



Contract Approvals – Other (VOTE)

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Chief Operating Officer

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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

Key Terms

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



	Current (per square foot)	8/1/2015-8/31/2016	9/1/2016-8/31/2017	9/1/2017-8/31/2018
3 rd Floor	\$37	\$35	\$35	\$36
5 th Floor	\$30	\$30	\$35	\$36
6 th Floor	\$30	\$30	\$35	\$36
Total Cost	\$610,980	\$600,300	\$669,200	\$688,320

- For each additional year until August 31, 2021, rent increases by \$1 per square foot or \$19,120 total. In the final year of extension (9/1/20–8/31/21), the rent will be \$39 per square foot or \$745,680
- The Health Connector has the right to terminate the lease for the 3rd floor without penalty each year (with six months’ notice) and for the entire premises on September 1, 2018 (with nine months’ notice)
- Staff viewed comparable space at three alternate buildings in the general vicinity. Rents currently range from \$38 to 45 per square foot, which is higher than the proposed rent for almost the entire proposed extension term. Additionally, there would be cost to customize new space and relocate

A large, stylized white plus sign is centered on a light green background. The plus sign is composed of two thick, rounded rectangular bars that intersect at their centers. The word "Vote" is written in a bold, dark blue font, positioned in the lower-left quadrant of the plus sign's central area.

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.