



Customer Service and Business Operations (VOTE)

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Background



Today we are asking the Board to vote on an amendment, extension and change order with Dell Marketing, LLP (Dell) for continued customer service and business operations support, subject to final agreement on terms.

- The Health Connector’s current agreement with Dell was procured in 2013 to provide customer service and business operations services, including:
 - Member service call and walk-in centers
 - Document handling / processing
 - Eligibility / enrollment processing
 - Premium billing and payment reconciliation
- With the benefit of three years’ experience under the Affordable Care Act (ACA), we are recommending to the Board today that we modify the structure of our relationship with Dell and renew the contract in order to ensure consistent, predictable, flexible and adequate support of the Health Connector’s needs under the ACA going forward

Transition to the ACA & Original Contract with Dell



- Prior to the ACA, the Health Connector administered two coverage programs: Commonwealth Care, a subsidized Section 1115 program (serviced by both MassHealth and Dell) and Commonwealth Choice, an unsubsidized commercial coverage program (serviced by the Small Business Services Bureau)
- Under the ACA, the Health Connector's programs combined; as such, a single customer service and business operations vendor was needed to support eligibility and enrollment for both the unsubsidized and subsidized populations served by the Health Connector
- In 2013, after a rigorous competitive procurement process, the Health Connector selected Dell as its customer service and business operations vendor
- Initial implementation and start-up costs were \$16M

Transition to the ACA & Original Contract with Dell (cont'd)



- As the ACA presented many new requirements, the underlying assumptions of the initial contract did not fully anticipate the range of additional activities and time required to service members under the ACA; three years of implementation experience have refined both parties' understanding of ACA operational requirements
- For the past three years, call and document processing volume, self-service, notices and transaction handling assumptions underlying the base 2013 contract have been a challenge to project accurately and impacted the ability to service members well. These have also resulted in financial losses for Dell
- Despite this, Dell has continued to support the Health Connector and our membership
 - Most significantly, Dell has worked with the Health Connector to put in place a service recovery and delivery plan for the 2016 Open Enrollment period which resulted in the dramatically improved service levels this year as compared to the previous year
- The current contract is set to expire on August 16, 2016 and has three one-year options to renew after that date

Restructuring the Contract

- As we near the end of the third ACA open enrollment period, we are presented with an opportunity to re-evaluate the original contract terms to ensure stability and certainty for both Dell and the Health Connector in coming years
- Given the work performed by Dell to support and improve customer service as we continued to enhance our system capabilities, and the insight we have now into the complexities of servicing a population under the ACA, we are recommending to amend and extend the contract from July, 2016 through July, 2020
- Key terms follow, but we believe that the amended contract terms are beneficial for the Health Connector (e.g., a per member per month structure), offer flexibility in scope, maintain service levels and provide financial certainty (e.g., long-term predictability for budgeting with an expected reduction in unanticipated work orders)

Key Terms



- The Health Connector is seeking Board approval to finalize terms with Dell within the following framework:
 - Multi-year extension of the contract period and Service Level Agreements from July 1, 2016 through June 30, 2020
 - One-time change order to the existing contract of \$4.65M, designed to mitigate the inadequacy of FY2016 rates to sustain Dell operations in face of unanticipated challenges
 - Modifications to the PMPM, representing a \$2.2M annual increase in PMPM services costs, and additional service level payments which recognize what we have learned through experience about the actual cost of our service model needs under the ACA
 - A one-time infrastructure investment of \$2.3M paid out over a two-year period to increase self-service and decrease necessary handle time and number of calls handled overall
 - The ability to carve out aspects of the service model, such as servicing eligibility or processing premium payments, in the event our needs change over time
 - The flexibility to terminate the contract without penalty in the event of a change in corporate ownership negatively impacting services

VOTE



Health Connector staff recommend authorizing the Executive Director to execute the amendment, extension and change order to the Customer Service and Business Operations contract with Dell Marketing, LLP, as outlined in this presentation, subject to final agreement on terms.