



Customer Service & Business Operations

(VOTE)

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**Board of Directors Meeting
February 28, 2013**



Agenda

- Background
- Procurement Timeline and Approach
- Proposal Evaluation
- Scoring Results
- Recommendation and Vote



Background

- On November 16, 2012, the Health Connector issued a Request for Proposals (RFP) to procure a single Customer Service & Business Operations vendor to meet our customer service and business operations needs in 2014
 - This is a critical component of the Health Connector’s efforts to comply with the Affordable Care Act (ACA), serve our members and offer value to the market
 - The Health Connector currently has two coverage programs – Commonwealth Care and Commonwealth Choice
 - Under the ACA, the Health Connector will administer a single integrated program for individuals (subsidized and unsubsidized) and small employers, based on one set of pricing rules (merged market), established through one Seal of Approval / Qualified Health Plan (QHP) Certification process
 - Best positions us to achieve economies of scale
 - Provides single point-of-contact for Health Connector staff and issuers, simplifying interactions and operations



Background (cont'd)

- The customer service and business operations vendor will have to perform functions that go beyond those required today
 - Providing call center support in connection with real-time, integrated eligibility determination for individuals eligible and seeking to enroll in QHPs, including low-income populations who may be eligible for Advance Premium Tax Credits (APTCs) and Cost Sharing Reductions (CSRs)
 - Includes supporting initial transition of tens of thousands of current Health Connector members to new Connector programs or MassHealth, as well as inter-program transitions on an ongoing basis
 - Supporting an enhanced shopping experience
 - With new products (*e.g.*, dental)
 - Through new programs (*e.g.*, employee choice)
 - With new subsidies (*e.g.*, APTC and/or CSR)
 - Supporting members with new tools such as web chat and email message center
 - Supporting new populations (*e.g.*, eventually, businesses with up to 100 employees)
 - Interfacing with new technology systems being built by the Health Connector through the HIX-IES project



Background (cont'd)

- We need a high-performing, technology-driven, flexible and scalable customer service and business operations vendor
 - Must have a consumer-centric focus
 - Able to serve large populations and adapt to new market trends
 - Well-positioned to collaborate closely with MassHealth to manage transitioning members and integrated eligibility systems
 - Deeply vested in the success of the Health Connector
- The Health Connector has no margin for error in meeting the customer service needs of its members
 - Many potential shoppers need multi-channel, customer-friendly support in order to be comfortable purchasing health insurance online
 - Commercial health insurance marketplace and e-commerce are making rapid, technology-driven advances in servicing members



Procurement Timeline

Timeline	Key Activity
November 16, 2012	Issue RFP
November 28, 2012	Bidder's Conference
November 30, 2012	Post Bidder's Conference submission of written questions Due
December 6, 2012	Notice of Interest from Bidders Due
January 16, 2013*	Proposals from Bidders Due
February 5 – 7, 2013*	Oral Presentations (at Health Connector's discretion)
February 8 – 12, 2013*	Site Visits
February 12, 2013**	Best and Final Offer (BAFO) Request Issued
February 14, 2013**	BAFO Due
February 27, 2013	Select Bidder
February 28, 2013	Board Vote

* Dates that were amended from the initial procurement schedule

** New dates added to the procurement schedule



Contract Term

- The term of a contract resulting from this RFP would begin on February 28, 2013, and would be effective through June 30, 2016
- The Health Connector may, at its sole discretion, seek to extend the contract for three additional one-year terms



Procurement Management Team

- The Procurement Management Team (PMT) was comprised of a cross-functional group of Health Connector staff from:
 - Operations
 - Information Technology
 - Finance
 - Legal
- The PMT evaluated all components of each bidder's programmatic response, including the written proposal, oral presentation and site visit
- Each bidder's Price Response and Best and Final Offer (BAFO) were evaluated by the Finance Team *independent* of the programmatic evaluation



Scoring Framework

- Scoring was performed based on a predefined framework
- The scoring framework consisted of four components:
 - Written Proposal
 - Oral Presentation
 - Site Visit
 - Price Response (evaluated independent of other categories)

Written Proposal	Oral Presentation	Site Visit	Price Response*
A. Program. & Tech. Resp.	A. Presentation	A. Operations & Facility	A. Start-up and Trans.
B. Overall Value	B. Team Composition	B. Technology	B. Operations Launch
C. Business Response	C. Case Study	C. Personnel	C. Ongoing Operations
D. Miscellaneous Provisions	D. Questions & Answers	D. Security	D. Benchmarks
Maximum 350 Points	Maximum 300 Points	E. Scalability	E. Scope Incompleteness
		F. Site Visit Quality	F. Contractor Rate Card
		G. Corporate References	Maximum 150 Points
		Maximum 100 Points	

*Including Best and Final Offer (BAFO)



Written Proposal Evaluation

- The Health Connector received written proposals from four bidders
- The PMT assessed each bidder's demonstrated capabilities against the following essential requirements:
 - Customer Service Center – Including Encounter Support & Business Operations
 - Technology & Infrastructure – Contact Center & Financial Management Systems
 - Administrative Responsibilities – Quality Monitoring, IT Support, Continuity of Operations (COOP)
 - Reporting & Performance Standards
- Each bidder's general qualifications were also evaluated
 - Bidder History & Experience
 - Organizational Structure & Governance Model



Written Proposal Evaluation (cont'd)

Bidder	Written Proposal Score (Max 350 Points)
Bidder #1	281
Bidder #2	228
Bidder #3	204
Bidder #4	145

- A minimum of 150 points for the Written Proposal evaluation was required for a Bidder to be invited to Oral Presentations
- As such, one bidder was not selected to continue through the subsequent phases of the procurement



Oral Presentation Evaluation

- Three bidders were invited to oral presentations based upon their written proposals
- Oral presentations were evaluated based upon the following performance categories:
 - Overall approach, including responses to a standard set of questions provided in advance to the bidders
 - Organizational structure, governance model and escalation process
 - Support for mixed households where at least one member of the family is enrolled in a MassHealth program
 - Ability to support a product shelf that includes both medical and dental products
 - Administration of “wrap” plans
 - Ability to scale operations (*e.g.*, to support other partner states)
 - Case study and other questions, which tested bidders’ knowledge, experience and readiness with respect to supporting the Exchange
 - Team composition



Site Visit Evaluation

- Site visits were conducted by members of the PMT for the three bidders that entered into oral presentations
- Bidders were asked to provide a tour of their operational site, including the contact center
- Site visits were evaluated based upon a predefined set of scoring criteria, focusing on the following categories:
 - Operations and facilities
 - Technology systems being used to support operations
 - Staffing model and personnel
 - Security
 - Scalability
 - Quality
- Corporate references were also contacted for all three finalists



Price Response Evaluation

- Bidders were required to provide a Price Response based on three distinct phases of the contract:
 - Start-up and Transition Phase (Mar – Aug 2013)
 - Operations Launch Phase (Sep – Dec 2013)
 - Ongoing Operations Phase (Jan 2014 – onwards)
- For the Ongoing Operations Phase:
 - Bidders were asked to provide Per Member Per Month pricing on a sliding scale against enrollment, which allows us to leverage economies of scale
 - Bidders were asked to provide differentiated pricing across different product types (e.g., medical vs. dental) and operating model types (e.g., flexible vs. standard) to reflect different levels of servicing needs
- The Health Connector also requested a rate card (e.g., hourly rate by category of labor) for resources that may be required to perform additional services
- Best and Final Offers (BAFO) were requested of the three finalists following the site visits



Price Response Summary

			Bidder #1	Bidder #2	Bidder #3
TOTAL COST for Start-Up and Transition Phase (Mar–Aug 2013)			\$13.5 M	\$2.8 M	\$15.0 M
TOTAL COST for Operations Launch Phase (Sept–Dec 2013)			\$3.6~\$4.4 M	\$1.4~\$1.9 M	\$14.1 M
Ongoing Operations (\$PMPM; 1/1/14 – 6/30/15*; reflects BAFO)					
Standard Operating Model	Medical	1-50,000 (members)	\$19.92	\$4.17	\$35.00
		>50,000	\$2.92~\$3.12	\$1.36~\$1.37	\$9.00~\$18.00
	Dental	1-10,000	\$2.01	\$2.08	\$3.50
		>10,000	\$1.85~\$1.96	\$0.68	\$3.50
Flexible Operating Model	Medical	1-10,000	\$1.83	\$3.13	\$18.00
		>10,000	\$1.68~\$1.78	\$1.02~\$1.03	\$9.00~\$15.00
	Dental	1-5,000	\$1.42	\$1.56	\$3.00
		>5,000	\$1.31~\$1.38	\$0.51	\$3.00

* Showing pricing for the 1st operations year (18 months) only. Actual response includes quotes for two required years and three optional years.



Overall Scoring Results

Bidder	Written Proposal (350 Pts)	Oral Presentation (300 Pts)	Site Visit (100 Pts)	Price Response (150 Pts)	Total Score (900 Pts)
Dell (Bidder #1)	281	240	85	115	721
Bidder #2	228	168	63	147	606
Bidder #3	204	177	77	56	514



Recommended Bidder



Recommendation

The Health Connector recommends Dell (Bidder #1) as the chosen vendor, for the following reasons:

- Submitted the best overall response to the procurement
 - Received the highest overall score from the PMT
- Demonstrated the ability to meet the key operations and technology requirements outlined in the RFP
 - Customer Service Operations
 - Offers capabilities across all areas of the RFP (customer service and back-office operations)
 - Focused on delivering a high-quality and leading-class customer experience
 - Has the ability to handle high volumes and service future populations of the Exchange (e.g., non-group, SHOP and brokers)
 - Technology
 - Offers leading-class, customizable technology capabilities
 - Highly scalable and flexible solution
- Competitive, balanced price response
 - Reflected complexity required support future state operations
 - Allows the Health Connector to benefit from economies of scale



Recommendation (cont'd)

- Demonstrated a strong understanding of the ACA and the operational changes required for the Health Connector to meet the requirements of the ACA
 - Clear understanding of and experience in the MA health care market
 - Experience servicing MA residents
- Demonstrated clear understanding of Health Connector operations and mission
 - Cited experience working with subsidized populations
 - Proven track record of successfully servicing Health Connector customers through the Commonwealth Care program, as well as providing technology support for the Commonwealth Care program and part of the Commonwealth Choice website
- Presented a strong governance and partnership model
 - Proposed personnel are dedicated with relevant experience and skill-sets
- Was well-organized, prepared and structured throughout each stage of the procurement



VOTE

- The PMT recommends that the Board authorize the Health Connector to enter into contract, subject to agreement on terms, with Dell for Customer Service Contact Center and Business Operations Services