

Exhibit 300 (BY2008)

PART ONE	
OVERVIEW	
1. Date of Submission:	2007-02-05
2. Agency:	009
3. Bureau:	38
4. Investment Name:	CMS Retiree Drug Subsidy
5. UPI:	009-38-01-04-01-1200-00
6. What kind of investment will this be in FY2008?	
Operations and Maintenance	
7. What was the first budget year this investment was submitted to OMB?	
FY2007	
8. Provide a brief summary and justification for this investment, including a brief description of how this closes in part or in whole an identified agency performance gap.	
<p>The Retiree Drug Subsidy (RDS) program was authorized by statute in the Medicare Modernization Act of 2003. Congress mandated that the RDS program be implemented to create a financial incentive to sponsors of retiree drug plans to continue offering high quality drug coverage to retirees. In order to increase the likelihood of plan sponsors' participation in the RDS program, CMS decided to implement a system solution that would: * Enable sponsors to submit an application, actuarial attestation, drug cost data, and subsidy payment requests to CMS using the Internet without the burden of a paper intensive inefficient reporting system; * Give sponsors the flexibility to leverage existing business arrangements they have with benefit consulting companies, pharmacy benefit managers, and third party administrators to electronically submit required data to CMS on their behalf, thus reducing the burden on the plan sponsor and increasing the likelihood of participation in the program; * Enable CMS to collect and process in an automated way the high volume applications, retiree data, and drug costs data needed to pay retiree drug subsidies to plan sponsors. In order to implement the RDS program in a way that delivered the above system attributes in the timeframe mandated by Congress, CMS decided to implement a new system that would not introduce unacceptable levels of risk to other existing systems. The RDS system is developed using standard system development lifecycle processes. The system consists of a public website, secure online application and payment processing system, Oracle and DB2 databases, dedicated and secure communications lines, and the required CMS standard security, access control, and monitoring software and hardware. In addition, a key tenet of Expanded Electronic Government is to reduce the reporting burden on businesses. All transactions in the RDS program will be performed electronically thus increasing public access to the program while reducing burden through the use of the Internet and electronic business technology. These transactions include, but are not limited to, payment of plan sponsors via electronic funds transfer (EFT), sending remittance advice to plan sponsors, submission of retiree data, including actuarial attestations by plan sponsors, etc.</p>	
9. Did the Agency's Executive/Investment Committee approve this request?	
yes	
9.a. If "yes," what was the date of this approval?	
2006-06-23	
10. Did the Project Manager review this Exhibit?	
yes	
12. Has the agency developed and/or promoted cost effective, energy-efficient and environmentally sustainable techniques or practices for this project.	
no	
12.a. Will this investment include electronic assets (including computers)?	
yes	
12.b. Is this investment for new construction or major retrofit of a Federal building or facility? (answer applicable to non-IT assets only)	
no	
12.b.3. If yes, is it designed to be 30% more energy efficient than relevant code?	
yes	

13. Does this investment support one of the PMA initiatives?	
yes	
If yes, select the initiatives that apply:	
Expanded E-Government	
13.a. Briefly describe how this asset directly supports the identified initiative(s)?	
According to the PMA, a key tenet of Expanded Electronic Gov't is to "Reduce the reporting burden on businesses". All transactions in the RDS program will be performed electronically thus increasing public access to the program while reducing burden through the use of the Internet & electronic business technology. Plans submit applications via the Internet, send retiree data electronically, and are paid subsidies via electronic funds transfer.	
14. Does this investment support a program assessed using OMB's Program Assessment Rating Tool (PART)?	
no	
14.a. If yes, does this investment address a weakness found during the PART review?	
no	
15. Is this investment for information technology (See section 53 for definition)?	
yes	
16. What is the level of the IT Project (per CIO Council's PM Guidance)?	
Level 3	
17. What project management qualifications does the Project Manager have? (per CIO Council's PM Guidance)	
(1) Project manager has been validated as qualified for this investment	
18. Is this investment identified as high risk on the Q4 - FY 2006 agency high risk report (per OMB's high risk memo)?	
no	
19. Is this a financial management system?	
no	
19.a. If yes, does this investment address a FFIA compliance area?	
no	
19.a.1. If yes, which compliance area:	
Not Applicable	
19.a.2. If no, what does it address?	
Application Processing and Payment System	
20. What is the percentage breakout for the total FY2008 funding request for the following? (This should total 100%)	
Hardware	20
Software	20
Services	60
21. If this project produces information dissemination products for the public, are these products published to the Internet in conformance with OMB Memorandum 05-04 and included in your agency inventory, schedules and priorities?	
yes	
22. Contact information of individual responsible for privacy related questions.	
Name	
Maribel Franey	
Phone Number	
410-786-0757	
Title	
Director, Privacy Compliance	
Email	

Maribel.Franey@cms.hhs.gov

23. Are the records produced by this investment appropriately scheduled with the National Archives and Records Administration's approval?

yes

SUMMARY OF SPEND

1. Provide the total estimated life-cycle cost for this investment by completing the following table. All amounts represent budget authority in millions, and are rounded to three decimal places. Federal personnel costs should be included only in the row designated Government FTE Cost, and should be excluded from the amounts shown for Planning, Full Acquisition, and Operation/Maintenance. The total estimated annual cost of the investment is the sum of costs for Planning, Full Acquisition, and Operation/Maintenance. For Federal buildings and facilities, life-cycle costs should include long term energy, environmental, decommissioning, and/or restoration costs. The costs associated with the entire life-cycle of the investment should be included in this report.

All amounts represent Budget Authority

(Estimates for BY+1 and beyond are for planning purposes only and do not represent budget decisions)

	PY-1 & Earlier	PY	CY	BY
	-2005	2006	2007	2008
Planning Budgetary Resources	0.000	0.000	0.000	0.000
Acquisition Budgetary Resources	8.890	0.000	0.000	0.000
Maintenance Budgetary Resources	4.620	17.331	13.427	14.446
Government FTE Cost	0.660	0.660	0.680	0.700
# of FTEs	0	0	0	0

Note: For the cross-agency investments, this table should include all funding (both managing partner and partner agencies).

Government FTE Costs should not be included as part of the TOTAL represented.

2. Will this project require the agency to hire additional FTE's?

no

3. If the summary of spending has changed from the FY2007 President's budget request, briefly explain those changes.

Not applicable.

PERFORMANCE

In order to successfully address this area of the exhibit 300, performance goals must be provided for the agency and be linked to the annual performance plan. The investment must discuss the agency's mission and strategic goals, and performance measures must be provided. These goals need to map to the gap in the agency's strategic goals and objectives this investment is designed to fill. They are the internal and external performance benefits this investment is expected to deliver to the agency (e.g., improve efficiency by 60 percent, increase citizen participation by 300 percent a year to achieve an overall citizen participation rate of 75 percent by FY 2xxx, etc.). The goals must be clearly measurable investment outcomes, and if applicable, investment outputs. They do not include the completion date of the module, milestones, or investment, or general goals, such as, significant, better, improved that do not have a quantitative or qualitative measure.

All new IT investments initiated for FY 2005 and beyond must use Table 2 and are required to use the FEA Performance Reference Model (PRM). Please use Table 2 and the PRM to identify the performance information pertaining to this major IT investment. Map all Measurement Indicators to the corresponding "Measurement Area" and "Measurement Grouping" identified in the PRM. There should be at least one Measurement Indicator for at least four different Measurement Areas (for each fiscal year). The PRM is available at www.egov.gov.

Table 2

	Fiscal Year	Measurement Area	Measurement Grouping	Measurement Indicator	Baseline	Planned Improvement to the Baseline	Actual Results
1	2005	Customer	Response Time	% written inquiries	95%	95%	89%

		Results		answered in 5 days or less.			
2	2005	Customer Results	Response Time	% phone calls answered within 90 seconds	90%	90%	83%
3	2005	Processes and Activities	Security	RDS System has no unmitigated high level system vulnerabilities	0	0	0
4	2005	Technology	Availability	% of time that RDS website is available to the public.	95%	95%	87%
5	2005	Customer Results	Delivery Time	% of all payment requests processed within 30 days of receipt	N/A	N/A	N/A
6	2005	Customer Results	Response Time	% written inquiries answered in 5 days or less	89%	95%	TBD
7	2006	Customer Results	Response Time	% phone calls answered within 90 seconds	83%	85%	TBD
8	2006	Processes and Activities	Security	Number of unmitigated high level system vulnerabilities	0	0	0
9	2006	Technology	Availability	% of time that RDS secure web site is available to the public	87%	90%	TBD
10	2006	Customer Results	Delivery Time	% of payment request processed within 30 days of receipt	95%	95%	TBD
11	2006	Customer Results	Response Time	% written inquiries answered in 5 days or less	TBD	95%	TBD
12	2006	Customer Results	Response Time	% phone calls answered within 90 seconds	TBD	90%	TBD
13	2007	Processes and Activities	Security	Number of unmitigated high level system vulnerabilities	0	0	TBD
14	2007	Technology	Availability	% of time that RDS secure website is available to the public	TBD	90%	TBD
15	2007	Customer Results	Delivery Time	% of all payment requests processed within 30 days of receipt	TBD	95%	TBD
26	2006	Mission and Business Results	Health Care Administration	Number of Unique sponsors in the RDS Program	0	3000	3882

27	2007	Mission and Business Results	Health Care Administration	Number of Unique sponsors in the RDS Program	3882	3100	TBD
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EA

In order to successfully address this area of the business case and capital asset plan you must ensure the investment is included in the agency's EA and Capital Planning and Investment Control (CPIC) process, and is mapped to and supports the FEA. You must also ensure the business case demonstrates the relationship between the investment and the business, performance, data, services, application, and technology layers of the agency's EA.

1. Is this investment included in your agency's target enterprise architecture?

yes

1.a. If no, please explain why?

Not applicable.

2. Is this investment included in the agency's EA Transition Strategy?

yes

2.a. If yes, provide the investment name as identified in the Transition Strategy provided in the agency's most recent annual EA Assessment.

CMS MMA Retiree Drug Subsidy (RDS). Renamed for FY08.

2.b. If no, please explain why?

Not applicable.

3. Identify the service components funded by this major IT investment (e.g., knowledge management, content management, customer relationship management, etc.). Provide this information in the format of the following table. For detailed guidance regarding components, please refer to <http://www.whitehouse.gov/omb/egov/>.

Component: Use existing SRM Components or identify as NEW. A NEW component is one not already identified as a service component in the FEA SRM.

Reused Name and UPI: A reused component is one being funded by another investment, but being used by this investment. Rather than answer yes or no, identify the reused service component funded by the other investment and identify the other investment using the Unique Project Identifier (UPI) code from the OMB Ex 300 or Ex 53 submission.

Internal or External Reuse?: Internal reuse is within an agency. For example, one agency within a department is reusing a service component provided by another agency within the same department. External reuse is one agency within a department reusing a service component provided by another agency in another department. A good example of this is an E-Gov initiative service being reused by multiple organizations across the federal government.

Funding Percentage: Please provide the percentage of the BY requested funding amount used for each service component listed in the table. If external, provide the funding level transferred to another agency to pay for the service.

	Agency Component Name	Agency Component Description	Service Type	Component	Reused Component Name	Reused UPI	Internal or External Reuse?	Funding %
1	Process Tracking	Tracking of Plan Sponsor information from receipt of application through payment reconciliation.	Tracking and Workflow	Process Tracking			No Reuse	10
2	Software Development	New development and modification and enhancement of existing CMS applications to support the new processes/data required by the Retiree Drug	Development and Integration	Software Development			No Reuse	20

		Subsidy (RDS) Program.						
3	Billing and Accounting	New development and modification and enhancement of existing CMS applications to support the new processes/data required by the Retiree Drug Subsidy (RDS) Program.	Financial Management	Billing and Accounting			No Reuse	20
4	Internal Controls	Internal Controls are being developed in accordance with government standards.	Financial Management	Internal Controls			No Reuse	5
5	Payment/Settlement	RDS payments require a settlement process to map interim payments to final actual costs incurred.	Financial Management	Payment / Settlement			No Reuse	5
6	Debt Collection	All overpayment/debts will be collected in accordance with existing laws and regulations.	Financial Management	Debt Collection			No Reuse	5
7	Ad Hoc	Real-time access to plan sponsor payment information.	Reporting	Ad Hoc			No Reuse	10
8	Standardized/Canned	Summary and detailed plan sponsor payment information.	Reporting	Standardized / Canned			No Reuse	10
9	Business Rule Management	Flexible support for complex business rules	Management of Processes	Business Rule Management			No Reuse	3
10	Audit Trail Capture and Analysis	Track when updates were done and by whom to ensure integrity of the data and resolve disputes.	Security Management	Audit Trail Capture and Analysis			No Reuse	3
11	Identification and Authentication	Ensure that only authorized users have access to Plan sponsor data	Security Management	Identification and Authentication			No Reuse	3
12	Access Control	Ensure that users only have appropriate access to sensitive privacy and program data and business	Security Management	Access Control			No Reuse	3

		functions based on their user role						
13	Forms Control	The RDS application and payment request forms will be subject to paperwork burden analysis.	Forms Management	Forms Creation			No Reuse	3
14	Software Development	New development and modification and enhancement of existing CMS applications to support the new processes/data required by the Retiree Drug Subsidy (RDS) Program.	Development and Integration	Software Development	Software Development	009-38-01-04-01-1090-00	Internal	0
15	Software Development	New development and modification and enhancement of existing CMS applications to support the new processes/data required by the Retiree Drug Subsidy (RDS) Program.	Development and Integration	Software Development	Software Development	009-38-01-04-01-1150-00	Internal	0

4. To demonstrate how this major IT investment aligns with the FEA Technical Reference Model (TRM), please list the Service Areas, Categories, Standards, and Service Specifications supporting this IT investment.

FEA SRM Component: Service Components identified in the previous question should be entered in this column. Please enter multiple rows for FEA SRM Components supported by multiple TRM Service Specifications.

Service Specification: In the Service Specification field, Agencies should provide information on the specified technical standard or vendor product mapped to the FEA TRM Service Standard, including model or version numbers, as appropriate.

	SRM Component	Service Area	Service Category	Service Standard	Service Specification (i.e., vendor and product name)
1	Process Tracking	Component Framework	Business Logic	Platform Dependent	Oracle & DB2
2	Process Tracking	Component Framework	Business Logic	Platform Independent	Oracle & DB2
3	Software Development	Component Framework	Data Interchange	Data Exchange	Oracle & DB2
4	Ad Hoc	Component Framework	Data Management	Reporting and Analysis	Oracle & DB2
5	Billing and Accounting	Component Framework	Presentation / Interface	Dynamic Server-Side Display	Oracle & DB2
6	Software Development	Component Framework	Presentation / Interface	Static Display	Oracle & DB2
7	Identification and Authentication	Component Framework	Security	Certificates / Digital Signatures	Verisgn

8	Access Control	Service Access and Delivery	Access Channels	Web Browser	Internet Explorer
9	Forms Creation	Service Access and Delivery	Delivery Channels	Internet	Internet Explorer
10	Forms Creation	Service Access and Delivery	Delivery Channels	Intranet	Internet Explorer
11	Software Development	Service Access and Delivery	Delivery Channels	Virtual Private Network (VPN)	CMS Architecture Standards
12	Business Rule Management	Service Access and Delivery	Service Requirements	Authentication / Single Sign-on	CMS Architecture Standards
13	Internal Controls	Service Access and Delivery	Service Requirements	Legislative / Compliance	RDS Contractor & CMS
14	Software Development	Service Interface and Integration	Integration	Enterprise Application Integration	RDS Contractor & CMS Architecture Standards
15	Standardized / Canned	Service Interface and Integration	Interoperability	Data Format / Classification	SQL, Microstrategy
16	Audit Trail Capture and Analysis	Service Interface and Integration	Interoperability	Data Types / Validation	RDS Contractor & CMS
17	Software Development	Service Platform and Infrastructure	Software Engineering	Software Configuration Management	RDS contractor & CMS Architecture Standards
18	Payment / Settlement	Service Platform and Infrastructure	Software Engineering	Test Management	RDS Contractor
19	Software Development	Service Platform and Infrastructure	Support Platforms	Platform Independent	Mid-Tier & Mainframe
20	Software Development	Service Platform and Infrastructure	Software Engineering	Integrated Development Environment	RDS Contractor & CMS Architecture Standards
21	Debt Collection	Service Access and Delivery	Service Requirements	Legislative / Compliance	RDS Contractor & CMS

5. Will the application leverage existing components and/or applications across the Government (i.e., FirstGov, Pay.Gov, etc)?

no

6. Does this investment provide the public with access to a government automated information system?

no

PART THREE

RISK

You should perform a risk assessment during the early planning and initial concept phase of the investment's life-cycle, develop a risk-adjusted life-cycle cost estimate and a plan to eliminate, mitigate or manage risk, and be actively managing risk throughout the investment's life-cycle.

Answer the following questions to describe how you are managing investment risks.

1. Does the investment have a Risk Management Plan?

yes

1.a. If yes, what is the date of the plan?

2006-10-19

1.b. Has the Risk Management Plan been significantly changed since last year's submission to OMB?

no

COST & SCHEDULE

1. Was operational analysis conducted?

yes

1.a. If yes, provide the date the analysis was completed.

2006-10-31

What were the results of your operational analysis?

In conjunction with negotiating the second option year under the RDS contract, CMS completed an operational analysis on 10/31/2006. The results of the analysis show that RDS program (and its operational systems) are achieving the primary purpose of the RDS program (to provide a financial incentive to plan sponsors to continue offering high-quality drug benefits to retirees). Further, the RDS contractor is currently meeting critical program milestones within acceptable budget parameters. The following describes our analytical process/checkpoints for monitoring operations. CMS performs operational analysis to manage and evaluate the continue viability and user satisfaction with the RDS system (e.g. the RDS public and secure websites as well as data interchange mechanisms). In doing so, CMS reviews on a weekly basis technical support tickets to assess the level and type of support being requested by end users/customers. The end result of this analysis is to prioritize the allocation of resources and develop targeted outreach events and education materials to ensure critical program objectives (e.g. continued participation in the program by plan sponsors) are achieved. CMS also reviews system problem tickets on a weekly basis to allocate limited IT support resources and schedule the problem fixes in maintenance releases in a manner having the most direct impact on achieving the program's mission (e.g. continued participation in the program by plan sponsors). CMS also meets weekly with the RDS contractor to review program risks, open issues, progress towards achieving major program milestones, and budget expenditures. CMS has approved emergency problem fix maintenance releases as a result of the periodic reviews of problem logs with the contractor. CMS also reviews customer service reports as well as cost reports and invoices submitted by the RDS contractor on a monthly basis and proactively manages the RDS contractor's spending/burn rate to hit budget targets.