Contract Approvals – Other (VOTE)

VICKI COATES
Chief Operating Officer

ED DEANGELO
General Counsel

Board of Directors Meeting, June 11, 2015
Overview

Today we are presenting three items for Board approval related to ongoing operational needs of the Health Connector

1. The first item is related to work not to exceed $1.867M that will be provided by Dell Marketing Services LLC, our customer service and business operations vendor, focused on improving the member experience of our customers

2. The second is for work provided by Deloitte Consulting, LLP, which provides crucial day-to-day support for the Health Connector

3. Lastly, we are seeking approval to renew the lease for the Health Connector’s offices
Dell Marketing Services LLC – Operational Improvement and Backlog Work-downs
Overview

• We are seeking a vote in an amount not to exceed $1.867M to cover the costs of work related to improving the customer experience

• Dell provides customer service for all Health Connector members, including call handling, payment collection, payment processing and electronic enrollment

• The results of a recently completed six-week operational assessment highlighted several areas of operations which need to be addressed in order to stabilize operations and improve the experience of our members

• In light of these findings, we are asking Dell to:
  – Prioritize improvements to the existing payment portal
  – Process backlogs of documents received from members using new system functionality delivered in May 2015
  – Work down remaining inventory
  – Focus on resolution of outstanding service recovery cases
Scope of Work

- The majority of the work anticipated under this agreement is staff time to review and manually process aged inventory and resolve members experiencing issues with their accounts.

- In addition to the staff augmentation services outlined above, Dell will also be completing some development work as it pertains to our existing payment portal. The focus is on changes that should significantly reduce the volume of misdirected or inaccurate payments.

- The budget for this work, with a not-to-exceed amount of $1.867M, covers the period from June to July in an effort to expeditiously work down significant queues of inventory and improve the payment portal as soon as feasible.

- We will be charged based on the rate card codified in our Master Services Agreement with Dell.
Key Terms

- The Health Connector will only be billed based upon actual hours delivered against the assigned tasks.
- The Health Connector and Dell meet daily and will be using this time to review the staffing and scope of work to make adjustments as needed.
- The goal of this work effort will be to:
  - Process all remaining document inventory no later than **August 30, 2015**
  - Release into production agreed-upon payment portal improvements no later than **August 1, 2015**
  - Resolve current inventory of service recovery cases no later than **June 30**
- We will report back to the Board with the results of these activities in August.
Deloitte Contract Extension
Overview

- The Health Connector recommends approval of a one-year extension of the current Master Services Agreement (MSA) with Deloitte Consulting, LLP from July 1, 2015 through June 30, 2016.

- Continued project management assistance from Deloitte is required to support ongoing implementation projects, with a particular focus on preparing for the 2016 Open Enrollment redeterminations and renewals processes.

- In addition, Deloitte offers critical staff augmentation to the Health Connector finance and operations teams as important positions continue to remain unfilled and existing staff resources continue to be leveraged to stabilize operations, systems and prepare for open enrollment.
Planned Activity in Fiscal Year 2016

- Deloitte’s support for project management and operations will enable Health Connector staff to continue to prepare and deliver needed customer service and operating capabilities. These continuing efforts include:
  - Continued project management support for 2016 Open Enrollment focused on coordinating across all functional areas of the Health Connector
  - Financial management support (while the organization works to onboard a Chief Financial Officer)
  - Operational reporting support (while the organization works to onboard a Director of Reporting)
  - Targeted support with technology review and testing where appropriate
  - Review of financial controls and recommendations for risk mitigation
1. Extension permits a general scope of project management, operational support and other activities; specific scope and staffing levels will be separately determined during the term of the contract
   - The Health Connector administers the Deloitte engagement in the form of one, two or three-month work orders, which provides the Health Connector the flexibility to “ramp-up” or “ramp-down” support based on our evolving needs

2. Fees associated with work are based on a rate table that sets the ceiling for rates for each level of staff resource. Deloitte has agreed to hold these rates flat for FY16 (note, the last increase of 3% was from FY14 to FY15)

3. Funding for executed work orders will come from any permissible use of remaining Exchange Establishment Grant funds and other sources as deemed appropriate
Lease Renewal
Overview

- We are requesting a vote for an extension of the lease on the Health Connector’s premises.
- The Health Connector rents 19,120 square feet of space on three floors (3rd, 5th and 6th) of our offices.
- The Health Connector has been in the building since early 2007, shortly after it was established.
- The lease on the 3rd floor expires on July 31, 2015; the lease on the 5th and 6th floors expires on August 30, 2016.
- The Health Connector discussed extending the lease on all three floors, considering likelihood of future need and possibility of obtaining more advantageous terms.
Lease Renewal Terms

<table>
<thead>
<tr>
<th></th>
<th>Current (per square foot)</th>
<th>8/1/2015-8/31/2016</th>
<th>9/1/2016-8/31/2017</th>
<th>9/1/2017-8/31/2018</th>
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<tbody>
<tr>
<td><strong>3rd Floor</strong></td>
<td>$37</td>
<td>$35</td>
<td>$35</td>
<td>$36</td>
</tr>
<tr>
<td><strong>5th Floor</strong></td>
<td>$30</td>
<td>$30</td>
<td>$35</td>
<td>$36</td>
</tr>
<tr>
<td><strong>6th Floor</strong></td>
<td>$30</td>
<td>$30</td>
<td>$35</td>
<td>$36</td>
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<tr>
<td><strong>Total Cost</strong></td>
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<td><strong>$600,300</strong></td>
<td><strong>$669,200</strong></td>
<td><strong>$688,320</strong></td>
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Vote
Health Connector staff recommends authorizing the Executive Director to enter into (1) agreements for services provided by Dell Marketing LLP; (2) a contract extension with Deloitte Consulting LLP for the period from July 1, 2015 through June 30, 2016, with services to be determined by short term work orders during that period; and (3) an extension of the lease on the Health Connector’s premises, all on the terms set out in this presentation.