



# Customer Experience Procurement Project

## Enrollment and Premium Billing Procurement Recommendation (VOTE) and Implementation Planning

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# Overview: Today's Discussion

## This presentation will cover:

- The goals, strategy, and process that drove the proposed CXPP procurement
- How the “enrollment and billing” procurement fits into the larger CXPP effort
- The evaluation process for selecting the proposed vendor
- Benefits for members
- Plans for implementation
- Terms of agreement
- Request for vote

## **A vote is requested to allow the Health Connector to enter a vendor agreement, to provide enrollment and premium billing services to Health Connector members starting in 2020**

- This contract/vote is the first part of the Health Connector's broader Customer Experience Procurement Project (CXPP), which the Board was briefed on in November 2018



# **State of Customer Experience: Current and Future**

# Customer Experience Procurement Project (CXPP)

## Background:

- Enrollment and premium billing services are one of the most important ways that the Health Connector interfaces with its membership. It is the service function by which CCA effectuates an individual's enrollment and bills and collects payment from members, keeping them in coverage
- The current NTT contract expires on June 30, 2020 and no extensions are available. In addition, NTT had struggled in the past with service consistency
- For these reasons, in 2017 a Customer Experience team was launched to create a strategy and path for procurement

## Goals of the CXPP team:

- Maintain operational stability in key areas of Enrollment, Premium billing and Contact Center
- Improve customer experience to meet members' expectations
- Rebase the cost structure so as membership grows economies of scale are realized

# Customer Experience Procurement Project (CXPP)

## Initial Phase: Information Gathering

- A series of Requests for Information (RFIs) were issued to test the market for best practices, operational and technical capabilities, and sustainable cost
- Interviews were held with other State-Based Marketplaces to understand their experience with different vendors, lessons learned, best practices and strategies
- System demos and sessions with multiple vendors in target market spaces were held to understand capabilities, pricing strategies and where core competencies can be combined
- Members were surveyed to better understand their expectations

# What Members Expect for Service

## Focus groups and member surveys revealed the following member preferences for engaging with the Health Connector:

- An easy-to-use, intuitive website for shopping, enrollment, and payment
- A mobile-compatible website to review benefits, submit documents, make payments, and check balances
- Ability to go “green” and receive/view documents electronically
- Additional payment options, such as credit and debit cards
- The ability of a customer service representative to see all history and interactions during a call, regardless of channel (Omni-channel)

# Procurement Strategy

**Our learnings informed a decision to divide the scope of the current Customer Service and Business Operations into four Requests for Responses (RFRs)**

## **Four RFR areas:**

### **1. Enrollment and Premium Billing (EPB)**

- RFR issued on October 23, 2018 VOTE: Today
- **Optional services:** HIX and Miscellaneous Notices and Mailroom

### **2. HIX and Miscellaneous Notices**

- RFR issued on November 27, 2018 RFR: Suspended
- **Optional services:** Mailroom and Enrollment and Billing Communications

### **3. Contact Center Operations Services**

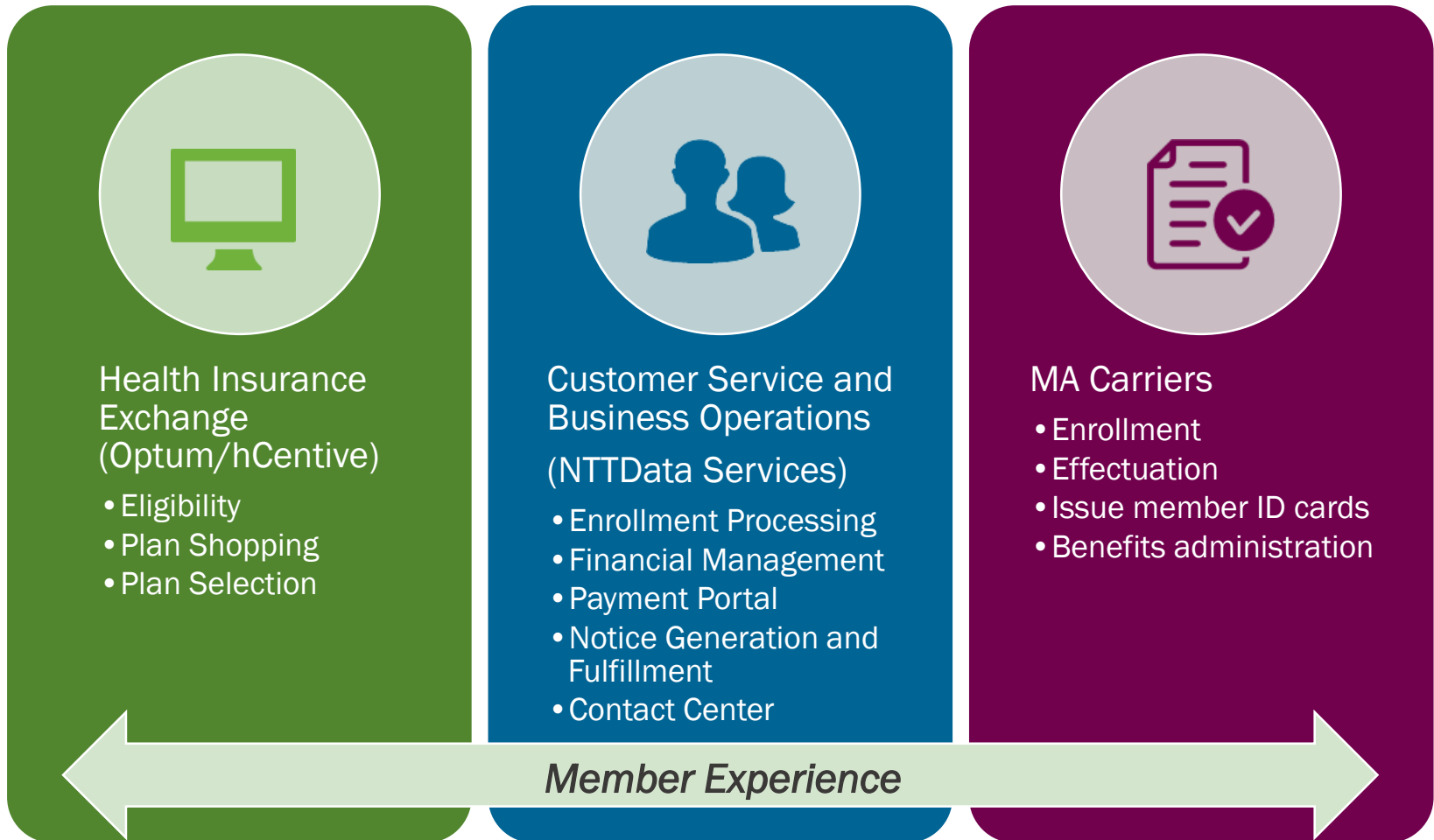
- RFR issued on March 12, 2019 VOTE: TBD
- **Optional services:** Mailroom, Walk-in Centers and Small Business Contact Center

### **4. Technology Vendor**

- RFR issued on January 30, 2019 VOTE: July 2019
- Includes Member Portal and Salesforce Implementation services and ongoing operations for both

# How Everything Hooks Together

The full member experience is tightly integrated across multiple systems and platforms



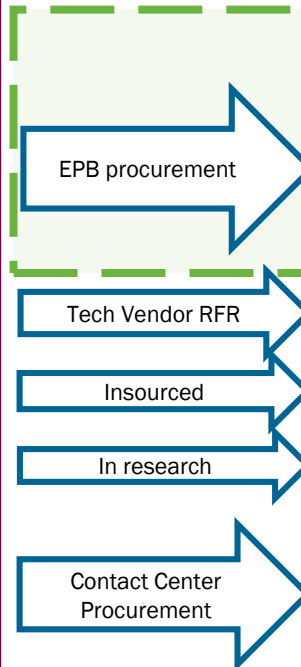


# Current and Future State: Customer Service and Business Operations

Current State\*: NTTData Customer Service and Business Operations – **Total \$35.4M**

Enrollment and Premium Billing, Member Bills and HIX Notices, Payment Portal	\$13.8M
Ombudsman	\$0.5M
Walk-in Centers	\$1.8M
Contact Center & Back Office, CRM, Document Processing, Mailroom	\$19.3M

Today's Vote



Future State\*\*: Multiple vendors selected through ongoing procurements and other service opportunities – **Total TBD**

Member Portal	\$0.75M
Enrollment and Premium Billing, Member Bills and HIX Notices, Payment Processing	\$12M
CRM (Salesforce)	TBD
Ombudsman	\$260K
Walk-in Centers	TBD
Contact Center & Back Office, Document Processing, Mailroom	TBD

\*All amounts are based on the Health Connector's best estimate using available data (e.g., organizational charts) as the current blended Per Policy per Member (PPPM) rate with NTTData is all inclusive of EPB, HIX and Miscellaneous Notices and Contact Center Operations Services. All amounts are for FY19 and reflective of estimated membership

\*\*All amounts are per year for ongoing operations



# **Enrollment and Premium Billing Procurement**

# Scope of EPB Request for Responses

The RFR expressed the Health Connector's preference for a vendor that could perform the main Enrollment and Premium Billing scope and one or both Optional Services

## Main Enrollment and Premium Billing Scope:

- Enrollment Processing
- Premium Billing and Accounting
- Payment Collection
- Financial Integrity and Controls
- Third-Party Support

## Optional Services:

- HIX and Miscellaneous Notices
- Mailroom

# Scope of EPB Request for Responses (*cont'd*)

## Qualities sought in an EPB and payment processing vendor:

- Proven system already in place that utilizes industry standard technologies and optimized business practices
- Maintains and demonstrates accuracy of all financial transactions
- Strict quality assurance processes and measures
- Monitoring and audit standards in place for all financial, operational and technology transactions
- Flexible and scalable technology and operations, which allows for lower costs as Health Connector membership grows
- Experience in data conversion
- Demonstrated ability to manage scope and risks, and implement on time and on budget.
- Demonstrated processes and capabilities are intuitive to the member and, as a result, will drive an increase in self-service and member satisfaction

# Evaluation Approach

## A score card was designed to evaluate EPB bidder responses

- Weight was given to relevant experience, competitive costs and best overall value
- Points were awarded for the ability to meet the optional services requirements
- The Bidder with the lowest price received the maximum score in two of the Price categories.
- For Overall Value, the SST considered the balance between technology, process and people in the Bidders' responses plus the depth and relevancy of the Bidders' experience, and qualifications of the team proposed to support the Health Connector program

Category Name	Maximum Available Points
Business and Technology Response	650
Price Response, includes Optional Services	150
Optional Services	100
Overall Value	100
<b>Total Available Score</b>	<b>1,000</b>

# Bidders in the Enrollment and Premium Billing Procurement

## ▪ **NTTData (formerly Dell Services)**

- The incumbent Customer Service and Business Operations vendor, serving Health Connector members since 2008
- Headquartered in Plano, TX
- A wholly owned subsidiary of NTT DATA Corporation, headquartered in Japan

## ▪ **NFP Health Services Administrators, LLC** (“NFP Health”)

- Headquartered in Braintree, MA
- Operates a private exchange in MA and serves RI and NM state exchanges.
- Its parent company, NFP Corporation, provides brokerage, consulting and advisory services, including corporate benefits, retirement, property and casualty, individual insurance and wealth management solutions

## ▪ **WEX Health, Inc.**

- Located in Simsbury, CT
- Provides financial management support for Public Sector and Commercial clients.
- A wholly owned subsidiary of WEX, Inc., which is a global provider of corporate payment solutions offering payment security and control

## ▪ **Softheon, Inc.**

- Located in Stony Brook, NY
- Provides solutions to health plans, states, government agencies, brokers, and employers across the nation by solving complex health insurance challenges within the individual and group markets

# Evaluation Process and Outcome

The Bidder evaluation process included 4 steps. Bidders were re-scored after each step

## 1. Proposal evaluations

- Three top scoring Bidders were selected to move on to Oral Presentations

## 2. Oral Presentations

- Allowed Bidders an opportunity to clarify their offerings and demonstrate the ability to meet the requirements through a system demo, a presentation, and questions and answers. Two Bidders were selected to move on to Site Visits

## 3. Site Visits

- Health Connector team sought to validate prior learnings, meet other team members and observe existing operations of the Bidder. Reference check were conducted at this time as well

## 4. Best and Final Offer (BAFO)

- BAFO opportunities were extended to both top scoring Bidders to offer a final price adjustment

***Softheon was the highest-scoring Bidder, with a score of 780 out of 1,000 points***

# Apparent Successful Bidder

**Softheon's response was the best overall fit with the Health Connector's requirements**

## **Softheon has:**

- An existing Enrollment and Premium Billing system
- Represented that they will meet our specific requirements through configuration of the core product and limited custom development and committed to meet all Service Level Agreements
- Demonstrated presence of automated financial and production controls in place; RFR response met all banking, accounting, and audit requirements

## **Relevant business experience:**

- Large and medium sized commercial issuers operating on FFM and SBMs, and premium aggregation; Colorado and Connecticut Exchanges (Small Group only)

## **Strong proposed implementation team that has experience with:**

- Implementations of similar size and scope
- Agile methodology; Managing scope and risks
- Experience in performing data conversions for other clients



# Additional Services

## **HIX and Miscellaneous Notices (published as Optional Service in EPB RFR) - Softheon's solution:**

- Meets Health Connector Business requirements for template creation and updates
- Includes a fulfillment vendor who can deliver the requisite throughput of notices in the required timeframes
- Generation and print capacity able to accommodate Health Connector needs at all times of the year

## **Member Portal**

- Driven by the needs of our members
- Will provide self-service options and access to more information
- Will help members navigate the different systems that support enrollment, billing and customer service functions
- During the process of evaluating bids, the team saw that Softheon offers its customers Enrollment and Premium Billing services in a vertically integrated business process operations stack that includes a member portal, which will be customized to meet Health Connector requirements
- An additional benefit is the reduction of risk inherent in creating and integrating a member portal with another vendor

# Benefits to Members

## **Softheon has proposed technology capabilities to enhance our customer experience and address current challenges**

- Additional payment methods:
  - Credit and debit card
  - Payment using automated phone system (IVR), click-to-call via member portal
- Refunds via the same channel as original payment
- High-capacity print capabilities
- Flexibility in creating and editing member communications, allowing Health Connector to target member populations and business events
- Improvements to dental-only functionality to create efficiencies for members and customer service representatives



# **Implementation Planning**

# Implementation Scope and Risks

An implementation of this size is complex due to:

## Large Scope:

- Configuration and some development needed on the Softheon platform in order to fully meet the Health Connector's business needs
- Balance all financial transactions during transition and maintain ongoing controls to “work like a bank”
- Perform a full data conversion of member enrollment and premium data from the legacy platform while not disrupting any members' active plan year
- Reach compliance with privacy and security requirements by January 2020

## Multiple Integrations with:

- All trading partners, including HIX/IES and Massachusetts carriers
- Lockbox and payment services
- Contact Center and CRM solutions that are still under evaluation through ongoing RFRs

# Implementation Scope and Risks (*cont'd*)

## **Tight Timeline:**

- Implementation timeline is only 13 months, with a go-live date of May 31, 2020
- *Despite repeated attempts, NTTData has not to date, agreed on terms of any flexibility in contract termination date*

## **Third Party Dependencies:**

- Significant dependencies on third parties for cooperation and project participation (including HIX, Carriers and NTTData)
- Managing across multiple vendors and coordinating three simultaneous implementations (Contact Center, EPB, Salesforce)

## **Resource Constraints:**

- Health Connector has limited Subject Matter Experts (SMEs)

# Mid-Plan Year Data Conversion

Transitioning members to the Softheon platform requires a conversion of member, enrollment, financial, and notice data

## What is a Mid-Plan Year Data Conversion?

- The transition of member data during an active plan year

## What were alternative conversion options?

- Transitioning to a new system during a renewal cycle, where a new system begins processing enrollments for the next plan year

## What are the benefits of Mid-Plan Year Conversion?

- Transitioning within an active plan year allows the conversion to occur outside of Open Enrollment

## What are the risks to mitigate?

- Members are not inappropriately terminated or have accumulators inadvertently reset
- Data quality and alignment between legacy and new systems

# Project Management and Risk Mitigation

## Project Management

- Joint governance structure
- Diligent scope management
- Track through project artifacts: schedule, risk register, requirements documents
- A full member transition strategy and communication plan to ensure members understand the changes and how it may impact them

## Risk Mitigation

- Mid-Plan Year data conversion is an activity that will begin early and be tested often within the implementation plan
- Full integrated pre-production testing, including with HIX, carriers, banking partners and contact center
- Backfill, cross train, and continue to supplement Health Connector staff with temporary staffing

# Implementation Milestones

The Health Connector has worked with Softheon to identify critical milestones that must be achieved throughout the implementation

Implementation Milestone	Projected Completion Date
Business Requirements	June 2019
Primary Data Conversion	December 2019
Member-facing portal readiness (Equity Portal)	February 2020
Integration	March 2020
Pre Production	April 2020
Operational Readiness	April 2020
<i>Full Solution – Go-Live</i>	<i>May 31, 2020</i>
Warranty Period	6 months post go-live



# Contract and Price Overview

- Softheon proposed a cost structure reflective of efficiencies and economies of scale
  - Fixed price of \$5,973,456 for implementation; payments tied to milestones
  - PMPM applicable to entire population that decreases as membership grows, demonstrative of economies of scale and a reduced price for each member
  - No Cost of Living Adjustments or other increases for the first four years of operations
  - Notices solution included in PMPM; costs below reflect pass-through costs for printing, paper and envelopes (postage excluded)
  - Acceptance of all Health Connector Service Level Agreements, with financial consequences to vendor


- Softheon’s proposed price for member portal is also industry competitive
  - Fixed price of \$1,950,450 for implementation; \$750K annual ongoing cost

# VOTE

**The Health Connector requests Board of Directors approval to enter into an Agreement with Softheon, Inc. for the following:**

**Services:**

- EPB Business Operations Services
- HIX and Miscellaneous Notices Business Operations Services
- Member Portal

**Service Term:**

- April 12, 2019, to June 30, 2024
- Two, two-year renewal options

Based on conditions as negotiated prior to April 11, 2019, and described herein.



# **Appendix: Proposals Evaluation Steps and Scores**

# Step 1 – Evaluation of Proposals

**Each scoring team member read the proposals and scored. Then team sessions were held with the purpose of arriving at a collective team score**

- Strengths and weaknesses of each Bidder were discussed and compared to the criteria of the score card
- At the conclusion of the sessions, each Bidder received Business and Technology Response and Optional Services scores (Score 1)
- Price analysis was conducted independently by the Health Connector’s finance team members. Once the financial analysis was completed price scores were calculated (Score 2). The Bidder with the lowest price received the maximum score in the price category. The pricing offered by all remaining Bidders was scored proportionately in relation to the lowest price Bidder using the lowest price as the numerator.
- Finally, the SST scored Overall Value - a combination of operational capability, technology, and price (Score 3)

**The total of the three scoring components comprised the final total. The SST selected the three highest scoring Bidders to move on to Oral Presentations**

	Max Points	Bidder 1	Bidder 2	Softheon	Bidder 4
Business and Technology Response (Score 1)	650	497	365	462	374
Optional Services (Score 1)	100	75	72	71	Not bidding
Price Response, includes Optional (Score 2)	150	106	89	134	129
Overall Value (Score 3)	100	80	30	60	20
Total Proposal Score, w Price	1000	758	556	727	523

## Step 2 – Oral Presentations

**Bidders were asked to cover the following topics during Oral Presentations:**

- Demo of EPB and Notices solutions
- Project team qualifications and governance structure
- Proposed approach to Data Conversion
- Proposed Implementation plan with particular emphasis on methodology and risk mitigation
- Financial and Technology Controls
- Rationale and Assumptions for Submitted Price

**Following Oral Presentations, the SST re-scored Bidders using the same Score Card and incorporating all information learned during Oral Presentations.**

**The two highest scoring Bidders were moved on to Site Visits and the reference check portion of the procurement evaluation.**

	Max Points	Bidder 1	Bidder 2	Softheon
Business and Technology Response	650	410	299	525
Optional Services	100	55	65	60
Price Response, includes Optional	150	106	89	134
Overall Value	100	60	30	80
Total Proposal Score, w Price	1000	631	483	799

## Step 3 – Site Visits

### Site Visits and reference checks were conducted for the two highest scoring Bidders

- The objective of the Site Visits was to validate what was learned from the written RFR responses and Oral Presentations. It was also important to meet additional staff members of the Bidder teams and to witness the operations first hand
- In parallel to site visits, the SST conducted reference checks with current and past Bidder clients

**Following Site Visits and reference checks, the SST re-scored the Bidders using the same Score Card and methodology. Any changes in price, or clarifications of the solution being proposed by the Bidders as a result of Site Visits, were incorporated into the analysis and scoring as well**

**The SST made a decision to extend the opportunity for Best and Final Offer to both bidders**

	Max Points	Bidder 1	Softheon
Business and Technology Response	650	410	505
Optional Services	100	47	65
Price Response, includes Optional	150	139	137
Overall Value	100	65	75
Total Proposal Score, w Price	1000	661	782

# Step 4 – Best and Final Offer (BAFO)

The request for BAFO included the following required elements:

- Reduction in overall price
- Demonstrated cost efficiencies to the Health Connector as membership grows
- Affirmation that all requirements were included in the overall price
- Agreement to all Service Level Agreements
- Schedule for payments associated with completion of implementation milestones
- Affirmation of compliance to all Privacy and Security requirements or a schedule to reach compliance
- Affirmation of a 6-month post-launch warranty period to stabilize and correct defects

Once BAFOs were received and analyzed, the SST re-scored Bidders.

	Max Points	Bidder 1	Softheon
Business and Technology Response	650	410	505
Optional Services	100	47	65
Price Response, includes Optional	150	145	135
Overall Value	100	65	75
Total After BAFOs w Price	1000	667	780