanding of processes in which Standard Operation Procedures (SOPs) were not documented
- Analyzed previously performed audits to identify gaps or areas that may require increased oversight



- Performed a risk assessment of internal controls to develop sample methodology
- Performed compliance audit procedures outlined in by CMS Protocol for the implementation of CMS-9957-F and documented compliance results in regards to Federal Regulation 45 CFR 155 Subparts C, D, E, and K

Grant Thornton performed the compliance audit in accordance with Generally Accepted Government Auditing Standards (Yellow Book), and where applicable, provided recommendations based on guidance set forth by the Government Accountability Office's "Standards for Internal Control in the Federal Government" (Green Book).

Delivery of this report was delayed in order to ensure that sufficient resources were available to ensure that the workpapers and this final report were prepared in accordance with Yellow Book and Green Book standards and was not caused in any way by VHC and its personnel.

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON  
COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE AS  
REQUIRED BY 45 CFR 155**

**Report on compliance**

We have audited the compliance of Vermont Health Connect (VHC) with the types of requirements described in 45 CFR 155, *Exchange Establishment Standards and Other Related Standards Under the Affordable Care Act*, Subpart C, D, E, and K for period from October 1, 2013 to December 31, 2014.

**Management's responsibility**

Management is responsible for compliance with the requirements of 45 CFR 155, Subpart C, D, E and K applicable to VHC.

**Auditor's responsibility**

Our responsibility is to express an opinion on compliance with 45 CFR 155 based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about VHC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with 45 CFR 155. However, our audit does not provide a legal determination of VHC's compliance.

**Basis for adverse opinion on compliance with 45 CFR 155**

As described in Section III: Audit Findings of this report, VHC did not comply with requirements regarding the following paragraphs of 45 CFR 155:

- §155.205 as described in findings 2015-001 and 2015-002
- §155.210 as described in findings 2015-001 and 2015-002
- §155.215 as described in findings 2015-001, 2015-003 and 2015-004
- §155.260 as described in findings 2015-001, 2015-003 and 2015-007
- §155.270 as described in findings 2015-001 and 2015-007
- §155.280 as described in findings 2015-001 and 2015-007
- §155.305 as described in findings 2015-001, 2015-005 and 2015-006
- §155.315 as described in findings 2015-001, 2015-005 and 2015-006
- §155.320 as described in finding 2015-001
- §155.400 as described in findings 2015-001, 2015-008 and 2015-009
- §155.410 as described in finding 2015-001
- §155.415 as described in finding 2015-001

- §155.420 as described in finding 2015-001
- §155.430 as described in finding 2015-001
- §155.545 as described in finding 2015-002
- §155.1000 as described in findings 2015-001 and 2015-0010
- §155.1075 as described in findings 2015-001 and 2015-0010
- §155.1080 as described in finding 2015-001

Compliance with such requirements is necessary, in our opinion, for VHC to comply with the requirements applicable to the regulations.

**Adverse opinion**

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on compliance with 45 CFR 155 paragraph, VHC did not comply, in all material respects, with the types of requirements referred to above that could have a direct and material effect on VHC for the period from October 1, 2013 to December 31, 2014.

**Entity's response to findings**

VHC's response to our noncompliance findings, which is described in Section III: Audit Findings, was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on VHC response.

**Report on internal control over compliance**

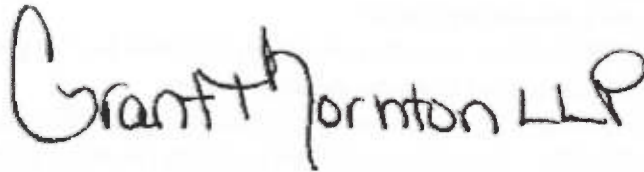
Management of VHC is responsible for designing, implementing and maintaining effective internal control over compliance with 45 CFR 155 referred to above. In planning and performing our audit of compliance, we considered VHC's internal control over compliance with the applicable compliance requirements to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with 45 CFR 155, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of VHC's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with 45 CFR 155 on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with 45 CFR 155 will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, we identified certain deficiencies in internal control over compliance, described in Section III: Audit Findings as finding no. 2015-001, 2015-002, 2015-003, 2015-004, 2015-005, 2015-006, 2015-007, 2015-008, 2015-009 and 2015-0010 that we consider to be material weaknesses in VHC's internal control over compliance.

VHC's response to our findings on internal control over compliance, which is described in Section III: Audit Findings of this report, was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of 45 CFR 155. Accordingly, this report is not suitable for any other purpose.





## AUDIT FINDINGS

### Audit Finding 2015-001 – Lack of Documented Standard Operating Procedures

#### Condition

Standard operating procedures (SOPs) and policies are not documented and readily available for review.

#### Criteria

To ensure Standard Operating Procedures and Policies are documented in compliance with 45 CFR 155, in the following areas.

1. SOPs for addressing complaints
  - a. Section §155.205(d)(2) – the Exchange, and §155.210(e)(4) – Navigators, are required to “Provide referrals to any applicable office for any enrollee with a grievance, complaint, or question regarding their health plan, coverage, or a determination under such plan or coverage”.
2. SOPs for performing relationship checks
  - a. Section §155.215 (a)(1) – Conflict-of-interest standards for Navigators
3. SOPs over user provisioning of new hires and terminations
  - a. Section §155.260 – ‘Privacy and security of personally identifiable information’
  - b. Section §155.270 – ‘Use of standards and protocols for electronic transactions’
  - c. Section §155.280 – ‘Oversight and monitoring of privacy and security requirements’
4. SOPs for making accurate eligibility determinations
  - a. Section §155.305 – Eligibility standards and §155.315 – Verification process related to eligibility for enrollment in a QHP through the Exchange.
5. SOPs regarding the prevention of improper eligibility determinations
  - a. Section §155.305 – Eligibility standards and §155.315 – Verification process related to eligibility for enrollment in a QHP through the Exchange.
6. SOPs regarding management’s identification of incorrect eligibility determinations
  - a. Section §155.315 and §155.320
7. SOPs in making accurate enrollments
  - a. Section §155.410 – Initial and annual open enrollment periods
  - b. Section §155.415 – Allowing issuer application assisters to assist with eligibility applications
  - c. Section §155.420 – Special enrollment periods
  - d. Section §155.430 – Termination of coverage
8. SOPs to reconcile enrollment information with QHP issuers and CMS
  - a. Section §155.400 (d) – Reconcile Files.
9. SOPs for the recertification process for QHPs
  - a. Section §155.1000 and §155.1075
10. SOPs for the decertification process for QHPs
  - a. Section §155.1080 (a – Definition, b – Decertification Process, c – Decertification by the Exchange)

11. SOPs for the appeal of a decertification of a QHP
  - a. Section §155.1080 (d) - Appeal of decertification
12. SOPs to provide notice of decertification to all affected parties
  - a. Section §155.1080 (e)(1)(2)(3)(4) - Notice of decertification
13. SOPs for the certification process of QHPs
  - a. Section §155.1000 (c)(1)(2)(i)(ii)(iii) - General certification criteria

**Cause**

VHC does not have SOPs or formal policies documented for the following areas in regards to Federal regulation, 45 CFR 155.

**Effect**

VHC is not in compliance with 45 CFR 155.

**Recommendation**

VHC should design and implement SOPs and document formal policies to ensure compliance with Federal regulation for the areas stated above to ensure that it complies with the requirements of 45 CFR 155.

**Management's response**

Management acknowledges the importance of formal written Standard Operating Procedure (SOP) narratives for the processes identified. The Vermont Health Connect (VHC) business process development model includes generation of process flows, job aids, and training content for our processes. During this reporting period, VHC was actively operating while simultaneously working to design, develop and implement remaining functionality and processes. Due to system limitations and lack of automated functionality, many of the operational processes rely upon manual workarounds that will be retired when automated functionality is implemented as designed. Stabilization of these processes will allow for completion of all process documentation, including SOPs. Management expects formal SOP's will be in place by the beginning of open enrollment, 2015.

**Audit Finding 2015-002 – Failure to Maintain a Complaint Log****Condition**

In order to test whether VHC complied with the requirements to investigate customer complaints in accordance with 45 CFR 155, we obtained the 'Fair Hearing Spreadsheet, which documents customer complaints from 10/1/2013 through 12/31/2014 from the DCF Economic Services Supervisor, HAEU. Through our testing of appeals being addressed and resolved in a timely manner, many instances were identified where the complete package of documentation required for a completed appeal was unavailable. Thus, we are unable to determine that a complete population of such appeals exists. However, in order to test the compliance of those cases identified on the Fair Hearing Spreadsheet, we selected a sample of 60 cases from the Fair Hearing Spreadsheet. Out of our sampled 60 cases, only 53 items had evidence supporting a resolution. Only 13 of these resolved 53 cases were resolved within the required 90 day timeframe as required by 45 CFR 155

### Criteria

45 CFR 155 states that the Exchange (§155.205(d)(2)) and Navigators (§155.210(e)(4)) are required to “Provide referrals to any applicable office for any enrollee with a grievance, complaint, or question regarding their health plan, coverage, or a determination under such plan or coverage”. Further, Section §.545 (b)(1) of the 45 CFR 155 indicates – *“The Appeals entity must issue written notice of the appeal decision to the appellant within 90 days of the date of an appeal request under §155.520(b) or (c) is received, as administratively feasible.”*

### Cause

Due to no formal or standardized process existing for addressing, tracking, logging, or resolving complaints, we were unable to obtain a complete population of complaints to satisfy the CMS audit procedure to test a sample of complaints to determine if the complaints were addressed timely and in accordance with policies and procedures.

### Effect

VHC is not in compliance with 45 CFR 155 regarding resolution of customer complaints.

### Recommendation

VHC should create SOPs for addressing complaints in an effective and timely manner. Furthermore, putting in place a complaint logging and monitoring system would help VHC stay current on the status of complaint responses and tracking the completion of complaints in an effective and timely manner.

### Management’s Response

The State has well-established processes to receive and respond to customer feedback and complaints that pre-date the implementation of VHC. Staff are trained to listen to customer feedback and provide information about the range of options that exist:

- **Feedback/complaints** that are logged but without the expectation of a reply
- A formal **grievance**, with a written response from the State
- An **appeal** of a decision to deny, terminate, or reduce services
- An **expedited appeal** that requires a decision within 3 days
- A **fair hearing**, which is a legal process to contest any decision, including an appeal decision

In addition, Maximus provides the operations leadership team with a monthly customer feedback report that tracks customer complaints. There are regular customer service meetings to review the report, look for patterns, and develop plans to systematically address issues.

Management regrets that sufficient information about this process was not provided to Grant Thornton in a timely manner. Management is committed to process improvement, and will review our approach to tracking of customer feedback. Finally, the Customer Service Director will ensure that a formal SOP is written describing our response to customer complaints. VHC expects formal SOP’s will be in place by the beginning of open enrollment, 2015.



### **Audit Finding 2015-003 – Lack of Approved Training Standards**

#### **Condition**

VHC was unable to provide us with evidence of HHS approval on training provided in the calendar year 2013 or 2014 training cycles. Additionally, Navigators are not currently required to go through a re-certification annually. Navigators are required to complete their privacy and security renewal course with a passing score of 80% annually to maintain their access rights in the VHC portal. Due to system technical errors, we were unable to validate and verify their completions and passing grades on the mandatory renewal training (containing information and the procedures in place to report and mitigate non-adherence and breaches). Additionally, one of the 13 Navigators selected for testing was found to have been given access to the VHC Portal without achieving a passing score on the required training. These conditions resulted in Navigators being granted access to the VHC portal without proper certification.

#### **Criteria**

To ensure that Navigators meet the certification and recertification requirements found in Subpart C, Section §155.215 (Standards applicable to Navigators and Non-Navigator Assistance Personnel carrying out consumer assistance functions under §§155.205(d) and (e) and 155.210 in a Federally-facilitated Exchange) of the 45 CFR 155 Federal Regulations and that there are methods in place to report and mitigate non-adherence and breaches under requirements found in Subpart C, Sections §155.215 and §155.260.

#### **Cause**

Training standards have not been properly approved. Further, the Learning Management System's (LMS) technical errors cause inability to validate a passing score on required training.

#### **Recommendation**

VHC should obtain HHS approval for trainings to be compliant with Federal guidelines. VHC should appoint resources to correct LMS's technical errors to ensure accurate representation of passed courses. Additionally, VHC should consider developing LMS into a comprehensive and accurate tracking tool for courses, exams, and certifications completed. To fix redundancy and duplication of efforts, VHC should standardize the trainings within LMS to have just one course covering each topic and requirement instead of several versions of the training circulating containing the same content. Additionally, VHC should have an acting Navigator Project Director who administers the 21 grants awarded to Navigator Organizations oversee the certification process of individual Navigators and CACs. The Project Director should work closely with the Vermont Health Connect training team to develop training content that is relevant and should be responsible for documenting and tracking that certification requirements have been met for individual Assistants prior to requesting accounts on the Vermont Health Connect portal for those who have met certification requirements.

#### **Management's Response**

On May 1, 2015, VHC completed a three month evaluation of the Assister program that identified strengths, areas for improvement, and gaps. As a result of the evaluation, the audit findings cited are already being addressed.



The VHC Assister program is coordinated by an Assister Program Manager who administers the 21 grants awarded to Navigator Organizations, oversees the certification process of individual Navigators and CACs and communicates with them over core responsibilities. The Assister Program Manager is responsible for ensuring that certification requirements have been met for individual Assisters prior to requesting accounts on the VHC portal for those who have met certification requirements. The State acknowledges the need for HHS approval of navigator training, and the Assister Program Manager is communicating with our CMS State Officer to receive approval. The Assister Program Manager is working with the training team to redesign VHC's Learning Management System (LMS) to more effectively manage and track certifications and course completions. The current LMS did not allow for historical tracking and validation of past and required courses and certifications. VHC has been working with the current LMS vendor to mitigate gaps in functionality, while also evaluating alternative LMS tools offered by other vendors. VHC is developing a standard training calendar and schedule that will allow for easy reporting and certification tracking.

**Audit Finding 2015-004 – Failure to Perform Navigator Relationship Checks and to Ensure Navigators Were Not Paid with Federal Funds**

**Condition**

VHC was unable to provide evidence of performing or completing relationship checks on a Navigator entity or individual Navigator staff basis. VHC does not currently require nor retain Navigator relationship checks; thus, we were unable to validate that checks occurred in a current period. Further, we were unable to obtain sufficient evidence to demonstrate that Navigators were not paid with federal funds.

**Criteria**

45 CFR 155 Federal Regulations, Section §155.215 requires that Navigators adhere to certain conflict of interest requirements in order to carry out consumer assistance functions. Exchange personnel are required to ensure that Navigators adhere to such requirements. 45 CFR 155 also prohibits an Exchange from using federal funds to pay for such Navigators.

**Cause**

VHC has not established policies and procedures to monitor compliance of the Navigators with 45 CFR Section 155.215 or to ensure that Navigators are not paid with federal funds.

**Recommendation**

VHC should obtain written attestation from each Navigator organization and Navigator staff on their agreement to be in compliance with conflict of interest provisions outlined in the "Navigator Conflict of Interest Framework" during the term of the agreement. Additionally, VHC should require, and have readily available, relationship check submissions from Navigator organizations and their staff members prior to being on-boarded. Further, VHC should ensure that it maintains documentation evidencing that Navigators are not paid with federal funds.

**Management's Response**

VHC has contractual agreements with all Navigator and IPA organizations binding them to the conflict of interest framework developed from the federal rule, which states that all Navigator and IPA organizations are conflict of interest free and remain as such through the completion of their contract. The Assister Program Manager is developing an additional relationship check process, with documented written attestation for each Navigator maintained by the State, which will be implemented in the FY 2016 grant year. Completion of the relationship check form will be required prior to start of work. VHC will also maintain documentation demonstrating the Navigators are not paid with federal funds.

**Audit Finding 2015-005 – Lack of Standard Operating Policies and Procedures Establishing Eligibility Determination Controls****Condition**

VHC does not have detail documented policies and procedures around the following controls:

- Prevention of improper eligibility determinations
- Management review and identification of incorrect eligibility determinations
- Verification of eligibility factors to mitigate the risk of improper eligibility determinations

Additionally, VHC was unable to provide evidence of management review and internal controls for preventing improper eligibility determinations from occurring.

**Control Objectives and Criteria**

Subpart D Sections §155.305 and §155.315 requires that an Exchange perform the following:

1. Ensure that Standard Operating Procedures and Policies are documented to ensure the prevention of improper eligibility determinations
2. Ensure that Management is reviewing eligibility determinations on a periodic bases
3. Ensure that verification of Eligibility factors is occurring in a timely manner

**Cause**

VHC has failed to establish written operating policies and procedures over eligibility determinations.

**Recommendation**

VHC should design and implement SOPs and document formal policies for the prevention and detection of improper eligibility determinations. The SOPs should, at a minimum, include the Federal Regulations outlined in 45 CFR 155, Subpart D—Exchange Functions in the Individual Market: *Eligibility Determinations for Exchange Participation and Insurance Affordability Programs*: §155.305 Eligibility standards and §155.315 Verification process related to eligibility for enrollment in a QHP through the Exchange.

**Management's Response**

VHC acknowledges the importance of formal written SOPs that document our approach to the prevention of improper eligibility determinations and management review of eligibility determination. Though formal written documentation is not complete, VHC has processes in

place that allow us to respond efficiently and effectively to concerns regarding potentially inaccurate eligibility determinations. VHC expects formal SOP's will be in place by the beginning of open enrollment, 2015.

#### **Audit Finding 2015-006 – Lack of Timely Eligibility Determinations**

##### **Condition**

VHC is not able to verify eligibility factors in a timely manner. VHC estimates that over 55,000 applications have been processed with an eligibility determination, but inconsistencies in eligibility criteria have not been verified for accuracy at this time. Additionally, VHC does not have SOPs documented in regards to the verification process of eligibility factors. Verification that cannot be systemically generated by the HUB and requires a manual process.

##### **Criteria**

Subpart D Sections §155.305 and §155.315 of 45 CFR 155 requires that eligibility factors are verified in a timely manner in order to identify improper eligibility determinations.

##### **Cause**

Due to the lack of resources and staffing, VHC does not have the resources to complete this task. Further, VHC has not established policies and procedures to execute such eligibility determinations in a timely manner.

##### **Recommendation**

VHC should design and implement a corrective action plan to address the backlogged applications to detect improper eligibility determination and ensure compliance with Federal Regulations 45 CFR 155, Subpart D—Exchange Functions in the Individual Market: *Eligibility Determinations for Exchange Participation and Insurance Affordability Programs*: §155.305 Eligibility standards and §155.315 Verification process related to eligibility for enrollment in a QHP through the Exchange.

##### **Management's Response**

VHC acknowledges the need to address the backlog of verification items, and we are actively engaged in corrective action planning on this topic with CMS, led by the Health Care Eligibility Director.

#### **Audit Finding 2015-007 – Inadequate Controls over Information System Access**

##### **Condition**

VHC was not able to provide a complete population of all new hires, terminations, and transfers in the time provided due to the multitude of employees and contractors required to support VHC that have access to SIEBEL, WebCenter, and ACCESS. Additionally, there was no set periodic reconciliation process in place in which system access is reviewed to ensure that employees have the appropriate user rights and access to the system.



**Criteria**

To ensure that employees/contractors of VHC have appropriate provisioning in the systems that house personally identifiable information, 45 CFR 155, Subpart D Sections §155.260 – ‘Privacy and security of personally identifiable information’, §155.270 – ‘Use of standards and protocols for electronic transactions’, and §155.280 – ‘Oversight and monitoring of privacy and security requirements’, establish the requirements over Exchange information system controls.

**Cause**

VHC has not established policies and procedures to ensure that system controls are designed and implemented in accordance with the provisions of 45 CFR 155.

**Recommendation**

VHC should upgrade HR and system capabilities to ensure that a complete list of new hires, terminations, and changes in access for SIEBEL, WebCenter, and ACCESS is accessible to ensure that users have appropriate provisioning levels to ensure compliance with Federal Regulation. Additionally, we recommend that VHC perform periodic user access reviews and reconciliations to ensure that all system provisioning is up-to-date.

**Management’s Response**

VHC is committed to protection of personally identifiable information through implementation of a robust privacy and security program. In addition to a least privilege Role-Based Access Control and comprehensive privacy & security trainings, VHC users also sign an IRS FTI attestation statement and a Rules of Behavior Agreement. VHC safeguards the use of consumer PII to the most minimum extent possible in compliance with MARS-E, 45 CFR 155.260, and IRS Publication 1075. VHC’s privacy and security program guides the collection, storage and use of PII. Specific data security aspects of MARS-E deployed by VHC include:

- Server audit logging.
- 24/7 monitoring of PII by Cloud Service Provider.
- Deployment of a comprehensive incident breach response process.
- Conducting of periodic incident response table top training exercises.
- Encryption of PII in transit and at rest.
- Servers defended by firewall, intrusion detection, anti-virus software, configuration management process and current patching.
- A change management processes requiring software changes undergo rigorous testing procedures before reaching production.

During this reporting period the State implemented a transition to a new user provisioning tracking tool, Landesk, which has significantly improved the provisioning and account management process. Further, the State performed a top to bottom reconciliation as March 2015 to ensure Landesk had a clean foundation. Since March 2015, every user provisioned requires a four check process to ensure privacy and security compliance. The VHC Administrator has the ability to produce on demand a query of users provisioned and privacy security compliant users. Procedures will be formally documented. These enhancements will improve the State’s ability to perform ad-hoc and quarterly reviews of active users, and ensure that account creation, modification, and termination happens in an appropriate, timely manner.



**Audit Finding 2015-008 – Inadequate Controls over Enrollment Request Confirmation****Condition**

VHC was unable to provide timely, appropriate, or complete documentation to test enrollment transactions. As a result, we were unable to conclude that the applicants had enrollment requests confirmed via an acknowledgement from the carriers, or effectuated, in a timely manner prior to the full receipt of the first month's premium payment.

**Criteria**

Subpart E, Section §155.400 – 'Enrollment of qualified individuals into QHPs', requires VHC to

1. Ensure that VHC, Benaissance, and the Carriers are communicating effectively
2. Ensure that customers are effectuated accurately and in a timely manner.

**Cause**

VHC has not established policies and procedures to ensure that initial enrollment transactions were confirmed prior to the payment of the first insurance premium installment.

**Recommendation**

VHC should establish policies and procedures to ensure that initial enrollment transactions are confirmed prior to the first insurance premium installment.

**Management's Response**

Initial enrollment transactions do not occur prior to payment, as it is our policy to require receipt of payment prior to initial effectuation for new customers. Due to system functionality constraints, the delivery of the information requested for testing enrollment transactions was delayed. Current system improvements scheduled for 2015 implementation will ensure the ability to efficiently provide this information in the future.

**Audit Finding 2015-009 – Inadequate Reconciliations Between QHP and CMS****Condition**

VHC does not have Standard Operating Procedures and formal policies documented to address the reconciliation process between QHP issuers and CMS; additionally, VHC is not performing a reconciliation between QHP issuers and CMS on a monthly basis and cannot provide evidence of any completed reconciliations at this time.

**Criteria**

Subpart E, Section §155.400 – 'Enrollment of qualified individuals into QHPs' – requires the following:

1. Ensure Standard Operating Procedures and Policies are documented that address reconciliation of enrollment information with QHP issuers and CMS.
2. Ensure that a reconciliation between QHP issuers and CMS is being performed on a monthly basis

**Cause**

VHC has failed to implement policies and procedures to ensure preparation of a reconciliation between QHP and CMS.

**Recommendation**

VHC should design and implement Standard Operating Procedures and document formal policies to ensure timely preparation of reconciliations between QHP issuers and CMS. We recommend that VHC begin a monthly reconciliation between QHP issuers and CMS to ensure that enrollment information is recorded accurately and in a timely manner. Additionally, we recommend that VHC assign appropriate resources to perform this reconciliation.

**Management's Response**

VHC is working with CMS to implement new electronic data integration that would allow us to send 834 enrollment transactions to CMS to facilitate payment of APTC to carriers. Completion of this work is in scope for our 2015 project/implementation plan. Implementation of this functionality will include development of SOPs and allocation of resources to perform all work required. VHC will plan to reconcile with CMS when CMS has the capability to do so, currently targeted for Q4 2015 per most recent CMS guidance.

**Audit Finding 2015-0010 – Failure to Recertify Qualified Health Plans****Condition**

The VHC completed the recertification review process of the QHPs on September 22, 2014 per certification letter from the Exchange Commissioner. The recertification was official after September 15<sup>th</sup> of the applicable calendar year and thus, non-compliant with Federal Regulation 45 CFR 155.

**Criteria**

45 CFR 155 Subpart K - "Exchange Functions: Certification of Qualified Health Plan" §155.1075 - Recertification of QHPs – requires that the recertification process be completed on or before September 15 of each year.

**Cause**

VHC did not establish policies and procedures to ensure that the recertification process was completed by September 15, which prevents uncertified QHPs from participating in the Exchange.

**Recommendation**

VHC should develop and establish a timeline for the recertification of QHPs process that ensure completion on or before September 15<sup>th</sup> of the applicable calendar year in compliance with Federal regulation 45 CFR 155; additionally, we recommend that VHC should design and implement controls to monitor compliance with Federal regulations and develop corrective action plans to remediate instances of non-compliance.

**Management's Response**

For the 2015 benefit year, VHC completed the plan certification process on September 22, 2014, seven weeks in advance of the beginning of the annual open enrollment period on November 15, 2014. Completing plan certification by sending the letter of final approval on September 22, 2014, one week after the deadline within the rule, resulted in no negative consequences to Vermont consumers or issuers. CMS revised its rule § 155.1075(b) to require Exchanges to complete recertification of QHPs no later than 2 weeks prior to the beginning of open enrollment. VHC creates a QHP certification timeline document annually to comply with the requirement of providing two or more weeks between certification completion and the beginning of open enrollment.

**TO:** The Joint Fiscal Committee

**FROM:** Mary Peterson, Commissioner, Department of Taxes

**DATE:** December 14, 2015

**SUBJECT:** Update to November Report on the Tax Computer System Modernization Fund

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We are offering this update to our November report to provide information on the GoLive of Phase 2 of VTax, as well as to report on an amendment to the data warehouse contract with Revenue Solutions, Inc. (RSI) that essentially buys out any further benefit payments to this vendor. We anticipate using the RSI data warehouse through November 2016. This agreement means that 80% of the further enhanced revenue will be available to pay our VTax vendor faster, and at a discount.

#### **Update on VTax Project**

*Phase 2, Meals & Rooms, Sales & Use, Withholding and 6 Other Tax Types, Go Live November 12, 2015*

On November 12 we went live with VTax for Meals & Rooms, Sales & Use, Payroll Withholding, Fuel Gross Receipts, Premium Insurance, Captive Insurance, Fiduciary, Bank Franchise and Health Care Claims Taxes. The launch has been tremendously successful. As previously reported, the biggest known challenge was to migrate our monthly filers who used our legacy VTBizFile portal to our modern myVTax portal in the space of two weeks, with a filing date on November 25. By that date, we had over 7000 successful registrations, equaling our total number of users in VTBizFile. Likewise, we met our goals for the number of returns in this short period, and booked a significant amount of revenue paid through myVTax. Notably, we did not see a major disruption in our revenue results from the transition (how the Thanksgiving holiday fell in the calendar likely was a more disruptive factor).

Although the launch has been a huge success, it has put a difficult strain on our taxpayer service staff. We were able to monitor taxpayer behavior in navigating the portal and constantly refine the look and feel to address any apparent stumbling blocks. We observed that a taxpayer who successfully navigated the portal (which is set up much like online banking) could generally register, file a return, and pay in under ten minutes. And our stats above show most taxpayers were successful in self-registering. However, taxpayers who were unsuccessful often required extensive coaching in how to retrieve their secure passcode and then complete each of the steps for registration, filing and payment. We devoted our entire taxpayer services team to manning this queue, with the volume and length of the telephone calls causing longer than usual wait times. We are already starting our outreach to quarterly and annual filers who will have their first due date with myVTax in January.

#### **Update on Amendment of RSI Contract**

##### *Benefits Structure*

The Department has been able to negotiate to pay for two major IT modernization projects through "benefits" – the data warehouse program purchased from RSI and the integrated tax system (VTax) purchased from FAST Enterprises (both highly successful vendors in the tax world). In the benefits model, the vendor agrees that it will front the expenses to complete the project and forego its margin until such time as the project itself generates sufficient revenue to pay under the contract terms. For both of these projects this means that the vendor initially underwrites the expenditure of all resources and bares the risk in case of failure. As a concrete example, FAST has had over 20 employees living and working in Vermont since early 2014.

##### *RSI Original Terms*

The RSI contract was entered into in 2011, with a five-year term through April 2016. The contract called for RSI to provide Vermont with a comprehensive data warehouse software platform that enables the Department to run specialized audit and collection programs through data matching. The five programs include refund fraud detection,



non-filer detection, identification of discrepancies, audit selection and collection scoring. Vermont agreed to pay RSI through a percentage of the enhanced revenue from these programs.

The RSI project has been a complete success, exceeding our original revenue estimate of \$16.1M in total enhanced revenue at this point. This data warehouse has lifted revenues by \$20.5M to date with 5 months left on the project timetable. We have paid RSI \$5.5M to date. The remainder of the enhanced revenue has been split 80/20 between the Modernization Fund and the General Fund.

#### *FAST Terms*

The main objective of the Modernization Fund is to pay for the integrated tax system, VTax, which will completely modernize the Department's operations. As noted, our contract with FAST provides that payment on completed VTax milestones is not due until VTax (which also includes a data warehouse) generates sufficient enhanced revenue to pay the invoice. However, if Vermont pays an invoice outside of VTax revenue, we are entitled to a significant discount.

The success of the RSI contract to date has allowed the Department to stay nearly current on our FAST invoices through this second phase of the project. We have paid \$10.68M to FAST from the RSI generated revenues, realizing a discount of \$1.32M. We also have paid FAST \$1.55M out of benefits from VTax. Heading into Phase 3, we owe only \$1M on outstanding invoices. If we continue on this pace with payments to FAST, we should be able to pay the complete contract implementation price sooner than FY2020 forecasted in the independent review. Once FAST is paid, all of the enhanced revenue accrues to the General Fund.

#### *RSI Amendment*

It was unanticipated in 2011 when we contracted with RSI that we would have a second and unrelated benefits contract for an integrated tax system roll out so quickly (in fact, RSI has been developing its own integrated tax system product, and was an unsuccessful bidder on our project in 2013). The overlapping contracts have caused unanticipated complications in determining the RSI baselines. Also, RSI has raised some legal issues regarding their compensation. In order to simplify the benefits calculations, minimize any litigation risk, and limit the total cost of the RSI project at this point, RSI agreed to a buyout of \$300,000. This number was derived by negotiating from each party's estimate of further benefit if the contract continued. After payment of this amount, Vermont will be able to use the RSI data warehouse through November 2016 with no further payment to RSI other than software licensing and maintenance. We anticipate retiring the RSI warehouse upon completion of Phase 3, and conversion of personal income tax into VTax.

#### **Conclusion**

The Department of Taxes has used two benefits contracts to substantially modernize the Department's operations, increasing revenue to the state without raising taxes. We are nearing the end point of our RSI data warehouse project, and we are halfway through the implementation of VTax. Our amendment of the RSI contract to buyout any further benefits payments will mean that we will be able to use our 80% share of the enhanced revenue from the warehouse to pay off FAST more quickly and at a discount. As soon as we pay FAST under contract, all of the increased revenue as a result of the Department's complete modernization will be available to the state.

# High Level Estimate of Benefits

	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>	<b>FY18</b>
RSI benefit estimate	\$ 8,721,680	\$ 4,756,284	\$ 2,000,000	\$ -
FAST benefit estimate	\$ 750,000	\$ 1,975,000	\$ 2,925,000	\$ 4,137,500
RSI payment	\$ 1,278,920	\$ 540,180	\$ -	\$ -
 Total Benefit	 \$ 8,192,760	 \$ 6,191,104	 \$ 4,925,000	 \$ 4,137,500
 80% to CMF	 \$ 6,554,208	 \$ 4,952,883	 \$ 3,940,000	 \$ 3,310,000
20% to GF	\$ 1,638,552	\$ 1,238,221	\$ 985,000	\$ 827,500
Nov. est. in BAA	\$ 1,638,552.	\$ 1,087,876.1	\$ 623,002.20	\$ 827,500.00

**Status Report on VTax payment:**

Total VTax implementation costs	\$	28,600,000
Payments from VTax benefits	\$	1,554,066
Payments from CMF	\$	10,680,000
Discount achieved for early payment	\$	1,320,000
Total paid	\$	13,554,066
Remaining Balance	\$	15,045,934



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Justin Johnson, Secretary

## MEMORANDUM

**TO:** Members of the Joint Fiscal Committee  
**FROM:** Justin Johnson, Secretary of Administration  
**DATE:** December 28, 2015  
**RE:** Report of Promotion of Efficient Operations required by Sec. E.100.4 of Act No. 58 of 2015 Legislative Session

Attached is the report required in Sec. E.100.4 of Act No. 58 of 2015 which states:

### Sec. E.100.4 SECRETARY OF ADMINISTRATION; PROMOTION OF EFFICIENT OPERATIONS

- (a) All branches and agencies of State government can expect to face a multiyear horizon of State resources growing at rates lower than previously experienced. In order to achieve fiscal sustainability, the Secretary of Administration shall review opportunities for changes that result in efficiency and savings in the form of reduced resource need or reduced cost trend pressure, or both, within the State budget.
- (b) The Secretary is authorized to implement changes in operational practices as specified in this subsection or additional areas that fall within the Secretary's authority and that do not require statutory amendment.
- (1) subject to bulletin 3.5, changes to the contracting process of State government to identify methods of streamlining the process of approval and evaluation while preserving and strengthening the pay for performance;
- (2) a review of the audits and reports internally required of agencies and contractors and grantees to avoid duplication and unnecessary cost;
- (3) the expansion of the LEAN program to additional agencies and departments to improve processes and operations of departments; and
- (4) the exploration of the use of contracts where payments are dependent on the provision of departments and State operational entities with offsetting efficiency savings.
- (c) In the following areas, proposals shall be developed and presented to the Legislature during the budget adjustment process.
- (1) Proposed elimination or consolidation of legislative reporting requirements to free up staff productivity while preserving effective oversight.
- (2) Opportunities for possible elimination or consolidation of boards and commissions, and opportunities for more efficient use of space by these entities. Entity collocation should be pursued to enable shared services reducing costs.





(3) Proposals to restructure agencies and departments to identify opportunities for merger and consolidation to streamline management and coordination and reduce the need for high level State positions.

(d) At the 2015 September and November Joint Fiscal Committee meetings, the Secretary shall provide a written report on the status of system reviews or process changes implemented. These reports shall also be sent to the State Auditor, and the House and Senate Committees on Government Operations and on Appropriations.

cc: State Auditor  
House and Senate Committees on Government Operations  
House and Senate Committees on Appropriations



**SECRETARY OF ADMINISTRATION EFFICIENCY EFFORTS  
(2015 ACT 58 SEC. E.100.4)**

- a) Reduced resources and reduced cost trend pressure in the budget:
- b) changes in Operational practices requiring no statutory amendments:
  - 1) Bulletin 3.5 Changes: To be finalized for review by departments in January and issued: see attached list of changes to 3.5;
  - 2) Review of Audits and Reports;
    - i. Cell Audit: savings and vendor review as a result of Cell Phone audit. A new Bulletin 9.5 ~ Mobile Devices will be issued as soon as Office 365 implementation is completed allowing for better contract of wireless device assignment and use.
    - ii. Sole Source Contract Review: Bulletin 3.5 was already making Sole Source contract harder to use – clearly defines the only justifiable reasons for sole source use.
    - iii. SIM Program Review: Internal review of compliance and business processes in Health Care Reform, DVHA, AHS Central Office and GMCB resulting in better compliance monitoring and clarity around who is responsible for what among the units. A compliance position was assigned to go over all contract and grant documentation before KPMG arrival for federal single audit to reduce the risk of significant findings.
  - 3) Expansion of Lean program: A Continuous Improvement Team has been established and meets 2X month – including CPO, AHS, DEC and AOT. Lean program has expanded to AOT. Proposal to expand CI further has been made to Secretary Johnson:
  - 4) An RFI has been issued to seek information from consultants on leveraging State spend via payment management or other technological advancements; responses will be coming in for evaluation;
- c) Proposals to Legislature:
  - 1) Elimination or consolidation of legislative reporting
  - 2) Elimination or consolidation of Boards & Commissions – and better use of space by these entities
  - 3) Restructuring agencies and departments – working with GRORC and Special IT Committee.



**List of Changes and Improvements in Bulletin 3.5**  
**CPO – 12/4/15**

- ✓ Developing annual Bulletin 3.5 training program;
  - ✓ Contract File checklist;
  - ✓ Addition of “KEY NOTE” boxes throughout;
  - ✓ Contracting Waiver Plan template created;
  - ✓ Reduced number of Amendments requiring 5<sup>th</sup> floor approval (limited to the exercise of options specified and approved in the original contract)
  - ✓ Elimination of 3<sup>rd</sup> or more Amendments requiring 5<sup>th</sup> floor approval (based on thresholds now);
  - ✓ Implementation of short-form contract and short-form Attachment C for contracts under \$10k – except for life safety, transport of persons, hazardous material and data – recognizes the normal reduced risk for such contracts;
  - ✓ Reduction in auto insurance coverage limit to \$500k, except for life safety, transport of persons, hazardous material, Data Use and Sharing, and construction – again – recognition of reduced risk and nominal claims experience;
  - ✓ Elimination of auto insurance requirement at all for drop ship service;
  - ✓ Inclusion of formal change order process;
  - ✓ Better explanation and expansion of types of contract for service including: financial transaction contracts, data sharing contracts, and zero-dollar contracts – working with Rep. Sweaney on a bill for 2016 session – will result in better and more explanatory list of contracts for service;
    - This bill also seeks to standardize and slightly raise the thresholds for AG review and privatization – which will reduce need for smaller contract to be reviewed by AG’s office – saving their efforts for more complex contracts (IT and Healthcare, for example);
  - ✓ Guidance documents for Attachments A and B;
  - ✓ More guidance for simplified bid usage;
  - ✓ Reorganized flow of document in the order of the process;
  - ✓ Acronym directory;
  - ✓ Guidance on Public Records;
  - ✓ Guidance on providing public endorsements;
  - ✓ Work with Legislature to up AGO review, privation contracts and contract for service thresholds to \$25k – which will require Bulletin Change effective July 1, 2016 if passed;
  - ✓ Inclusion of new provision in standard Attachment C that AG’s office winds up adding to most contracts – such as False Claims Act, Whistleblower Protection and separation and clarity added to Independence and Defense & Indemnity clauses.
- ✗ Harder to do sole sources;
- ✗ Ban on MOUs except between SOV units and SOV and Feds;





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*Agency of Administration*

**TO:** Joint Fiscal Committee  
Government Accountability Committee  
House Committee on Government Operations  
Senate Committee on Government Operations

**FROM:** Maribeth Spellman, Commissioner 

**DATE:** December 29, 2015

**SUBJECT:** Position Pilot Program

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In accordance with Act 179, Sec. E.100(d), Secretary of Administration Justin Johnson has approved the attached position pilot request from the Agency of Transportation (VTrans).

The written description required by Act 179, Sec. E.100(d)(4), including the method for evaluating the cost-effectiveness of the positions, as provided by VTrans, is attached for your information.

The Department of Human Resources fully supports this request and we believe the request is an appropriate use of the Position Pilot, and is consistent with the goal of maximizing resources to provide the greatest benefit to Vermont taxpayers.

VTrans is proposing 22 positions. Short and long term funding is available for these positions. VTrans will achieve cost savings by reducing consultant costs and hiring additional staff to perform those activities and otherwise support VTrans' vision of a safe, reliable and multimodal transportation system that promotes Vermont's quality of life and economic wellbeing. VTrans annually spends tens of millions on consultants, and many of these positions will contribute toward reducing those costs. Without these additional positions, VTrans would see increased consultant and overtime costs, especially in light of recent increases in federal funding Vermont will receive over the next five years due to the passage of federal transportation authorization - Fixing America's Surface Transportation, or FAST Act.

In addition to cost savings, and equally important, the new positions will assist VTrans with advancing their strategic plan goals, improving outcomes for the travelling public, and achieving efficiencies in the Agency.

Any questions should be directed to Molly Paulger at 828-3517.

c: Secretary Johnson  
Secretary Cole  
M. Paulger





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*Justin Johnson, Secretary*

# MEMORANDUM

TO: Chris Cole, Secretary, Agency of Transportation  
FROM: Justin Johnson, Secretary, Agency of Administration  
DATE: December 15, 2015  
RE: Position Pilot Request dated November 18, 2015

In accordance with Act 179, Sec. E.100(d), I am approving your position pilot request with the following modifications. You are authorized to create 22 positions. Given that your initial request was for 30 positions, please resubmit your request identifying the 22 positions to be created and providing a written description required by Act 179, Sec. E.100(d)(4), including the method for evaluating the cost-effectiveness of the positions. Upon receipt the Department of Human Resources will provide the appropriate notice to the Legislature.



## VTRANS POSITION PILOT REQUEST

### JUSTIFICATIONS FOR NEW POSITIONS

#### 1. Cost Savings

The primary benefit of adding these new positions is to achieve cost savings by reducing our consultant costs. VTrans estimates that consultants cost 25% more than state employees for the same service, and we are confident that we can achieve savings in this area. Adding technical staff will help VTrans to manage its current workload more efficiently and effectively at a lower cost. Predicting the exact cost savings is difficult given that projects and consultant deployment changes from year to year.

#### 2. Achievement of our Strategic Plan Goals

Collectively, this investment in new employees will help us to achieve the top goals of our strategic plan, as follows.

- Provide a safe and resilient transportation system - safety to the travelling public will be improved through additional Maintenance District staffing. In addition, depth of bench for overall emergency response and recovery will be improved.
- Preserve, maintain and operate the transportation system in a cost effective manner - reduction in consultant costs, improvement of oversight and better maintenance and operations on the highway system. Additional financial and administrative staff will help manage our money and business processes more effectively, and help to minimize the potential for costly audit findings.
- Cultivate and continually pursue innovation, excellence and quality customer service - greater opportunities for innovation, and better customer service from people employed, trained and inculcated in VTrans missions, values and goals.
- Develop a work force to meet the strategic needs of the Agency - Succession Planning. - 18% of our workforce will be eligible for retirement at the end of 2015 and by 2023 that grows to 45%. New staff allows for better transfer of

information, skills and knowledge. In each of the areas of new staff investment, we anticipate staff turn-over that must be managed proactively. VTrans lost numerous key staff to the retirement incentive. Not filling some of these key positions jeopardizes our ability to fulfill our mission and obligation to the State. VTrans understands that evaluating cost effectiveness is a requirement for the position pilot program. It is difficult to evaluate some specific positions' cost effectiveness. VTrans considers all of these pilot positions as mission critical, and thus cost effectiveness must be considered in the context of the entire Agency – not position by position. While engineering positions may be the easiest positions to cost justify on the basis of consultant cost comparisons, the Agency needs more than just engineers to fulfill our mission. Thus this pilot request includes several non-technical titles. Not filling all of the position titles in this pilot position request would require a significant increase in the use of consultants to perform the work of the Agency. It likely would require the use of consultants in areas that traditionally have not utilized consultants – finance for example. This too would result in increased cost to the Agency, and increased costs inevitably result in fewer improvements to the transportation system, where the rubber hits the road.

### 3. Financial Savings and Efficiency

- Oversight of consultants. The overhead to procure, execute, administer, issue work orders, process payments, validate work completed, and close out contracts adds both time and money. The amount of money is estimated to be in the tens of thousands of dollars annually. Further analysis of savings will be performed during the pilot with tracking tools being implemented along the way.
- More efficient processes mean greater capacity to get more work done with the same number of people. Industry standards estimate a 20 - 25 percent reduction in staff costs by engaging in process improvement activities. Early estimates in the Right of Way Process improvements indicate the potential of savings over a million dollars in staff costs in 3 years.
- Reduced overtime.

4. Increased federal funds
  - Agency-wide: The passage of the FAST Act will result in an estimated 10 percent increase in Federal Highway and Transit funds for Vermont and VTrans continues to bring in additional funding in discretionary grants. VTrans needs to be staffed to support this increased funding and deliver the results efficiently and effectively for Vermonters.
5. Resilience - ability to respond to crises for less cost and without delaying planned projects
  - Highway – Tropical Storm Irene taught us how critically important it is for the Agency to be nimble and staffed at a capacity that allows a migration of available staff to deploy to an incident at a moment's notice. In order for the State of Vermont to remain resilient we need an adequately populated, trained, and experienced bench to pull from.

#### POSITION DETAIL

##### ***DMV – Motor Vehicle Field Inspector***

Field Investigators are civilian investigators that make up half of the non-supervisory personnel assigned to DMV's Criminal & Regulatory Investigations Unit within the Enforcement & Safety Division. The other half are sworn law enforcement officers. A Field Investigator's primary duties are to license, monitor and enforce the regulations pertaining to Vermont State Inspection Stations, New & Used Motor Vehicle, Boat, ATV, Motorcycle, Trailer, Transporter and Heavy Equipment Dealers. Each Field Investigator is responsible for supervising approximately 200 businesses that fall under the regulations. This position is geographically assigned. Field Investigators work from a home office and significant travel is required in order for them to perform their assigned duties. In addition to the duties affiliated with Inspection Stations and Dealers, Field Investigators also investigate total abstinence applicants for license reinstatement after multiple DUI convictions, credential new inspection mechanics through the OMV technical school credentialing program, assist with motor vehicle death investigations involving automotive equipment failure and provide assistance to members of the public, other



- governmental entities and law enforcement personnel with matters pertaining to OMV documentation. The vacant position is located in Southeast Vermont (Brattleboro). There were over 500 incidents assigned to the last incumbent from January 1, 2013 to Sept 30, 2015.

There is a real need for a Field Investigator to conduct regulatory investigations in Southeast Vermont. At this time, investigators from other geographic areas are assuming the additional workload handled previously by the former incumbent. This is impacting caseloads for these investigators due to increased travel and case assignments. In some cases, half a workday can be spent on travel to Southeast Vermont from Northeastern and Central Vermont in order to interview witnesses, examine and collect evidence, conduct required audits and ancillary administrative duties. These additional demands will be difficult to sustain long term without a review of current services handled by investigators to determine whether some investigative or administrative duties can be dropped or curtailed. In the past few weeks since the incumbent for this position retired, investigators have been redirected from the Rutland and Springfield areas to conduct investigations; i.e. - to examine vehicles, interview witnesses and conduct mandated audits. Vehicle equipment examinations, as they relate to faulty inspections by inspection mechanics have come to the forefront of the unit. Recently, an inspection mechanic was indicted and charged with involuntary manslaughter and reckless endangerment for passing a vehicle during an inspection with faulty brake lines and a rotted frame. The death was a direct result of a faulty vehicle safety inspection. Last year, an illegal car dealer was charged with reckless endangerment for jury-rigging a vehicle's throttle with a coat hanger in an effort to sell a vehicle and affixed to the vehicle was a stolen inspection sticker. These types of investigations are of great importance to the motoring public and examinations by our Field Investigators are critical to this part of the mission.

With the retirement of the former incumbent, staff has frequently needed to be deployed to Southeast Vermont area to meet mission requirements. Staff workload in their assigned geographic areas meanwhile continues to increase as a result. There is a concern about accumulated strain on human resources and the need to utilize overtime which prior to the retirement was nearly nonexistent.

### ***Central Garage – Financial Specialist I***

VTrans Central Garage (CG) Financial Specialist I retired under the incentive program. The position is critical to the Central Garage's mission to "keep the trucks running". This is the sole dedicated accounts payable position in the organization, and one of only three financial positions in the Business Office of the CG.

This position processes virtually all of the parts purchases made by 45 Mechanics, Technicians, and Part Specialists throughout the state servicing the 650 vehicles that allow the Agency to manage and operate the transportation network, including more than 250 plow trucks and 30 DMV law-enforcement vehicles. Failure to promptly pay these invoices would quickly result in violation of the State's prompt payment requirements, which would limit our ability to buy, which would quickly result in down trucks and immediate impact to the Agency's highest profile activities.

Accounts payable is only one of the functions performed by the CG's Business Office. The other two staff are busy with other duties and in no way could absorb these full-time responsibilities. The CG is its own stand-alone business unit and therefore subject to its own audit requirements. The State's auditors have for several years recognized that the CG's small business unit is only marginally large enough to provide an adequate separation of duties. There is no means to make do with fewer.

### ***Finance & Administration – Financial Director III***

This position is needed because of the significant numbers of positions within Budget and Financial Operations (BFO) that retired or will soon retire. Six employees (14%+ of BFO staff) availed themselves of the retirement incentive. In other agencies, some of these positions would have been selected for refill. At VTrans, the top priority is identified as winter maintenance, and 14 of the 15 positions selected for refill were associated with winter maintenance. This priority made it impossible to refill additional positions needed to fulfill other strategic objectives at VTrans. This is one of several positions that will absorb the duties of the six retiring employees. Without this position, BFO will inevitably need to identify functions that can be contracted to local CPA firms - reconciliations of DMV revenue and STARS to VISION for example. Having

CPA firms perform such work will inevitably translate to greater costs than performing the work with in-house staff. Moreover, the work of CPA consultants will still have to be reviewed by existing staff. In addition, the lack of adequate staffing within BFO will likely lead to increased audit findings and other accounting related errors, which also result in increased costs to VTrans.

This position serves a strategic purpose also, particularly related to succession planning. The position will reside within the Budget Operations section at VTrans. One employee in the section took the retirement incentive, leaving the section with only four employees, plus the CFO. Three of the four employees are already eligible for retirement, and the other soon will be eligible. The section plays a critical role at VTrans and the position is considered strategically important.

Some of duties that are overseen by Budget Operations are as follows:

Development, implementation, and monitoring of VTrans budget; Monitoring transportation revenues and researching observed anomalies and implementing corrections, liaison to Agency of Administration, Dept. of Finance and Management, other State agencies, VT Division FHWA and other federal partners;

Programming/obligating all FHWA funds to projects; creating all capital projects within STARS accounting system; and managing State and Federal cash flow.

### ***Finance & Administration – Financial Specialist II***

This position is needed because of the significant numbers of positions within Budget and Financial Operations (BFO) that retired or will soon retire. Six employees (14%+ of BFO staff) availed themselves of the retirement incentive. In other agencies, some of these positions would have been selected for refill. At VTrans, the top priority is identified as winter maintenance, and 14 of the 15 positions selected for refill were associated with winter maintenance. This priority made it impossible to refill additional positions needed to fulfill other strategic objectives at VTrans. This is one of several positions that will absorb the duties of the six retiring employees. Without this position, BFO will inevitably need to identify functions that can be contracted to local CPA firms - reconciliations of OMV revenue and STARS to VISION for example. Having CPA firms perform such work will inevitably translate to greater costs than performing the work with in-house staff. Moreover, the work of CPA consultants will still have to be reviewed by existing staff. In addition, the lack of adequate staffing within BFO will likely lead to increased

audit findings and other accounting related errors, which also result in increased costs to VTrans. This position is deemed mission critical with the BFO. Several of the duties are listed below:

DMV Revenue reconciliation to include all research and corrections; work with external auditors on DMV revenue; process transfer request from all agency business offices; month end VISION Purchase Order & Requisition reports as well as year-end monitoring for the close out process; annually reviewing and submitting of DMV petty cash to State Finance; work with DMV closely each year to ensure accuracy and compliance with rules; serves as backup for the monthly expenditure/revenue reconciliation between STARS, Interface File, and VISION; assist other units with transfers, STARS questions etc.

#### ***Finance & Administration – Administrative Services Coordinator IV***

This position is needed because of the significant numbers of positions within Budget and Financial Operations (BFO) that retired or will soon retire. Six employees (14%+ of BFO staff) availed themselves of the retirement incentive. In other agencies, some of these positions would have been selected for refill. At VTrans, the top priority is identified as winter maintenance, and 14 of the 15 positions selected for refill were associated with winter maintenance. This priority made it impossible to refill additional positions needed to fulfill other strategic objectives at VTrans. This is one of several positions that will absorb the duties of the six retiring employees. Without this position, BFO will inevitably need to identify functions that can be contracted to local CPA firms - reconciliations of DMV revenue and STARS to VISION for example. Having CPA firms perform such work will inevitably translate to greater costs than performing the work with in-house staff. Moreover, the work of CPA consultants will still have to be reviewed by existing staff. In addition, the lack of adequate staffing within BFO will likely lead to increased audit findings and other accounting related errors, which also result in increased costs to VTrans. This position is deemed mission critical with the BFO. Several of the duties are listed below:

This position will supervise/manage two positions: VTrans Purchasing and Inventory Coordinator - Position number: 860001 PG 20 and a Records Management Technician III - Position number: 860471 PG 18. Incumbent is expected to serve as backup for both positions.

*Security:* This position is responsible for coordinating and maintaining all security clearances for all employees in the Agency. Examples include approval, assigning clearance levels, dismissals plus maintaining the database daily with security officials at National Life. On the statewide level this position also requires the acquisition of access and state employee



identification for all employees and contractors for the Agency. Coordination is also required with National Life officials and/or State security pertaining to the parking permits required both on campus and statewide. The Secretary of Transportation has also designated this position as the sole designated authority to sign for the Agency in these matters.

*Telecommunications:* This position is responsible for handling all Agency telecommunications connectivity throughout the state. This includes Agency divisions, sections, regional offices and all district offices and garages statewide (50+). This requires training on DII's telecommunication software called "COMPCO" and this position is the VTrans primary user of the Compco Software. This job includes coordinating and managing the telecommunications installation, moves, service calls, and supplies as well as preliminary testing to a jack before requesting service either by doing oneself or overseeing the task.

*Pagers/Cell Phones/iPads:* This position manages the distribution, replacement, inventory, and tracking of all tablets, pagers, basic and smart phones for Finance and Administration and Policy and Planning. This position must ensure the billings are accurate, the most cost effective plans are in place by reviewing usage and billings reports and ensuring all lines are assigned the most cost effective plans but still meeting the needs of our staff, resolve any issues with vendors and/or staff, and track the cell phone numbers and assignees in the asset database.

*Agency Facility Liaison:* All communications between the tenant (VTrans) and the landlord (National Life, BGS or private owners) is handled by this position. This includes but is not limited to telecommunication network requests, security request and their associated clearance levels, work space configurations, cubical moves, data requests, building related issues (plumbing, HVAC, custodial, maintenance), the coordination of events, attending weekly, monthly and quarterly meetings to insure a safe and efficient work place. Training is also required in the use of the "Footprints" software used in these processes. As an extension of the facility liaison function, this position is responsible for the coordination of all facility leases for the Agency statewide. This may include meeting with division directors and managers to coordinate the needs and requirements. Once the needs and requirements have been realized an extensive interaction between various Agencies and Departments and possibly private vendors is required to achieve the goals of the Agency. This position also oversees the facility maintenance agreements on leased properties.

*Account Manager:* This position serves as the account manager for a host of vendors who supply commodities to the Agency. It requires extensive interaction between the Agency's Divisions as well as the liaison with vendor representatives. It also includes the verification of invoices regarding the goods and services received by the Agency.

*Office Equipment Inventory and Maintenance (copiers, printers, scanners):* This position will coordinate all Agency copiers leased or purchased thru BGS, ensure that they are maintained and updated when leases expire, and makes recommendations for upgrades as needed. This involves extensive interaction with state purchasing agents on a routine basis related to the requisition process through VISION. In the past the Agency has been asked to assist BGS Purchasing in interviewing vendors related to their goods and services related to the contract process. This position will continue the collaborative effort. So in a nutshell, track machines within VTrans, verify accuracy of billing, request service/supplies as needed, recommend replacements, and track service contracts.

*Surplus Property:* As the Agency's assets become unusable or obsolete it becomes necessary to dispose of them. This position is tasked with overseeing the coordination and compliance with state guidelines related to their disposal. This is accomplished through both BGS Surplus Property and private vendors. Particular attention needs to be given to the surplus IT equipment that could contain sensitive infrastructure design or financial information. This position is also designated as the Agency contact for the purchase of federal surplus property which is periodically acquired by the State. The position is also the sole designated authority to receive and sign for Federal surplus by the Secretary of Transportation.

*Destruction of Electronics:* This position coordinates the destruction of computer hard drives, iPhones, blackberries and other electronic memory storing devices as well as documents, blueprints, and records. Extensive interaction is required between the Imaging section of the Agency, Information Technology section and the contracted vendor. A clear understanding of state and federal mandates for the destruction of sensitive materials is necessary to accomplish this task.

*Fire Safety:* This position is the lead warden for all fire issues within the National Life campus. Responsibilities include developing written fire guidelines for divisional or section wardens and conducting their follow up training. Coordination with the landlord and local fire department is a

vital component to the success and safety of over 600 VTrans employees at the National Life campus. Incumbent must evaluate response times/drills, evaluate and recommend alternate fire evacuation plans, and evaluate OSHA compliance and respond to events.

*Safety:* This position is the Agency-wide safety warden. Responsibilities include developing training, written safety guidelines and evaluating safety response times/drills. Also to evaluate and recommend alternatives to the safety response plan, and evaluate OSHA compliance and respond to events.

*Logistics:* This position is responsible for maintaining and updating the Agency's OfficeSpace software. OfficeSpace is a comprehensive, intuitive space and move management system that helps us effectively manage everything from day-to-day employee relocations to large-scale organizational moves.

*Continuity of Operations Plan (disasters/emergencies):* This position serves as the Chief of the Operations Section and will oversee staff who verify that the alternate site has connectivity for various methods of media (Internet, Phones). This position will acquire supplies as needed and develop and maintain a 'go kit' for the section.

### ***Finance & Administration – Configuration Analyst III***

The Performance, Innovation & Excellence Section of Finance & Administration at VTrans is strategically transitioning VTrans to embrace organizational performance management. One aspect of this transition is the implementation of business process management to effectively target, plan and deliver better performing business processes. A prerequisite for this endeavor is to build sufficient capacity within the section. Presently, the Configuration Analyst position is the first full time resource to begin building that capacity. This position will enable VTrans to begin developing the in-house expertise to design and develop the process management applications which are foundational to the strategic effort and to transition away from vendor supported development professional services which have significantly higher labor costs.

### ***Finance & Administration – Legal – Policy & Hearings Examiner***

The only Policy & Hearings Examiner at VTrans (including the Department of Motor Vehicles)

is retiring under the incentive program and will leave State service at the end of February 2016.

The requirement to provide administrative hearings derives from particular statutes and/or constitutional due process. Most VTrans/DMV hearing decisions are subject to "on the record" judicial review in Superior Court. (An exception is that disputes over 19 V.S.A. § 1111 highway access permits are subject to intermediate review by the Transportation Board, before moving on to judicial review.) To withstand judicial review, it is critical for VTrans/DMV hearing decisions to reflect development of a thorough administrative record, a fair hearing process, and clearly stated findings of fact and conclusions of law. Even for someone with legal training, there is a need to develop a solid working familiarity with DMV's venerable computer system and the arcane codes used in DMV.

Here is a summary of the work performed by the position during calendar year 2014:

- 487 hearing requests received;
- 378 hearings actually held; and
- 250 hearing decisions issued

The duties include the following:

- **Motor Vehicle Hearings:** Under a general delegation of authority from the Commissioner of Motor Vehicles (see 23 V. S.A. §§ 105-107), conduct administrative hearings on variety of DMV issues; including: Operator license suspensions, recalls, and refusals; Commercial Driver License (CDL) disqualifications; "Total abstinence" reinstatements, after at least three years of total sobriety, for persons under lifetime suspension following conviction for drunk driving, third or subsequent offense; Restoration of lifetime suspensions for persons previously reinstated under "total abstinence" who are alleged to have violated the conditions of reinstatement; Ignition Interlock Device (IID) program compliance disputes; Operator re-examination orders (most of these involve elderly drivers whose capacity to continue driving is questioned by law enforcement, medical professionals, or family members); Physical disability suspensions; Licensing of new and used vehicle dealerships; Licensing of official Vermont inspection stations; Motor Vehicle Purchase & Use Tax disputes; and Fuel tax assessments.
- **Minor Alteration Condemnation Hearings:** Under delegations of authority from the Secretary of Transportation (see 19 V.S.A. § 7a), the position conducts condemnation hearings



for projects involving minor alterations to existing facilities (see 19 V.S.A. §§ 518 and 923). Use of the "minor alteration" procedure is critical to VTrans' timely acquisition of needed land and rights for bridge replacement and other projects involving less than 10 acres. Most contemporary VTrans projects are small enough to qualify for the "minor alteration" procedure.

- Access Disputes: Under a general delegation of authority from the Secretary of Transportation (see 19 V.S.A. § 7a), Richard conducts administrative hearings when landowners abutting state highways complain that VTrans has improperly denied their applications for 19 V.S.A. § 1111 access permits or attached burdensome conditions to such permits. Because abutting landowners along state highways (other than limited-access facilities) have a constitutional and statutory right to "reasonable access" with review by the Transportation Board and the judicial system, it's critical for VTrans to carefully consider all points of view before taking final administrative action in access disputes.

#### ***Highways – Maintenance and Operations – AOT Technician V***

The newly formed Transportation Systems Management and Operations Section (TSMO) is in the process of expanding its role in the Agency, with the vision of "Getting you there - safely and on time". All hands on deck are needed as this new section is built and moves forward.

The Traffic Investigations unit is made up of four regional traffic investigators, and one pavement markings specialist. This particular position is the Traffic Investigator for the Northeast Region. The four Traffic Investigators are responsible for all signs on state highways within their region (there are approximately 70,000 state-owned signs maintained by VTrans). Each regional traffic investigator completes 40-50 traffic investigations per year (ranging from requests for school bus stop ahead signs and hidden drive signs to in-depth safety reviews at problem locations), reviews all project plans within their region (about 50 plan sets per region annually, including both Agency projects and developer plans for 19 V.S.A. Section 1111 permits), assists with the design for 30-40 miles of sign projects annually, and conducts engineering studies for speed limit requests and other Traffic Committee actions. Each regional traffic investigator works closely with the district staff in their region and provides essential technical assistance to municipal administrators and regional planning commissions.

Other options have been explored to determine if the work completed by this position can be distributed to others in TSMO, or given to consultants. It's been determined that others in the Traffic Investigations unit (or all of TSMO for that matter) cannot take on the additional tasks that this position requires. Given the regional organization structure of the traffic investigators (which dictates their work distribution), as well as the huge variety and type of work they complete, using consultant services to cover the northeast region would be extremely inefficient and would not be a cost effective way to get the needed work done in the northeast. Also, using consultant services, TSMO would no longer maintain the critical working relationships with partners in the northeast -these relationships are a very important part of the work, and having consistency and a single point of contact is a major benefit to having the investigators mirror the Agency's regional organization. And finally, a substantial amount of the traffic investigators' work requires a quick response -consultants can't provide this type of service on a day-to-day basis.

#### ***Highways – Maintenance and Operations – AOT Technician VI***

When the Transportation Systems Management and Operations Section (TSMO) was formed, it was determined that part of TSMO's mission is to maintain the mobility and safety of the travelling public through signalized intersections on Vermont State highways and multi-jurisdiction coordinated signal systems. TSMO currently has a Traffic Signal Operations Unit, staffed with one position (the Traffic Signal Operations Engineer) who, among other things, is solely responsible for the operation of 154 state owned traffic signals. This is too much for only one position, and this unit is struggling. The major tasks the unit is responsible for includes the following:

- Daily monitoring major signalized corridors
- Responding to signal complaints
- Optimizing traffic signal timings
- Developing and updating a traffic signal inventory
- Developing and reporting traffic signal performance measures
- Completing traffic signal equipment maintenance and field operations tasks
- Performing traffic signal equipment final inspections.

Completing these major tasks requires a significant effort -an effort that's too great for only one position to handle.

In order to continue expanding TSMO's role in the Agency, and in order to bring success to traffic signal initiatives at VTrans, TSMO would like to allocate an AOT Technician VI pilot position to the Traffic Signal Operations Unit. This position would directly report to the Traffic Signal Operations Engineer, and would help with all of the major tasks listed above. Currently, of the tasks listed above, the Traffic Signal Operations Unit has only been able to, on a very limited basis, respond to signal complaints, improve the traffic signal inventory, and help with the signal timing optimization of a miniscule fraction of the 154 state owned traffic signals. An additional Technician VI position will expand the unit's ability to complete the much needed and very basic major tasks listed above. This Technician VI position will also provide depth in a highly technical unit that currently has none. Immediate, tangible benefits will be seen by the traveling public if this position is added to the TSMO team. For example, nationwide data indicates that traffic signal timing improvements yields a benefit/cost ratio of 60 to 1, meaning that for every dollar spent retiming signals, the savings in vehicle delay alone has a benefit of 60 times that for just the first year. Because Vermont's retiming initiatives have not gotten much attention over the years, Vermont's cost/benefit ratio will be even greater than this. This additional signal position would also be paramount in helping with the task of connecting Vermont's signals to the Traffic Operations Center (TOC). Signal connectivity, which the Agency currently doesn't have, is crucial for quick and effective responses from TSMO when signal issues arise or when planned and unplanned events occur affecting the highway system.

This position is essential for success in the Traffic Signal Operations Unit and its service to the public. TSMO has looked into other means of getting this work done, including using existing, already filled TSMO positions and cross training them, or utilizing consultant services. Because of the lack of excess capacity in other TSMO positions, the highly technical nature of the work, and the fact that the technology is rapidly advancing (on a monthly basis in some cases), it's not possible to cross train others within TSMO to backfill this need. Consultant services are also not a viable alternative to fill this void, for multiple reasons:

1. Ensuring efficiency in the operation of traffic signals is a daily job, requiring tremendous flexibility in staff's day to day schedules.
2. With traffic signals in Vermont achieving connectivity to the TOC, staff needs to physically be at the VTrans facility every day.
3. If consultants were used, they would have to be local in order to respond to issues at a moment's notice. Vermont's consultant community currently does not have the expertise to respond to operational traffic signal issues, or possess the know-how on the majority of the major tasks the Traffic Signal Operations Unit is responsible for.
4. It would be extremely inefficient and would not be cost effective to hire a consultant to learn the major tasks listed above, require them to work out of the VTrans facility, and then to retain flexibility to respond to operational traffic signal issues in short order.

The future of transportation in Vermont will not be a focus on new and wider roads. The future of transportation in Vermont lies within the existing transportation network, and the operational efficiency and safety of that network. Traffic signals, and how well they perform, are a vital link in Vermont's existing transportation system, and this position is critical in order for the Agency to serve the public and help get travelers to their destinations safely and efficiently.

#### ***Highways – Construction & Materials – AOT Manager II***

The Soils & Foundations Engineer is the subject matter expert for VTrans and the manager of a large unit. The unit is comprised of the drillers, the geotechnical engineering team, the aggregate lab technicians and the geologist; a full time staff of twelve.

The duties of the position are as follows:

1. Manage the operation of the Soils and Foundations Section including provision of resources and leadership of personnel.
2. Manage the subsurface exploration planning for all Agency projects. Interact with other Agency divisions and consultant engineers. Delegate projects of appropriate complexity to subordinate staff. Review and occasionally prepare soils and foundations reports for all Agency projects.

3. Provide professional engineering expertise on geotechnical problems through evaluation and recommendation for foundation problems pertaining to the construction of new, rehabilitation of existing Agency facilities and emergent problems. Work may involve the evaluation of similar problems for towns, municipalities and other State and Federal agencies.
4. Keep updated on all appropriate standard procedures for field and laboratory testing of soils. Provide primary laboratory management supervision for labs reporting to the Soils and Foundations Engineer.
5. In cooperation with the Quality Engineer assure that laboratory accreditation criteria are fulfilled in a satisfactory manner. Identify emergent areas for quality improvement such as certification or qualification programs including NETTCP are considered by the Agency.

This position oversees the soils and foundation operations for VTrans; this is a mission critical function to support the design and construction program. Without such a position the three teams have no leadership from a supervisory and technical perspective. In addition, this position provides the quality control for all consultant derived foundation reports; this function alone saves the State an enormous amount of money with cost effective designs and solutions. There are no alternatives for this team to function and provide the services required without its leader.

### ***Highways – Construction & Materials – AOT Technician II***

The retirement of VTrans' Aggregate Lab Technician, and the inability to fill the position has created a significant problem. It is a requirement of our AASHTO AMRL accreditation to have a properly credentialed technician operating the laboratory. Without this person, we will not be accredited to perform aggregate testing. This lab performs all the aggregate testing for VTrans; this means that all aggregate samples generated by the boring crews will not be tested and classified, which in turns means that the boring logs can't be generated and without boring logs, the geotechnical engineers cannot prepare foundations report for structures projects or for reclaim projects. Essentially this can shut down a major portion of our operations. The two options (assuming there are no vacancies to be had) consist of stealing a staff member from the boring crew (one of the driller does have some of the credentials) or using private sector labs for the testing. The boring crews are down to a minimum number of employees and taking one



driller away cuts our production in half; we lose one of two crews if we re-purpose one position. The private sector labs charge by each individual test performed and the sheer volume of tests run on a daily basis make this a very expensive option. Failure to fill this position will have a significant financial impact on VTrans.

#### ***Highways – Construction & Materials – AOT Geologist***

This position is a one of a kind position at VTrans; there was only one Geologist on staff and that person retired under the incentive program. The position is tasked with managing the Rockfall Hazard Mitigation Plan. The highway network in Vermont has many significant rock faces that pose tremendous risk to the traveling public. This position monitors these rock faces, prioritizes the necessary work, develops cost effective treatment options and is consulted throughout the construction phase to ensure success of the treatment and validate that the scope of the repairs is achieving the desired outcome.

The recent events with the Amtrak clearly illustrate the value of having a geologist work for the Agency managing the risk associated with roads and rock faces.

The position has several other important functions such as working with quarry owners that want to supply aggregates for state and private projects. There are important features of aggregates such as the ability to retain its strength under load long term, or not be susceptible to Alkali Silica Reactivity (ASR) and the geologist is the person at VTrans to work with the owners to navigate the approval process.

The geologist also classifies rock samples for deep foundation required by the bridge designers to determine the loads that can be applied for cost effective bridge designs.

#### ***Highways – Construction & Materials – Civil Engineer II – three positions***

This position is a Resident Engineer (RE) overseeing multiple heavy highway construction contracts. There are only 30 such employees in the Bureau that have advanced to the level of Resident Engineer and capable of administering complex construction contracts. Four of the thirty positions have taken the retirement incentive, or 13% of the staff. In any given year there

are approximately 100 active contracts with each RE carrying 3.33 projects; losing these vacancies will increase the workload for the remaining staff to a level of 3.85 contracts per RE. The Federal Highway Administration Code of Federal Regulations requires a State Highway Agency employee to be in charge of the contracts; this work cannot be outsourced. Over the last ten years the size of the construction program at VTrans has more than doubled, from \$90 million in 2006 to \$200 million in 2015. Over the same period of time the number of RE positions has remained essentially flat. The result has been a doubling of consultant inspectors hired to do the work, with payment to consultants in 2006 at \$4.2 million and in 2015 a total of \$9.0 million.

Consultants are no longer used to augment the workforce with the peak demands, but instead have become full time year round employees. The workload is simply more than the current staff can handle and consultants are retained year round to work in the field and then in the office during the off-season to final projects. Our analysis shows that 9 months of consultant salary is equivalent to what VTrans pays its staff over a 12-month period. With the costs almost exclusively charged to federally funded projects it is a sound investment to fill these positions. The replacement of the RE positions is not something that can occur overnight. It takes years of experience to reach the levels necessary to ensure compliance with the contract, safety for the traveling public and the workers, environmental compliance, quality materials, dispute resolution and be the face of the Agency for the community and the public. This business is highly complex and is based on experience and institutional knowledge; a good RE will save the State money by making good decisions and conversely reduce the Agency's exposure to risk. The RE positions are an investment in the future and losing these positions for short term gains is counter to our goals as an Agency.

### ***Highways – Office of Highway Safety – Financial Manager II***

On April 5, 2015, the Governor's Highway Safety Program (GHSP) transferred to the Agency of Transportation (VTrans) from the Department of Public Safety (DPS). The program brought with it a significant number of educational and enforcement grants, memorandum of understanding (MOU), letters of understanding (LOU) and contracts that GHSP staff is required to plan, program, review, monitor, and reimburse on an annual basis. Each year the National Highway Transportation Safety Administration (NHTSA) provides the GHSP with over 4 million dollars

in new funds. The GHSP currently has approximately 12 million in federal carry-forward funds that have built up over several years.

As a part of this transition, program level staff was transferred from DPS to VTrans, however, the financial management component of the program was not transferred. The GHSP was temporarily provided support through the Grants Unit, which consisted of a Financial Manager III (PG 27), Grants Specialist (PG 22) and a Grants Administrator (PG 21). As of November 2015, support for the GHSP is still supplied by the Grants Unit.

Although the GHSP recently hired a Grants Management Specialist (GMS), a Financial Manager would greatly improve the GHSP's ability to financially manage the approximate 300 grants, LOUs, MOUs and contracts currently associated with the program. It should be noted that NHTSA funding is not managed or run similarly to FHWA funds as it pertains to reporting, regulations, number of funding sources, training of sub-recipients, tracking requirements, monitoring and granting cycle. In fact, the process is much more rigorous. It is necessary for VTrans to have a Financial Manager assigned to the GHSP that is specifically trained and experienced in managing NHTSA funds.

Recently, we met with DPS to evaluate the resources they contributed to the program as well as some of the related programmatic shortfalls. This was done to ensure we learn from our past mistakes and take the appropriate steps to prevent repeating history. In addition, NHTSA had conducted the 2015 Management Review of the program and cited staffing as a Management Consideration. Now that the GHSP is at VTrans and we have had the opportunity to assess the staffing needs of the program, it is clear that the success of this program is contingent upon financial management.

Another consideration cited by the Management Review team was the need for the GHSP to increase liquidation among its grants and to better utilize the high carry-forward funds. The workload to accomplish this goal will significantly affect the GHSP staff time and their ability to effectively monitor grant recipients and oversee individual programs. This will substantially increase the amount of work for each program and financial staff member. GHSP staff already

faces a challenge to carry out their everyday finance and programmatic requirements, as evidenced by the high carry-forward amounts. NHTSA recently wrote on the subject of financial planning and obligation for the high amount of carryforward funds: "This has been a continual practice of the GHSP for the past several years and is indicative of poor planning and grants management."

With the current number of staff overseeing the high volume of GHSP grants, LOUs, MOUs and contracts, the Management Review team also cited other Management Considerations that were symptomatic of insufficient staffing. Those considerations included monitoring and tracking of equipment, providing an evaluation mechanism for sub-recipient applications, program monitoring and addressing low performing sub-recipients. The 2015 Management Review and assessing the programs history at DPS should be sufficient to support a Financial Management position in order to provide general administrative supervision and financial support.

Furthermore, The Governor's Highway Safety Association (GHSA) provides a list of model job descriptions for states to refer to as best practices. The VTrans position of Financial Manager II is representative of the GHSA's Financial Manager/Accountant.

As mentioned above, the GHSA's is new to VTrans. In the past six months the program has seen a great deal of change to include all new staff. The addition of a Financial Manager is an essential part in providing more effective financial support to the GHSA. This position will provide depth in funds and match requirement tracking and will provide added knowledge of state and federal regulations. Furthermore, this position will be an essential part of managing the approximate 12 million dollars in carryforward funds, as well as ensuring future funds are properly allocated. It is expected that this position will be self-supporting through its federal allocations, and will gain experience and knowledge becoming a great asset to the GHSP and the Highway Division within the Agency of Transportation.

#### ***Highways – Project Delivery Bureau – Right of Way Agent IV***

This position is the lead in the Documents Unit. The Documents Unit is responsible for producing all legal documents to transfer property to the State via negotiations or condemnation.

This position is also the lead Relocation Officer and works with other less experienced relocation officers to administer the Federal Highway Administration funded relocation program, which helps individuals or businesses that are displaced from their property either permanently or temporarily due to a transportation improvement project.

The Documents Unit receives projects from six Plans and Title Agents and is currently working on several large high priority projects including: Cabot-Danville Route 2 reconstruction project, Waterbury Route 2/Main Street reconstruction project and Colchester Route 2A/7 reconstruction project to name a few. The Waterbury Main Street project alone has 118 impacted property owners. We haven't seen a single project impact that many property owners in decades. There are also countless smaller projects working their way through the Right of Way acquisition process and the Documents Unit. The Documents Unit is on the critical path to complete the right of way acquisition process and deliver transportation infrastructure projects. This position also works with and coordinates the condemnation process with the Attorney General's Office.

The majority of this position's work is supported with federal funds and works to deliver transportation infrastructure projects as well as support the management of Transportation property.

***Highways – Project Delivery Bureau – Hydraulics – Civil Engineer VI***

This position will work in the Hydraulics Unit and would come in as entry level and be trained to pick up the workload of hydraulics analysis that was formerly conducted by a retiree. The Hydraulics Unit is responsible for determining the size and foundation depth requirements for bridge and large culverts so they can pass and withstand floods and high water events safely. These calculations are also now very important in determining the impacts of our projects on floodplains and floodways as these are now permitted impacts. In addition, the Hydraulics Unit also provides services to municipalities for sizing culverts on local roads. Properly sized culverts are important local roads performance in storm events to resist being overtopped or lost due to erosion.

Climate change has led to increased concern about the resiliency preparedness. As part of the training of our in-house engineers they learn how the design and detail choice affects the



resilience of bridges to events, such as flooding, scour and seismic. It is important that we retain resilience considerations as a core competency in-house. Having a well-trained in-house engineer will improve our ability to also respond and recover from an event that damages the network improving our resilience.

**Efficiencies:** A big part of efficiency in the Structures Section is looking for standardization of process and details for what we do. It is important to find the right balance between innovation and standardization to get the best value for what we do. That balance is best achieved when we have employees who have the knowledge and core competency in the subject matter to determine when it is appropriate to innovate. Consultants are not well suited to help VTrans standardize. We need well trained in-house engineers to lead those efforts. As this pilot position is trained they will be working with others to develop standards that will make all projects more efficient. In addition, VTrans relies on a project development process that is defined for conventional projects. We need more VTrans engineers that understand the process so they can lead projects efficiently in the future.

**Cost Savings:** The pilot position is an entry level engineer that will be trained to do the hydraulic analysis for bridge projects as described above. Consultants can help fill the gap in the short term, but the costs of doing this work with consultants will result in increased project costs and may result in new costs to municipalities for the work that we now provide for free. It is anticipated that as the engineer's competence increases he/she will take on a larger role which will reduce our overall dependence on design consultants.

### ***Highways – Project Delivery Bureau – Structures – Civil Engineer I***

This position will work in the Accelerated Bridge Program (ABP) in-house design squad. The ABP is a very successful program that is identifying efficiencies in the delivery of bridge projects using innovation and accelerated bridge construction. We also use consultants for designing these projects but we have seen that innovation and ABC is best lead by VTrans engineers.

What we are doing at VTrans in the area of expediting project delivery and accelerating bridge construction is at the very cutting edge in the United States. We are spending time training consultants about what we want and losing a lot of efficiency and quality. This position will

allow us to train an entry level engineer on how we want things done.

Hiring entry level engineers is important for succession planning and to retain core competency in the specialized area of bridge engineering. The goal in Structures is to complete 50% of the project design in-house and maintaining the ABP squad at the current level is important to staying at that level. With the proper training and mentoring they will be able to fill the future need for bridge engineers as many in the work force at VTrans reach the retirement age.

Efficiencies: A big part of the ABP is looking for ways to standardize the design methods and details. Consultants are not well suited to help VTrans standardize. We need well trained in-house engineers to lead those efforts. As this position is trained they will be working with others to develop standards that will make all projects more efficient. In addition, VTrans relies on a project development process that is defined for conventional projects. The accelerated bridge program is looking for innovative ways to streamline the process to deliver projects more efficiently. We need more VTrans engineers that understand the process so they can lead projects efficiently in the future.

Increased State or Federal Funds: The ABP has been very successful in delivering projects that maximize the use of all available federal and state funds. The ABP is a model that can and has responded to emergency relief funds (ER projects). Having an additional in-house engineer in the ABP will improve our ability to deliver future ER projects. In addition, the ABP is striving to be innovative and this innovation has led to increased federal funding as allowed in MAP21.

Innovation sometimes requires an upfront investment of time and it is best lead by in-house engineers, and as such we anticipate that this position will allow us to consider and implement more innovation in the future to increase federal participation on projects.

Resilience Preparedness: All of the bridge replacement projects that we develop consider the effect on the resilience of the transportation network. As part of the training of our in-house engineers they learn how the design and detail choice affects the resilience of bridges to events, such as flooding, scour and seismic. It is important that we retain resilience considerations as a core competency in-house. Having a well-trained in-house bridge engineer will improve our ability to also respond and recover from an event that damages the network improving our

resilience:

Cost Savings: The pilot position will be an entry level engineer and will enter on the lower part of the learning curve for bridge design and detailing. It is anticipated that as the incumbent level of competence increases they will take a larger role in designing ABP projects in-house which will reduce overall our dependence on design consultants. The cost data on recent projects shows that on average it costs less to design ABP projects in-house rather than use consultants. Within 12 months it is anticipated that the Pilot position will be equivalent to a consultant designer and the additional capacity will allow more designs to be completed in house.

***Highways – Director's Office – Civil Engineer I – two positions***

The vast majority of engineers employed by the State of Vermont, are within the Agency of Transportation. Once an engineer joins the organization it is our intention to educate, train, and retain staff in the art of transportation engineering. We are fortunate to have had success and benefit from some very long-term employees. The challenge now, however, in the current highly competitive and compensated environment, is to attract and retain new engineers, from the onset. Several years ago a training platform within the Highway Division was designed with the intent of rotating newly hired engineers through several of the disciplines within the Agency, including the right of way process, design, structures, construction and more, all in an effort to expose the employee to different parts of the organization. The course criteria for the three-year commitment were reviewed and renewed in 2013, unfortunately, due to ever increasing demands utilization of the Rotational Engineer program remains stagnant.

These two new Civil Engineer I positions will reinstate the Rotational Engineer Program and help to prepare and provide junior staff as a resource to all sections within the Highway Division.

As staff resources dwindle over the next few years as a result of staffing cuts, reorganizations and attrition, we as an organization will be better positioned with trained staff to continue program continuity and succession planning.

We anticipate a significant increase in federal funding for highway infrastructure improvements over the next five-years, pursuant to the FAST Act of 2015. With the increase in funding comes additional workload to produce projects to expend these funds. These positions will reduce the

need to rely on consultants for this increased production need. In addition, the cost of utilizing in-house staff far outweighs the cost of using consultant staff.

***Highways – Project Delivery Bureau - Highway Safety & Design – AOT Technician VI***

The position will be housed within the Highway Safety & Design Section, with the primary work station in Montpelier, VT. In general terms an AOT Technician VI within the Agency of Transportation performs advanced administrative and consultative work with a high degree of independence. However, this does not adequately capture the complexity of their associated roles and responsibilities in delivering quality transportation projects. The following outlines four key job duties and corresponding expectations:

**STANDARDS PREPARATION AND QUALITY CONTROL** - VTrans currently maintains numerous Standard Drawings and among these Standard Drawings are the Traffic Standard Drawings which includes traffic and safety details pertinent to most of VTrans' construction projects. Due to these Standard Drawings not being consistently maintained over the years, many of them are now out of date or obsolete. These Standard Drawings, being out of date, in turn adds more work onto designers (to be aware of this and to account for it with additional details in the plans also possibly omitting pertinent information which is required by construction personnel). This position's duties consist of researching, drafting and reviewing these Standard Drawings to be submitted to the VTrans Standards Committee and continuously working on updating these Standard Drawings.

**PROJECT REVIEW** - Currently the Highway Safety and Design Section performs thorough review of their projects at each stage of a project's development. While there is dedicated staff for this duty, we are preparing to enter a time where Highway Safety & Design review needs will be increasing as projects are being prepared for the 2016 construction season. This position is responsible for completing thorough project reviews and providing input and feedback that contributes to a quality project and product.

**PROJECT TRANSFERS** - VTrans contracts with numerous consultants to produce the project plans, special provisions and estimates for many of their construction projects. The file sizes are of large enough size where standard submittal procedures are not applicable. VTrans utilizes an FTP server for these to files to be submitted. The FTP server is a secure site with limited access

to ensure the files are not altered. This position's duties consist of processing these files including downloading, virus scanning, reviewing for proper naming, and transferring into write protected folders for future use by VTrans. Proper file organization is integral in allowing users easy access to the documents.

PROJECT DESIGN - This position also provides design support and plan development functions. While this position is not specifically tied to a design team, they are required to participate in these duties as project or production needs arise. This is a benefit to the Section as a whole, and also to the specific functions of the Technical Development Unit.

This position directly participates in the delivery of transportation related projects (ensuring quality and consistency), which are defined to improve the safety and mobility of roadway users and improve and/or preserve infrastructure and asset condition. These responsibilities directly contribute to our Agency's success in meeting our strategic goals.

Projects identified and defined by Highway Safety & Design have a defined need and primarily serve to improve deficiencies associated with safety, geometrics, mobility/capacity, and asset/infrastructure. Furthermore, these projects are designed to comply with current standards and practices, and are designed considering resiliency (such as culvert replacement, slope stabilization, access considerations, etc.). These projects also complete an environmental assessment, and all necessary environmental permits are obtained. This position is responsible for developing and maintaining Standard Drawings that are utilized in these project designs, participating in project reviews which intend to ensure a quality project and estimate, and also to complete design tasks on these projects as Section needs require.

The Highway Safety & Design Section advertises approximately forty to fifty projects annually, for construction. These projects, in combination with additional projects under development, expend approximately \$160 million per fiscal year (preliminary engineering, right-of-way, and construction expenditures). This workload and level of investment is significant, and is critical to meeting the Agency's mission, vision, strategic goals, as well as our customer's expectations. The AOT Technician VI position can be defined as a production quality driven position, and is important to the successful delivery (specifically quality and consistency) of the Highway Safety



& Design programs.

Failure to fill this position would likely result in a mid to long term impact of our ability to deliver to our customers. It is important to have an individual in this position long term, who is entrenched in VTrans processes and procedures, and can grow and adapt to any changes within our organization. Consultant usage on the whole has increased in recent years, and it is critical for VTrans to maintain core competency to have a trained staff with the ability to perform the work, manage consultants, adapt to retirements and turnover, and perform proper asset management.

VT Agency of Transportation  
Pilot Position Request Summary  
December 2015

position request #	Organization Name	Section where assigned	Position Classification Title	PG	Job Code	DeptID
1	Dept. of Motor Vehicles	Enforcement and Safety	Motor Vehicle Field Inspector	22	634700	8100002100
2	Transportation - central garage	Maintenance & Operations Bureau - Central Garage	Financial Specialist I	17	089020	8110000200
3	Transportation - finance and administration	Budget and Financial Operations - Budget Office	Financial Director III	30	089150	8100000100
4	Transportation - finance and administration	Budget and Financial Operations - Accounting	Financial Specialist II	19	089030	8100000100
5	Transportation - finance and administration	Budget and Financial Operations - Internal Services	Administrative Services Coordinator IV	24	089250	8100000100
6	Transportation - finance and administration	Performance, Innovation, Excellence	Configuration Analyst III	26	009500	8100000100
7	Transportation - finance and administration	Legal - Policy & Hearings	AOT Policy and Hearings Examiner	25	089900	8100000100
8	Transportation - maintenance	Maintenance & Operations Bureau - Technical Services	AOT Technician V	22	127700	8100002000
9	Transportation - maintenance	Maintenance & Operations Bureau - Technical Services	AOT Technician VI	23	127800	8100002000
10	Transportation - program development	Construction & Materials Bureau - Lab	AOT Manager II	27	147300	8100001100
11	Transportation - program development	Construction & Materials Bureau - Lab	AOT Technician II	18	127400	8100001100
12	Transportation - program development	Construction & Materials Bureau - Lab	AOT Geologist	25	140500	8100001100
13	Transportation - program development	Construction & Materials - Construction	Civil Engineer II	20	128000	8100001100
14	Transportation - program development	Construction & Materials - Construction	Civil Engineer II	20	128000	8100001100
15	Transportation - program development	Construction & Materials - Construction	Civil Engineer II	20	128000	8100001100
16	Transportation - program development	Office of Highway Safety - GHSP	Financial Manager II	26	089090	8100001100
17	Transportation - program development	Project Delivery Bureau - Right of Way	ROW Agent IV	23	067700	8100001100
18	Transportation - program development	Project Delivery Bureau - Hydraulics	Civil Engineer VI	25	128400	8100001100
19	Transportation - program development	Project Delivery Bureau - Structures	Civil Engineer I	18	127900	8100001100
20	Transportation - program development	Office of the Director - Rotational	Civil Engineer I	18	127900	8100001100
21	Transportation - program development	Office of the Director - Rotational	Civil Engineer I	18	127900	8100001100
22	Transportation - program development	Project Delivery Bureau - Highway Safety & Design	AOT Technician VI	23	127800	8100001100



**State of Vermont  
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*Agency of Administration*

**TO:** Joint Fiscal Committee  
Government Accountability Committee  
House Committee on Government Operations  
Senate Committee on Government Operations

**FROM:** Maribeth Spellman, Commissioner 

**DATE:** December 29, 2015

**SUBJECT:** Position Pilot Program

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In accordance with Act 179, Sec. E.100(d), Secretary of Administration Justin Johnson has approved the attached position pilot request from the Agency of Transportation (VTrans).

The written description required by Act 179, Sec. E.100(d)(4), including the method for evaluating the cost-effectiveness of the positions, as provided by VTrans, is attached for your information.

The Department of Human Resources fully supports this request and we believe the request is an appropriate use of the Position Pilot, and is consistent with the goal of maximizing resources to provide the greatest benefit to Vermont taxpayers.

VTrans is proposing 22 positions. Short and long term funding is available for these positions. VTrans will achieve cost savings by reducing consultant costs and hiring additional staff to perform those activities and otherwise support VTrans' vision of a safe, reliable and multimodal transportation system that promotes Vermont's quality of life and economic wellbeing. VTrans annually spends tens of millions on consultants, and many of these positions will contribute toward reducing those costs. Without these additional positions, VTrans would see increased consultant and overtime costs, especially in light of recent increases in federal funding Vermont will receive over the next five years due to the passage of federal transportation authorization - Fixing America's Surface Transportation, or FAST Act.

In addition to cost savings, and equally important, the new positions will assist VTrans with advancing their strategic plan goals, improving outcomes for the travelling public, and achieving efficiencies in the Agency.

Any questions should be directed to Molly Paulger at 828-3517.

c: Secretary Johnson  
Secretary Cole  
M. Paulger



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*Justin Johnson, Secretary*

## MEMORANDUM

TO: Chris Cole, Secretary, Agency of Transportation  
FROM: Justin Johnson, Secretary, Agency of Administration  
DATE: December 15, 2015  
RE: Position Pilot Request dated November 18, 2015

In accordance with Act 179, Sec. E.100(d), I am approving your position pilot request with the following modifications. You are authorized to create 22 positions. Given that your initial request was for 30 positions, please resubmit your request identifying the 22 positions to be created and providing a written description required by Act 179, Sec. E.100(d)(4), including the method for evaluating the cost-effectiveness of the positions. Upon receipt the Department of Human Resources will provide the appropriate notice to the Legislature.

## VTRANS POSITION PILOT REQUEST

### JUSTIFICATIONS FOR NEW POSITIONS

#### 1. Cost Savings

The primary benefit of adding these new positions is to achieve cost savings by reducing our consultant costs. VTrans estimates that consultants cost 25% more than state employees for the same service, and we are confident that we can achieve savings in this area. Adding technical staff will help VTrans to manage its current workload more efficiently and effectively at a lower cost. Predicting the exact cost savings is difficult given that projects and consultant deployment changes from year to year.

#### 2. Achievement of our Strategic Plan Goals

Collectively, this investment in new employees will help us to achieve the top goals of our strategic plan, as follows.

- Provide a safe and resilient transportation system - safety to the travelling public will be improved through additional Maintenance District staffing. In addition, depth of bench for overall emergency response and recovery will be improved.
- Preserve, maintain and operate the transportation system in a cost effective manner - reduction in consultant costs, improvement of oversight and better maintenance and operations on the highway system. Additional financial and administrative staff will help manage our money and business processes more effectively, and help to minimize the potential for costly audit findings.
- Cultivate and continually pursue innovation, excellence and quality customer service - greater opportunities for innovation, and better customer service from people employed, trained and inculcated in VTrans missions, values and goals.
- Develop a work force to meet the strategic needs of the Agency - Succession Planning. - 18% of our workforce will be eligible for retirement at the end of 2015 and by 2023 that grows to 45%. New staff allows for better transfer of



information, skills and knowledge. In each of the areas of new staff investment, we anticipate staff turn-over that must be managed proactively. VTrans lost numerous key staff to the retirement incentive. Not filling some of these key positions jeopardizes our ability to fulfill our mission and obligation to the State. VTrans understands that evaluating cost effectiveness is a requirement for the position pilot program. It is difficult to evaluate some specific positions' cost effectiveness. VTrans considers all of these pilot positions as mission critical, and thus cost effectiveness must be considered in the context of the entire Agency – not position by position. While engineering positions may be the easiest positions to cost justify on the basis of consultant cost comparisons, the Agency needs more than just engineers to fulfill our mission. Thus this pilot request includes several non-technical titles. Not filling all of the position titles in this pilot position request would require a significant increase in the use of consultants to perform the work of the Agency. It likely would require the use of consultants in areas that traditionally have not utilized consultants – finance for example. This too would result in increased cost to the Agency, and increased costs inevitably result in fewer improvements to the transportation system, where the rubber hits the road.

### 3. Financial Savings and Efficiency

- Oversight of consultants. The overhead to procure, execute, administer, issue work orders, process payments, validate work completed, and close out contracts adds both time and money. The amount of money is estimated to be in the tens of thousands of dollars annually. Further analysis of savings will be performed during the pilot with tracking tools being implemented along the way.
- More efficient processes mean greater capacity to get more work done with the same number of people. Industry standards estimate a 20 - 25 percent reduction in staff costs by engaging in process improvement activities. Early estimates in the Right of Way Process improvements indicate the potential of savings over a million dollars in staff costs in 3 years.
- Reduced overtime.

4. Increased federal funds
  - Agency-wide: The passage of the FAST Act will result in an estimated 10 percent increase in Federal Highway and Transit funds for Vermont and VTrans continues to bring in additional funding in discretionary grants. VTrans needs to be staffed to support this increased funding and deliver the results efficiently and effectively for Vermonters.
5. Resilience - ability to respond to crises for less cost and without delaying planned projects
  - Highway – Tropical Storm Irene taught us how critically important it is for the Agency to be nimble and staffed at a capacity that allows a migration of available staff to deploy to an incident at a moment's notice. In order for the State of Vermont to remain resilient we need an adequately populated, trained, and experienced bench to pull from.

#### POSITION DETAIL

##### ***DMV – Motor Vehicle Field Inspector***

Field Investigators are civilian investigators that make up half of the non-supervisory personnel assigned to DMV's Criminal & Regulatory Investigations Unit within the Enforcement & Safety Division. The other half are sworn law enforcement officers. A Field Investigator's primary duties are to license, monitor and enforce the regulations pertaining to Vermont State Inspection Stations, New & Used Motor Vehicle, Boat, ATV, Motorcycle, Trailer, Transporter and Heavy Equipment Dealers. Each Field Investigator is responsible for supervising approximately 200 businesses that fall under the regulations. This position is geographically assigned. Field Investigators work from a home office and significant travel is required in order for them to perform their assigned duties. In addition to the duties affiliated with Inspection Stations and Dealers, Field Investigators also investigate total abstinence applicants for license reinstatement after multiple DUI convictions, credential new inspection mechanics through the OMV technical school credentialing program, assist with motor vehicle death investigations involving automotive equipment failure and provide assistance to members of the public, other

- governmental entities and law enforcement personnel with matters pertaining to OMV documentation. The vacant position is located in Southeast Vermont (Brattleboro). There were over 500 incidents assigned to the last incumbent from January 1, 2013 to Sept 30, 2015.

There is a real need for a Field Investigator to conduct regulatory investigations in Southeast Vermont. At this time, investigators from other geographic areas are assuming the additional workload handled previously by the former incumbent. This is impacting caseloads for these investigators due to increased travel and case assignments. In some cases, half a workday can be spent on travel to Southeast Vermont from Northeastern and Central Vermont in order to interview witnesses, examine and collect evidence, conduct required audits and ancillary administrative duties. These additional demands will be difficult to sustain long term without a review of current services handled by investigators to determine whether some investigative or administrative duties can be dropped or curtailed. In the past few weeks since the incumbent for this position retired, investigators have been redirected from the Rutland and Springfield areas to conduct investigations; i.e. - to examine vehicles, interview witnesses and conduct mandated audits. Vehicle equipment examinations, as they relate to faulty inspections by inspection mechanics have come to the forefront of the unit. Recently, an inspection mechanic was indicted and charged with involuntary manslaughter and reckless endangerment for passing a vehicle during an inspection with faulty brake lines and a rotted frame. The death was a direct result of a faulty vehicle safety inspection. Last year, an illegal car dealer was charged with reckless endangerment for jury-rigging a vehicle's throttle with a coat hanger in an effort to sell a vehicle and affixed to the vehicle was a stolen inspection sticker. These types of investigations are of great importance to the motoring public and examinations by our Field Investigators are critical to this part of the mission.

With the retirement of the former incumbent, staff has frequently needed to be deployed to Southeast Vermont area to meet mission requirements. Staff workload in their assigned geographic areas meanwhile continues to increase as a result. There is a concern about accumulated strain on human resources and the need to utilize overtime which prior to the retirement was nearly nonexistent.

### ***Central Garage – Financial Specialist I***

VTrans Central Garage (CG) Financial Specialist I retired under the incentive program. The position is critical to the Central Garage's mission to "keep the trucks running". This is the sole dedicated accounts payable position in the organization, and one of only three financial positions in the Business Office of the CG.

This position processes virtually all of the parts purchases made by 45 Mechanics, Technicians, and Part Specialists throughout the state servicing the 650 vehicles that allow the Agency to manage and operate the transportation network, including more than 250 plow trucks and 30 DMV law-enforcement vehicles. Failure to promptly pay these invoices would quickly result in violation of the State's prompt payment requirements, which would limit our ability to buy, which would quickly result in down trucks and immediate impact to the Agency's highest profile activities.

Accounts payable is only one of the functions performed by the CG's Business Office. The other two staff are busy with other duties and in no way could absorb these full-time responsibilities. The CG is its own stand-alone business unit and therefore subject to its own audit requirements. The State's auditors have for several years recognized that the CG's small business unit is only marginally large enough to provide an adequate separation of duties. There is no means to make do with fewer.

### ***Finance & Administration – Financial Director III***

This position is needed because of the significant numbers of positions within Budget and Financial Operations (BFO) that retired or will soon retire. Six employees (14%+ of BFO staff) availed themselves of the retirement incentive. In other agencies, some of these positions would have been selected for refill. At VTrans, the top priority is identified as winter maintenance, and 14 of the 15 positions selected for refill were associated with winter maintenance. This priority made it impossible to refill additional positions needed to fulfill other strategic objectives at VTrans. This is one of several positions that will absorb the duties of the six retiring employees. Without this position, BFO will inevitably need to identify functions that can be contracted to local CPA firms - reconciliations of DMV revenue and STARS to VISION for example. Having

CPA firms perform such work will inevitably translate to greater costs than performing the work with in-house staff. Moreover, the work of CPA consultants will still have to be reviewed by existing staff. In addition, the lack of adequate staffing within BFO will likely lead to increased audit findings and other accounting related errors, which also result in increased costs to VTrans.

This position serves a strategic purpose also, particularly related to succession planning. The position will reside within the Budget Operations section at VTrans. One employee in the section took the retirement incentive, leaving the section with only four employees, plus the CFO. Three of the four employees are already eligible for retirement, and the other soon will be eligible. The section plays a critical role at VTrans and the position is considered strategically important.

Some of duties that are overseen by Budget Operations are as follows:

Development, implementation, and monitoring of VTrans budget; Monitoring transportation revenues and researching observed anomalies and implementing corrections, liaison to Agency of Administration, Dept. of Finance and Management, other State agencies, VT Division FHWA and other federal partners;

Programming/obligating all FHWA funds to projects; creating all capital projects within STARS accounting system; and managing State and Federal cash flow.

### ***Finance & Administration – Financial Specialist II***

This position is needed because of the significant numbers of positions within Budget and Financial Operations (BFO) that retired or will soon retire. Six employees (14%+ of BFO staff) availed themselves of the retirement incentive. In other agencies, some of these positions would have been selected for refill. At VTrans, the top priority is identified as winter maintenance, and 14 of the 15 positions selected for refill were associated with winter maintenance. This priority made it impossible to refill additional positions needed to fulfill other strategic objectives at VTrans. This is one of several positions that will absorb the duties of the six retiring employees. Without this position, BFO will inevitably need to identify functions that can be contracted to local CPA firms - reconciliations of OMV revenue and STARS to VISION for example. Having CPA firms perform such work will inevitably translate to greater costs than performing the work with in-house staff. Moreover, the work of CPA consultants will still have to be reviewed by existing staff. In addition, the lack of adequate staffing within BFO will likely lead to increased

audit findings and other accounting related errors, which also result in increased costs to VTrans. This position is deemed mission critical with the BFO. Several of the duties are listed below:

DMV Revenue reconciliation to include all research and corrections; work with external auditors on DMV revenue; process transfer request from all agency business offices; month end VISION Purchase Order & Requisition reports as well as year-end monitoring for the close out process; annually reviewing and submitting of DMV petty cash to State Finance; work with DMV closely each year to ensure accuracy and compliance with rules; serves as backup for the monthly expenditure/revenue reconciliation between STARS, Interface File, and VISION; assist other units with transfers, STARS questions etc.

#### ***Finance & Administration – Administrative Services Coordinator IV***

This position is needed because of the significant numbers of positions within Budget and Financial Operations (BFO) that retired or will soon retire. Six employees (14%+ of BFO staff) availed themselves of the retirement incentive. In other agencies, some of these positions would have been selected for refill. At VTrans, the top priority is identified as winter maintenance, and 14 of the 15 positions selected for refill were associated with winter maintenance. This priority made it impossible to refill additional positions needed to fulfill other strategic objectives at VTrans. This is one of several positions that will absorb the duties of the six retiring employees. Without this position, BFO will inevitably need to identify functions that can be contracted to local CPA firms - reconciliations of DMV revenue and STARS to VISION for example. Having CPA firms perform such work will inevitably translate to greater costs than performing the work with in-house staff. Moreover, the work of CPA consultants will still have to be reviewed by existing staff. In addition, the lack of adequate staffing within BFO will likely lead to increased audit findings and other accounting related errors, which also result in increased costs to VTrans. This position is deemed mission critical with the BFO. Several of the duties are listed below:

This position will supervise/manage two positions: VTrans Purchasing and Inventory Coordinator - Position number: 860001 PG 20 and a Records Management Technician III - Position number: 860471 PG 18. Incumbent is expected to serve as backup for both positions.

***Security:*** This position is responsible for coordinating and maintaining all security clearances for all employees in the Agency. Examples include approval, assigning clearance levels, dismissals plus maintaining the database daily with security officials at National Life. On the statewide level this position also requires the acquisition of access and state employee



identification for all employees and contractors for the Agency. Coordination is also required with National Life officials and/or State security pertaining to the parking permits required both on campus and statewide. The Secretary of Transportation has also designated this position as the sole designated authority to sign for the Agency in these matters.

*Telecommunications:* This position is responsible for handling all Agency telecommunications connectivity throughout the state. This includes Agency divisions, sections, regional offices and all district offices and garages statewide (50+). This requires training on DII's telecommunication software called "COMPCO" and this position is the VTrans primary user of the Compco Software. This job includes coordinating and managing the telecommunications installation, moves, service calls, and supplies as well as preliminary testing to a jack before requesting service either by doing oneself or overseeing the task.

*Pagers/Cell Phones/iPads:* This position manages the distribution, replacement, inventory, and tracking of all tablets, pagers, basic and smart phones for Finance and Administration and Policy and Planning. This position must ensure the billings are accurate, the most cost effective plans are in place by reviewing usage and billings reports and ensuring all lines are assigned the most cost effective plans but still meeting the needs of our staff, resolve any issues with vendors and/or staff, and track the cell phone numbers and assignees in the asset database.

*Agency Facility Liaison:* All communications between the tenant (VTrans) and the landlord (National Life, BGS or private owners) is handled by this position. This includes but is not limited to telecommunication network requests, security request and their associated clearance levels, work space configurations, cubical moves, data requests, building related issues (plumbing, HVAC, custodial, maintenance), the coordination of events, attending weekly, monthly and quarterly meetings to insure a safe and efficient work place. Training is also required in the use of the "Footprints" software used in these processes. As an extension of the facility liaison function, this position is responsible for the coordination of all facility leases for the Agency statewide. This may include meeting with division directors and managers to coordinate the needs and requirements. Once the needs and requirements have been realized an extensive interaction between various Agencies and Departments and possibly private vendors is required to achieve the goals of the Agency. This position also oversees the facility maintenance agreements on leased properties.

*Account Manager:* This position serves as the account manager for a host of vendors who supply commodities to the Agency. It requires extensive interaction between the Agency's Divisions as well as the liaison with vendor representatives. It also includes the verification of invoices regarding the goods and services received by the Agency.

*Office Equipment Inventory and Maintenance (copiers, printers, scanners):* This position will coordinate all Agency copiers leased or purchased thru BGS, ensure that they are maintained and updated when leases expire, and makes recommendations for upgrades as needed. This involves extensive interaction with state purchasing agents on a routine basis related to the requisition process through VISION. In the past the Agency has been asked to assist BGS Purchasing in interviewing vendors related to their goods and services related to the contract process. This position will continue the collaborative effort. So in a nutshell, track machines within VTrans, verify accuracy of billing, request service/supplies as needed, recommend replacements, and track service contracts.

*Surplus Property:* As the Agency's assets become unusable or obsolete it becomes necessary to dispose of them. This position is tasked with overseeing the coordination and compliance with state guidelines related to their disposal. This is accomplished through both BGS Surplus Property and private vendors. Particular attention needs to be given to the surplus IT equipment that could contain sensitive infrastructure design or financial information. This position is also designated as the Agency contact for the purchase of federal surplus property which is periodically acquired by the State. The position is also the sole designated authority to receive and sign for Federal surplus by the Secretary of Transportation.

*Destruction of Electronics:* This position coordinates the destruction of computer hard drives, iPhones, blackberries and other electronic memory storing devices as well as documents, blueprints, and records. Extensive interaction is required between the Imaging section of the Agency, Information Technology section and the contracted vendor. A clear understanding of state and federal mandates for the destruction of sensitive materials is necessary to accomplish this task.

*Fire Safety:* This position is the lead warden for all fire issues within the National Life campus. Responsibilities include developing written fire guidelines for divisional or section wardens and conducting their follow up training. Coordination with the landlord and local fire department is a

vital component to the success and safety of over 600 VTrans employees at the National Life campus. Incumbent must evaluate response times/drills, evaluate and recommend alternate fire evacuation plans, and evaluate OSHA compliance and respond to events.

*Safety:* This position is the Agency-wide safety warden. Responsibilities include developing training, written safety guidelines and evaluating safety response times/drills. Also to evaluate and recommend alternatives to the safety response plan, and evaluate OSHA compliance and respond to events.

*Logistics:* This position is responsible for maintaining and updating the Agency's OfficeSpace software. OfficeSpace is a comprehensive, intuitive space and move management system that helps us effectively manage everything from day-to-day employee relocations to large-scale organizational moves.

*Continuity of Operations Plan (disasters/emergencies):* This position serves as the Chief of the Operations Section and will oversee staff who verify that the alternate site has connectivity for various methods of media (Internet, Phones). This position will acquire supplies as needed and develop and maintain a 'go kit' for the section.

### ***Finance & Administration – Configuration Analyst III***

The Performance, Innovation & Excellence Section of Finance & Administration at VTrans is strategically transitioning VTrans to embrace organizational performance management. One aspect of this transition is the implementation of business process management to effectively target, plan and deliver better performing business processes. A prerequisite for this endeavor is to build sufficient capacity within the section. Presently, the Configuration Analyst position is the first full time resource to begin building that capacity. This position will enable VTrans to begin developing the in-house expertise to design and develop the process management applications which are foundational to the strategic effort and to transition away from vendor supported development professional services which have significantly higher labor costs.

### ***Finance & Administration – Legal – Policy & Hearings Examiner***

The only Policy & Hearings Examiner at VTrans (including the Department of Motor Vehicles)

is retiring under the incentive program and will leave State service at the end of February 2016.

The requirement to provide administrative hearings derives from particular statutes and/or constitutional due process. Most VTrans/DMV hearing decisions are subject to "on the record" judicial review in Superior Court. (An exception is that disputes over 19 V.S.A. § 1111 highway access permits are subject to intermediate review by the Transportation Board, before moving on to judicial review.) To withstand judicial review, it is critical for VTrans/DMV hearing decisions to reflect development of a thorough administrative record, a fair hearing process, and clearly stated findings of fact and conclusions of law. Even for someone with legal training, there is a need to develop a solid working familiarity with DMV's venerable computer system and the arcane codes used in DMV

Here is a summary of the work performed by the position during calendar year 2014:

- 487 hearing requests received;
- 378 hearings actually held; and
- 250 hearing decisions issued

The duties include the following:

- **Motor Vehicle Hearings:** Under a general delegation of authority from the Commissioner of Motor Vehicles (see 23 V. S.A. §§ 105-107), conduct administrative hearings on variety of DMV issues; including: Operator license suspensions, recalls, and refusals; Commercial Driver License (CDL) disqualifications; "Total abstinence" reinstatements, after at least three years of total sobriety, for persons under lifetime suspension following conviction for drunk driving, third or subsequent offense; Restoration of lifetime suspensions for persons previously reinstated under "total abstinence" who are alleged to have violated the conditions of reinstatement; Ignition Interlock Device (IID) program compliance disputes; Operator re-examination orders (most of these involve elderly drivers whose capacity to continue driving is questioned by law enforcement, medical professionals, or family members); Physical disability suspensions; Licensing of new and used vehicle dealerships; Licensing of official Vermont inspection stations; Motor Vehicle Purchase & Use Tax disputes; and Fuel tax assessments.
- **Minor Alteration Condemnation Hearings:** Under delegations of authority from the Secretary of Transportation (see 19 V.S.A. § 7a), the position conducts condemnation hearings

for projects involving minor alterations to existing facilities (see 19 V.S.A. §§ 518 and 923). Use of the "minor alteration" procedure is critical to VTrans' timely acquisition of needed land and rights for bridge replacement and other projects involving less than 10 acres. Most contemporary VTrans projects are small enough to qualify for the "minor alteration" procedure.

- Access Disputes: Under a general delegation of authority from the Secretary of Transportation (see 19 V.S.A. § 7a), Richard conducts administrative hearings when landowners abutting state highways complain that VTrans has improperly denied their applications for 19 V.S.A. § 1111 access permits or attached burdensome conditions to such permits. Because abutting landowners along state highways (other than limited-access facilities) have a constitutional and statutory right to "reasonable access" with review by the Transportation Board and the judicial system, it's critical for VTrans to carefully consider all points of view before taking final administrative action in access disputes.

#### ***Highways – Maintenance and Operations – AOT Technician V***

The newly formed Transportation Systems Management and Operations Section (TSMO) is in the process of expanding its role in the Agency, with the vision of "Getting you there - safely and on time". All hands on deck are needed as this new section is built and moves forward.

The Traffic Investigations unit is made up of four regional traffic investigators, and one pavement markings specialist. This particular position is the Traffic Investigator for the Northeast Region. The four Traffic Investigators are responsible for all signs on state highways within their region (there are approximately 70,000 state-owned signs maintained by VTrans). Each regional traffic investigator completes 40-50 traffic investigations per year (ranging from requests for school bus stop ahead signs and hidden drive signs to in-depth safety reviews at problem locations), reviews all project plans within their region (about 50 plan sets per region annually, including both Agency projects and developer plans for 19 V.S.A. Section 1111 permits), assists with the design for 30-40 miles of sign projects annually, and conducts engineering studies for speed limit requests and other Traffic Committee actions. Each regional traffic investigator works closely with the district staff in their region and provides essential technical assistance to municipal administrators and regional planning commissions.

Other options have been explored to determine if the work completed by this position can be distributed to others in TSMO, or given to consultants. It's been determined that others in the Traffic Investigations unit (or all of TSMO for that matter) cannot take on the additional tasks that this position requires. Given the regional organization structure of the traffic investigators (which dictates their work distribution), as well as the huge variety and type of work they complete, using consultant services to cover the northeast region would be extremely inefficient and would not be a cost effective way to get the needed work done in the northeast. Also, using consultant services, TSMO would no longer maintain the critical working relationships with partners in the northeast -these relationships are a very important part of the work, and having consistency and a single point of contact is a major benefit to having the investigators mirror the Agency's regional organization. And finally, a substantial amount of the traffic investigators' work requires a quick response -consultants can't provide this type of service on a day-to-day basis.

#### ***Highways – Maintenance and Operations – AOT Technician VI***

When the Transportation Systems Management and Operations Section (TSMO) was formed, it was determined that part of TSMO's mission is to maintain the mobility and safety of the travelling public through signalized intersections on Vermont State highways and multi-jurisdiction coordinated signal systems. TSMO currently has a Traffic Signal Operations Unit, staffed with one position (the Traffic Signal Operations Engineer) who, among other things, is solely responsible for the operation of 154 state owned traffic signals. This is too much for only one position, and this unit is struggling. The major tasks the unit is responsible for includes the following:

- Daily monitoring major signalized corridors
- Responding to signal complaints
- Optimizing traffic signal timings
- Developing and updating a traffic signal inventory
- Developing and reporting traffic signal performance measures
- Completing traffic signal equipment maintenance and field operations tasks
- Performing traffic signal equipment final inspections.



Completing these major tasks requires a significant effort -an effort that's too great for only one position to handle.

In order to continue expanding TSMO's role in the Agency, and in order to bring success to traffic signal initiatives at VTrans, TSMO would like to allocate an AOT Technician VI pilot position to the Traffic Signal Operations Unit. This position would directly report to the Traffic Signal Operations Engineer, and would help with all of the major tasks listed above. Currently, of the tasks listed above, the Traffic Signal Operations Unit has only been able to, on a very limited basis, respond to signal complaints, improve the traffic signal inventory, and help with the signal timing optimization of a miniscule fraction of the 154 state owned traffic signals. An additional Technician VI position will expand the unit's ability to complete the much needed and very basic major tasks listed above. This Technician VI position will also provide depth in a highly technical unit that currently has none. Immediate, tangible benefits will be seen by the traveling public if this position is added to the TSMO team. For example, nationwide data indicates that traffic signal timing improvements yields a benefit/cost ratio of 60 to 1, meaning that for every dollar spent retiming signals, the savings in vehicle delay alone has a benefit of 60 times that for just the first year. Because Vermont's retiming initiatives have not gotten much attention over the years, Vermont's cost/benefit ratio will be even greater than this. This additional signal position would also be paramount in helping with the task of connecting Vermont's signals to the Traffic Operations Center (TOC). Signal connectivity, which the Agency currently doesn't have, is crucial for quick and effective responses from TSMO when signal issues arise or when planned and unplanned events occur affecting the highway system.

This position is essential for success in the Traffic Signal Operations Unit and its service to the public. TSMO has looked into other means of getting this work done, including using existing, already filled TSMO positions and cross training them, or utilizing consultant services. Because of the lack of excess capacity in other TSMO positions, the highly technical nature of the work, and the fact that the technology is rapidly advancing (on a monthly basis in some cases), it's not possible to cross train others within TSMO to backfill this need. Consultant services are also not a viable alternative to fill this void, for multiple reasons:

1. Ensuring efficiency in the operation of traffic signals is a daily job, requiring tremendous flexibility in staff's day to day schedules.
2. With traffic signals in Vermont achieving connectivity to the TOC, staff needs to physically be at the VTrans facility every day.
3. If consultants were used, they would have to be local in order to respond to issues at a moment's notice. Vermont's consultant community currently does not have the expertise to respond to operational traffic signal issues, or possess the know-how on the majority of the major tasks the Traffic Signal Operations Unit is responsible for.
4. It would be extremely inefficient and would not be cost effective to hire a consultant to learn the major tasks listed above, require them to work out of the VTrans facility, and then to retain flexibility to respond to operational traffic signal issues in short order.

The future of transportation in Vermont will not be a focus on new and wider roads. The future of transportation in Vermont lies within the existing transportation network, and the operational efficiency and safety of that network. Traffic signals, and how well they perform, are a vital link in Vermont's existing transportation system, and this position is critical in order for the Agency to serve the public and help get travelers to their destinations safely and efficiently.

### ***Highways – Construction & Materials – AOT Manager II***

The Soils & Foundations Engineer is the subject matter expert for VTrans and the manager of a large unit. The unit is comprised of the drillers, the geotechnical engineering team, the aggregate lab technicians and the geologist; a full time staff of twelve.

The duties of the position are as follows:

1. Manage the operation of the Soils and Foundations Section including provision of resources and leadership of personnel.
2. Manage the subsurface exploration planning for all Agency projects. Interact with other Agency divisions and consultant engineers. Delegate projects of appropriate complexity to subordinate staff. Review and occasionally prepare soils and foundations reports for all Agency projects.

3. Provide professional engineering expertise on geotechnical problems through evaluation and recommendation for foundation problems pertaining to the construction of new, rehabilitation of existing Agency facilities and emergent problems. Work may involve the evaluation of similar problems for towns, municipalities and other State and Federal agencies.
4. Keep updated on all appropriate standard procedures for field and laboratory testing of soils. Provide primary laboratory management supervision for labs reporting to the Soils and Foundations Engineer.
5. In cooperation with the Quality Engineer assure that laboratory accreditation criteria are fulfilled in a satisfactory manner. Identify emergent areas for quality improvement such as certification or qualification programs including NETTCP are considered by the Agency.

This position oversees the soils and foundation operations for VTrans; this is a mission critical function to support the design and construction program. Without such a position the three teams have no leadership from a supervisory and technical perspective. In addition, this position provides the quality control for all consultant derived foundation reports; this function alone saves the State an enormous amount of money with cost effective designs and solutions. There are no alternatives for this team to function and provide the services required without its leader.

#### ***Highways – Construction & Materials – AOT Technician II***

The retirement of VTrans' Aggregate Lab Technician, and the inability to fill the position has created a significant problem. It is a requirement of our AASHTO AMRL accreditation to have a properly credentialed technician operating the laboratory. Without this person, we will not be accredited to perform aggregate testing. This lab performs all the aggregate testing for VTrans; this means that all aggregate samples generated by the boring crews will not be tested and classified, which in turns means that the boring logs can't be generated and without boring logs, the geotechnical engineers cannot prepare foundations report for structures projects or for reclaim projects. Essentially this can shut down a major portion of our operations. The two options (assuming there are no vacancies to be had) consist of stealing a staff member from the boring crew (one of the driller does have some of the credentials) or using private sector labs for the testing. The boring crews are down to a minimum number of employees and taking one

driller away cuts our production in half; we lose one of two crews if we re-purpose one position.

The private sector labs charge by each individual test performed and the sheer volume of tests run on a daily basis make this a very expensive option. Failure to fill this position will have a significant financial impact on VTrans.

#### ***Highways – Construction & Materials – AOT Geologist***

This position is a one of a kind position at VTrans; there was only one Geologist on staff and that person retired under the incentive program. The position is tasked with managing the Rockfall Hazard Mitigation Plan. The highway network in Vermont has many significant rock faces that pose tremendous risk to the traveling public. This position monitors these rock faces, prioritizes the necessary work, develops cost effective treatment options and is consulted throughout the construction phase to ensure success of the treatment and validate that the scope of the repairs is achieving the desired outcome.

The recent events with the Amtrak clearly illustrate the value of having a geologist work for the Agency managing the risk associated with roads and rock faces.

The position has several other important functions such as working with quarry owners that want to supply aggregates for slate and private projects. There are important features of aggregates such as the ability to retain its strength under load long term, or not be susceptible to Alkali Silica Reactivity (ASR) and the geologist is the person at VTrans to work with the owners to navigate the approval process.

The geologist also classifies rock samples for deep foundation required by the bridge designers to determine the loads that can be applied for cost effective bridge designs.

#### ***Highways – Construction & Materials – Civil Engineer II – three positions***

This position is a Resident Engineer (RE) overseeing multiple heavy highway construction contracts. There are only 30 such employees in the Bureau that have advanced to the level of Resident Engineer and capable of administering complex construction contracts. Four of the thirty positions have taken the retirement incentive, or 13% of the staff. In any given year there

are approximately 100 active contracts with each RE carrying 3.33 projects; losing these vacancies will increase the workload for the remaining staff to a level of 3.85 contracts per RE. The Federal Highway Administration Code of Federal Regulations requires a State Highway Agency employee to be in charge of the contracts; this work cannot be outsourced. Over the last ten years the size of the construction program at VTrans has more than doubled, from \$90 million in 2006 to \$200 million in 2015. Over the same period of time the number of RE positions has remained essentially flat. The result has been a doubling of consultant inspectors hired to do the work, with payment to consultants in 2006 at \$4.2 million and in 2015 a total of \$9.0 million.

Consultants are no longer used to augment the workforce with the peak demands, but instead have become full time year round employees. The workload is simply more than the current staff can handle and consultants are retained year round to work in the field and then in the office during the off-season to finish projects. Our analysis shows that 9 months of consultant salary is equivalent to what VTrans pays its staff over a 12-month period. With the costs almost exclusively charged to federally funded projects it is a sound investment to fill these positions. The replacement of the RE positions is not something that can occur overnight. It takes years of experience to reach the levels necessary to ensure compliance with the contract, safety for the traveling public and the workers, environmental compliance, quality materials, dispute resolution and be the face of the Agency for the community and the public. This business is highly complex and is based on experience and institutional knowledge; a good RE will save the State money by making good decisions and conversely reduce the Agency's exposure to risk. The RE positions are an investment in the future and losing these positions for short term gains is counter to our goals as an Agency.

#### ***Highways – Office of Highway Safety – Financial Manager II***

On April 5, 2015, the Governor's Highway Safety Program (GHSP) transferred to the Agency of Transportation (VTrans) from the Department of Public Safety (DPS). The program brought with it a significant number of educational and enforcement grants, memorandum of understanding (MOU), letters of understanding (LOU) and contracts that GHSP staff is required to plan, program, review, monitor, and reimburse on an annual basis. Each year the National Highway Transportation Safety Administration (NHTSA) provides the GHSP with over 4 million dollars

in new funds. The GHSP currently has approximately 12 million in federal carry-forward funds that have built up over several years.

As a part of this transition, program level staff was transferred from DPS to VTrans, however, the financial management component of the program was not transferred. The GHSP was temporarily provided support through the Grants Unit, which consisted of a Financial Manager III (PG 27), Grants Specialist (PG 22) and a Grants Administrator (PG 21). As of November 2015, support for the GHSP is still supplied by the Grants Unit.

Although the GHSP recently hired a Grants Management Specialist (GMS), a Financial Manager would greatly improve the GHSP's ability to financially manage the approximate 300 grants, LOUs, MOUs and contracts currently associated with the program. It should be noted that NHTSA funding is not managed or run similarly to FHWA funds as it pertains to reporting, regulations, number of funding sources, training of sub-recipients, tracking requirements, monitoring and granting cycle. In fact, the process is much more rigorous. It is necessary for VTrans to have a Financial Manager assigned to the GHSP that is specifically trained and experienced in managing NHTSA funds.

Recently, we met with DPS to evaluate the resources they contributed to the program as well as some of the related programmatic shortfalls. This was done to ensure we learn from our past mistakes and take the appropriate steps to prevent repeating history. In addition, NHTSA had conducted the 2015 Management Review of the program and cited staffing as a Management Consideration. Now that the GHSP is at VTrans and we have had the opportunity to assess the staffing needs of the program, it is clear that the success of this program is contingent upon financial management.

Another consideration cited by the Management Review team was the need for the GHSP to increase liquidation among its grants and to better utilize the high carry-forward funds. The workload to accomplish this goal will significantly affect the GHSP staff time and their ability to effectively monitor grant recipients and oversee individual programs. This will substantially increase the amount of work for each program and financial staff member. GHSP staff already



faces a challenge to carry out their everyday finance and programmatic requirements, as evidenced by the high carry-forward amounts. NHTSA recently wrote on the subject of financial planning and obligation for the high amount of carryforward funds: "This has been a continual practice of the GHSP for the past several years and is indicative of poor planning and grants management."

With the current number of staff overseeing the high volume of GHSP grants, LOUs, MOUs and contracts, the Management Review team also cited other Management Considerations that were symptomatic of insufficient staffing. Those considerations included monitoring and tracking of equipment, providing an evaluation mechanism for sub-recipient applications, program monitoring and addressing low performing sub-recipients. The 2015 Management Review and assessing the programs history at DPS should be sufficient to support a Financial Management position in order to provide general administrative supervision and financial support.

Furthermore, The Governor's Highway Safety Association (GHSA) provides a list of model job descriptions for states to refer to as best practices. The VTrans position of Financial Manager II is representative of the GHSA's Financial Manager/Accountant.

As mentioned above, the GHSA's is new to VTrans. In the past six months the program has seen a great deal of change to include all new staff. The addition of a Financial Manager is an essential part in providing more effective financial support to the GHSA. This position will provide depth in funds and match requirement tracking and will provide added knowledge of state and federal regulations. Furthermore, this position will be an essential part of managing the approximate 12 million dollars in carryforward funds, as well as ensuring future funds are properly allocated. It is expected that this position will be self-supporting through its federal allocations, and will gain experience and knowledge becoming a great asset to the GHSP and the Highway Division within the Agency of Transportation.

#### ***Highways – Project Delivery Bureau – Right of Way Agent IV***

This position is the lead in the Documents Unit. The Documents Unit is responsible for producing all legal documents to transfer property to the State via negotiations or condemnation.

This position is also the lead Relocation Officer and works with other less experienced relocation officers to administer the Federal Highway Administration funded relocation program, which helps individuals or businesses that are displaced from their property either permanently or temporarily due to a transportation improvement project.

The Documents Unit receives projects from six Plans and Title Agents and is currently working on several large high priority projects including: Cabot-Danville Route 2 reconstruction project, Waterbury Route 2/Main Street reconstruction project and Colchester Route 2A/7 reconstruction project to name a few. The Waterbury Main Street project alone has 118 impacted property owners. We haven't seen a single project impact that many property owners in decades. There are also countless smaller projects working their way through the Right of Way acquisition process and the Documents Unit. The Documents Unit is on the critical path to complete the right of way acquisition process and deliver transportation infrastructure projects. This position also works with and coordinates the condemnation process with the Attorney General's Office.

The majority of this position's work is supported with federal funds and works to deliver transportation infrastructure projects as well as support the management of Transportation property.

#### ***Highways – Project Delivery Bureau – Hydraulics – Civil Engineer VI***

This position will work in the Hydraulics Unit and would come in as entry level and be trained to pick up the workload of hydraulics analysis that was formerly conducted by a retiree. The Hydraulics Unit is responsible for determining the size and foundation depth requirements for bridge and large culverts so they can pass and withstand floods and high water events safely. These calculations are also now very important in determining the impacts of our projects on floodplains and floodways as these are now permitted impacts. In addition, the Hydraulics Unit also provides services to municipalities for sizing culverts on local roads. Properly sized culverts are important local roads performance in storm events to resist being overtopped or lost due to erosion.

Climate change has led to increased concern about the resiliency preparedness. As part of the training of our in-house engineers they learn how the design and detail choice affects the

resilience of bridges to events, such as flooding, scour and seismic. It is important that we retain resilience considerations as a core competency in-house. Having a well-trained in-house engineer will improve our ability to also respond and recover from an event that damages the network improving our resilience.

**Efficiencies:** A big part of efficiency in the Structures Section is looking for standardization of process and details for what we do. It is important to find the right balance between innovation and standardization to get the best value for what we do. That balance is best achieved when we have employees who have the knowledge and core competency in the subject matter to determine when it is appropriate to innovate. Consultants are not well suited to help VTrans standardize. We need well trained in-house engineers to lead those efforts. As this pilot position is trained they will be working with others to develop standards that will make all projects more efficient. In addition, VTrans relies on a project development process that is defined for conventional projects. We need more VTrans engineers that understand the process so they can lead projects efficiently in the future.

**Cost Savings:** The pilot position is an entry level engineer that will be trained to do the hydraulic analysis for bridge projects as described above. Consultants can help fill the gap in the short term, but the costs of doing this work with consultants will result in increased project costs and may result in new costs to municipalities for the work that we now provide for free. It is anticipated that as the engineer's competence increases he/she will take on a larger role which will reduce our overall dependence on design consultants.

### ***Highways – Project Delivery Bureau – Structures – Civil Engineer I***

This position will work in the Accelerated Bridge Program (ABP) in-house design squad. The ABP is a very successful program that is identifying efficiencies in the delivery of bridge projects using innovation and accelerated bridge construction. We also use consultants for designing these projects but we have seen that innovation and ABC is best lead by VTrans engineers.

What we are doing at VTrans in the area of expediting project delivery and accelerating bridge construction is at the very cutting edge in the United States. We are spending time training consultants about what we want and losing a lot of efficiency and quality. This position will

allow us to train an entry level engineer on how we want things done.

Hiring entry level engineers is important for succession planning and to retain core competency in the specialized area of bridge engineering. The goal in Structures is to complete 50% of the project design in-house and maintaining the ABP squad at the current level is important to staying at that level. With the proper training and mentoring they will be able to fill the future need for bridge engineers as many in the work force at VTrans reach the retirement age.

Efficiencies: A big part of the ABP is looking for ways to standardize the design methods and details. Consultants are not well suited to help VTrans standardize. We need well trained in-house engineers to lead those efforts. As this position is trained they will be working with others to develop standards that will make all projects more efficient. In addition, VTrans relies on a project development process that is defined for conventional projects. The accelerated bridge program is looking for innovative ways to streamline the process to deliver projects more efficiently. We need more VTrans engineers that understand the process so they can lead projects efficiently in the future.

Increased State or Federal Funds: The ABP has been very successful in delivering projects that maximize the use of all available federal and state funds. The ABP is a model that can and has responded to emergency relief funds (ER projects). Having an additional in-house engineer in the ABP will improve our ability to deliver future ER projects. In addition, the ABP is striving to be innovative and this innovation has led to increased federal funding as allowed in MAP21.

Innovation sometimes requires an upfront investment of time and it is best lead by in-house engineers, and as such we anticipate that this position will allow us to consider and implement more innovation in the future to increase federal participation on projects.

Resilience Preparedness: All of the bridge replacement projects that we develop consider the effect on the resilience of the transportation network. As part of the training of our in-house engineers they learn how the design and detail choice affects the resilience of bridges to events, such as flooding, scour and seismic. It is important that we retain resilience considerations as a core competency in-house. Having a well-trained in-house bridge engineer will improve our ability to also respond and recover from an event that damages the network improving our

resilience:

Cost Savings: The pilot position will be an entry level engineer and will enter on the lower part of the learning curve for bridge design and detailing. It is anticipated that as the incumbent level of competence increases they will take a larger role in designing ABP projects in-house which will reduce overall our dependence on design consultants. The cost data on recent projects shows that on average it costs less to design ABP projects in-house rather than use consultants. Within 12 months it is anticipated that the Pilot position will be equivalent to a consultant designer and the additional capacity will allow more designs to be completed in house.

#### ***Highways – Director's Office – Civil Engineer I – two positions***

The vast majority of engineers employed by the State of Vermont, are within the Agency of Transportation. Once an engineer joins the organization it is our intention to educate, train, and retain staff in the art of transportation engineering. We are fortunate to have had success and benefit from some very long-term employees. The challenge now, however, in the current highly competitive and compensated environment, is to attract and retain new engineers, from the onset. Several years ago a training platform within the Highway Division was designed with the intent of rotating newly hired engineers through several of the disciplines within the Agency, including the right of way process, design, structures, construction and more, all in an effort to expose the employee to different parts of the organization. The course criteria for the three-year commitment were reviewed and renewed in 2013, unfortunately, due to ever increasing demands utilization of the Rotational Engineer program remains stagnant.

These two new Civil Engineer I positions will reinstate the Rotational Engineer Program and help to prepare and provide junior staff as a resource to all sections within the Highway Division.

As staff resources dwindle over the next few years as a result of staffing cuts, reorganizations and attrition, we as an organization will be better positioned with trained staff to continue program continuity and succession planning.

We anticipate a significant increase in federal funding for highway infrastructure improvements over the next five-years, pursuant to the FAST Act of 2015. With the increase in funding comes additional workload to produce projects to expend these funds. These positions will reduce the

need to rely on consultants for this increased production need. In addition, the cost of utilizing in-house staff far outweighs the cost of using consultant staff.

***Highways – Project Delivery Bureau - Highway Safety & Design – AOT Technician VI***

The position will be housed within the Highway Safety & Design Section, with the primary work station in Montpelier, VT. In general terms an AOT Technician VI within the Agency of Transportation performs advanced administrative and consultative work with a high degree of independence. However, this does not adequately capture the complexity of their associated roles and responsibilities in delivering quality transportation projects. The following outlines four key job duties and corresponding expectations:

**STANDARDS PREPARATION AND QUALITY CONTROL** - VTrans currently maintains numerous Standard Drawings and among these Standard Drawings are the Traffic Standard Drawings which includes traffic and safety details pertinent to most of VTrans' construction projects. Due to these Standard Drawings not being consistently maintained over the years, many of them are now out of date or obsolete. These Standard Drawings, being out of date, in turn adds more work onto designers (to be aware of this and to account for it with additional details in the plans also possibly omitting pertinent information which is required by construction personnel). This position's duties consist of researching, drafting and reviewing these Standard Drawings to be submitted to the VTrans Standards Committee and continuously working on updating these Standard Drawings.

**PROJECT REVIEW** - Currently the Highway Safety and Design Section performs thorough review of their projects at each stage of a project's development. While there is dedicated staff for this duty, we are preparing to enter a time where Highway Safety & Design review needs will be increasing as projects are being prepared for the 2016 construction season. This position is responsible for completing thorough project reviews and providing input and feedback that contributes to a quality project and product.

**PROJECT TRANSFERS** - VTrans contracts with numerous consultants to produce the project plans, special provisions and estimates for many of their construction projects. The file sizes are of large enough size where standard submittal procedures are not applicable. VTrans utilizes an FTP server for these files to be submitted. The FTP server is a secure site with limited access



to ensure the files are not altered. This position's duties consist of processing these files including downloading, virus scanning, reviewing for proper naming, and transferring into write protected folders for future use by VTrans. Proper file organization is integral in allowing users easy access to the documents.

PROJECT DESIGN - This position also provides design support and plan development functions. While this position is not specifically tied to a design team, they are required to participate in these duties as project or production needs arise. This is a benefit to the Section as a whole, and also to the specific functions of the Technical Development Unit.

This position directly participates in the delivery of transportation related projects (ensuring quality and consistency), which are defined to improve the safety and mobility of roadway users and improve and/or preserve infrastructure and asset condition. These responsibilities directly contribute to our Agency's success in meeting our strategic goals.

Projects identified and defined by Highway Safety & Design have a defined need and primarily serve to improve deficiencies associated with safety, geometrics, mobility/capacity, and asset/infrastructure. Furthermore, these projects are designed to comply with current standards and practices, and are designed considering resiliency (such as culvert replacement, slope stabilization, access considerations, etc.). These projects also complete an environmental assessment, and all necessary environmental permits are obtained. This position is responsible for developing and maintaining Standard Drawings that are utilized in these project designs, participating in project reviews which intend to ensure a quality project and estimate, and also to complete design tasks on these projects as Section needs require.

The Highway Safety & Design Section advertises approximately forty to fifty projects annually, for construction. These projects, in combination with additional projects under development, expend approximately \$160 million per fiscal year (preliminary engineering, right-of-way, and construction expenditures). This workload and level of investment is significant, and is critical to meeting the Agency's mission, vision, strategic goals, as well as our customer's expectations. The AOT Technician VI position can be defined as a production quality driven position, and is important to the successful delivery (specifically quality and consistency) of the Highway Safety

& Design programs.

Failure to fill this position would likely result in a mid to long term impact of our ability to deliver to our customers. It is important to have an individual in this position long term, who is entrenched in VTrans processes and procedures, and can grow and adapt to any changes within our organization. Consultant usage on the whole has increased in recent years, and it is critical for VTrans to maintain core competency to have a trained staff with the ability to perform the work, manage consultants, adapt to retirements and turnover, and perform proper asset management.

VT Agency of Transportation  
Pilot Position Request Summary  
December 2015

position request #	Organization Name	Section where assigned	Position Classification Title	PG	Job Code	DeptID
1	Dept. of Motor Vehicles	Enforcement and Safety	Motor Vehicle Field Inspector	22	634700	8100002100
2	Transportation - central garage	Maintenance & Operations Bureau - Central Garage	Financial Specialist I	17	089020	8110000200
3	Transportation - finance and administration	Budget and Financial Operations - Budget Office	Financial Director III	30	089150	8100000100
4	Transportation - finance and administration	Budget and Financial Operations - Accounting	Financial Specialist II	19	089030	8100000100
5	Transportation - finance and administration	Budget and Financial Operations - Internal Services	Administrative Services Coordinator IV	24	089250	8100000100
6	Transportation - finance and administration	Performance, Innovation, Excellence	Configuration Analyst III	26	009500	8100000100
7	Transportation - finance and administration	Legal - Policy & Hearings	AOT Policy and Hearings Examiner	25	089900	8100000100
8	Transportation - maintenance	Maintenance & Operations Bureau - Technical Services	AOT Technician V	22	127700	8100002000
9	Transportation - maintenance	Maintenance & Operations Bureau - Technical Services	AOT Technician VI	23	127800	8100002000
10	Transportation - program development	Construction & Materials Bureau - Lab	AOT Manager II	27	147300	8100001100
11	Transportation - program development	Construction & Materials Bureau - Lab	AOT Technician II	18	127400	8100001100
12	Transportation - program development	Construction & Materials Bureau - Lab	AOT Geologist	25	140500	8100001100
13	Transportation - program development	Construction & Materials - Construction	Civil Engineer II	20	128000	8100001100
14	Transportation - program development	Construction & Materials - Construction	Civil Engineer II	20	128000	8100001100
15	Transportation - program development	Construction & Materials - Construction	Civil Engineer II	20	128000	8100001100
16	Transportation - program development	Office of Highway Safety - GHSP	Financial Manager II	26	089090	8100001100
17	Transportation - program development	Project Delivery Bureau - Right of Way	ROW Agent IV	23	067700	8100001100
18	Transportation - program development	Project Delivery Bureau - Hydraulics	Civil Engineer VI	25	128400	8100001100
19	Transportation - program development	Project Delivery Bureau - Structures	Civil Engineer I	18	127900	8100001100
20	Transportation - program development	Office of the Director - Rotational	Civil Engineer I	18	127900	8100001100
21	Transportation - program development	Office of the Director - Rotational	Civil Engineer I	18	127900	8100001100
22	Transportation - program development	Project Delivery Bureau - Highway Safety & Design	AOT Technician VI	23	127800	8100001100