



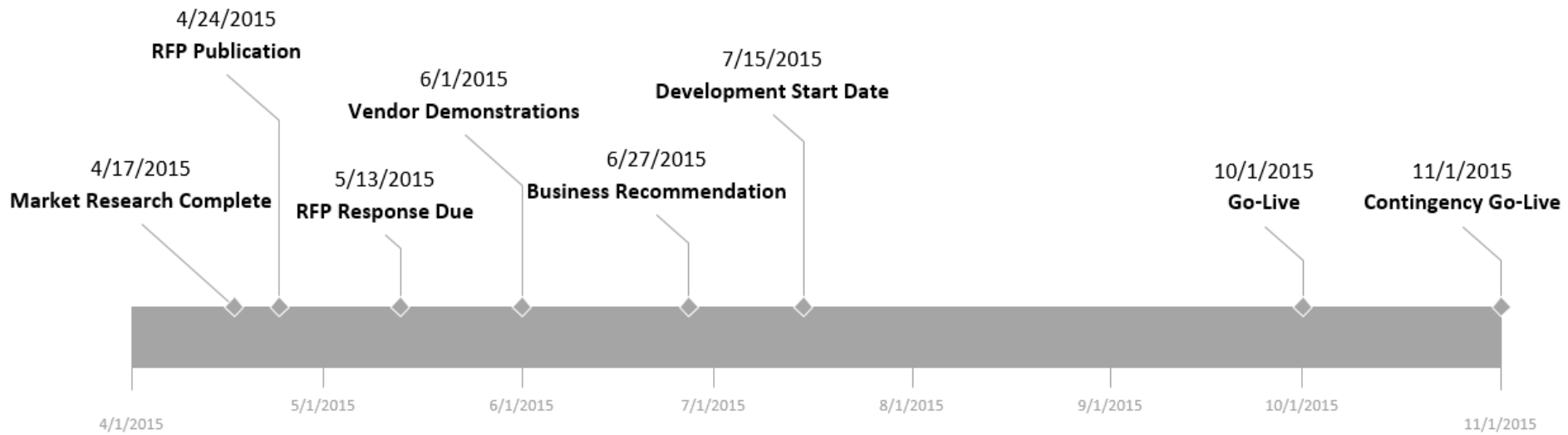
# STRATEGIC MARKET DIRECTION SMALL EMPLOYER HEALTH OPTION PROGRAM

June 22, 2015

# Proposed Direction-Small Group Marketplace

- **Small Group Project Team**
- Vetted potential partners who met the Trifecta criteria: successful system, expertise in Small Group and high credibility with employers
- Performed interviews with State Based Marketplaces
- Developed RFP and analyzed responses
- Initial approval to vet a “white label” option obtained from CMS
- Gained input and advice from Small Group Broker Focus Group, DOI, MGA partners
- Completed in-person interviews and comprehensive follow-up due diligence on: technology, financial management, service center

# Project Timeline



# Current SHOP Costs Eliminated by Outsource

Cost Type	Annual Costs	Notes
CGI Service Center	\$ 1 Million	Per CGI Service Center Proposal
Incremental CGI M&O Costs	\$ .18 Million	Estimate based on discussions with CGI
Incremental hCentive M&O Costs	\$ .22 Million	Estimates based on discussions with hCentive (no reduction in License fees)
<b>TOTAL</b>	<b>\$1.4 Million</b>	

# Projected Incremental Revenue\* Attributable to Successful Outsource

\* Accrued Revenue

## Revenue Projections for Current Solution-Low

Calendar Year	Covered Lives	Revenues
2016	3,500	\$551 K
2017	3,900	\$626 K
2018	4,300	\$705 K

## Revenue Projections for Outsource Solution-Moderate

Calendar Year	Covered Lives	Revenues
2016	6,900	\$1.1 M
2017	12,200	\$2.0 M
2018	15,900	\$2.6 M

# Vendor Cost Comparison

	Vendor A	Vendor B
<b>One Time Implementation Costs</b> -Data Migration, System setup, Training, Testing etc. - Includes Outsource Vendor, CGI, hCentive, Aldera Costs	\$ .9 M	\$1.1 M
<b>2016 Operations Costs</b>	\$ .67 M	\$.42 M
<b>2017 Operations Costs</b>	\$ 1.2 M	\$.75 M
<b>2018 Operations Costs</b>	\$ 1.5 M	\$.97 M

# Analysis and Business Case for Vendor Selection

Element	Vendor A	Vendor B
Enrollment Platform/ Technology Solution	<ul style="list-style-type: none"><li>• Origin of Exchange system based in benefits admin</li><li>• Strong small group enrollment platform</li><li>• Highly configurable</li><li>• Has handled renewals</li><li>• Current functionality contains enhancements including carrier portal and broker reporting features</li><li>• In place with another SHOP- very positive!</li><li>• Success in managing life change events for small business marketplace</li></ul>	<ul style="list-style-type: none"><li>• Configurable technical environment allows opportunity to design platform</li><li>• Current functionality does not include renewal platform</li><li>• Attractive UI</li></ul>

# Analysis and Business Case for Vendor Selection

Element	Vendor A	Vendor B
Financial Management	<ul style="list-style-type: none"> <li>• Relationship between financial vendor and enrollment vendor is a proven success in current SHOP customer</li> <li>• Finance partner has extensive industry knowledge and a 25 year partnership</li> <li>• Solution is not integrated with enrollment system</li> <li>• Excellent metrics</li> <li>• Flexible banking</li> </ul>	<ul style="list-style-type: none"> <li>• Solution integrated with the enrollment system</li> <li>• Well developed metrics</li> <li>• Current functionality does not meet all of C4's business requirements</li> </ul>
Service Center	<ul style="list-style-type: none"> <li>• Service center operational for current SHOP customer</li> <li>• Dedicated small business team including licensed agents</li> <li>• Services 8,000 groups</li> </ul>	<ul style="list-style-type: none"> <li>• No integrated call center currently operational for exchange environment.</li> </ul>



# Analysis and Business Case for Vendor Selection

Element	Vendor A	Vendor B
Small Business Expertise/Industry Experience	<ul style="list-style-type: none"><li>• Colorado based company.</li><li>• Established and led by insurance executives from the group benefits market.</li><li>• Represent 8,000 groups</li><li>• Average size = 600 employees. Largest customer=135,000 employees</li><li>• Currently the small business marketplace vendor for another SHOP</li><li>• Developing 51-100 group functionality</li></ul>	<ul style="list-style-type: none"><li>• Technology company serving Healthcare Payer market</li><li>• Currently 7,000 small groups enrolled and invoiced</li><li>• Served as the COTS BPM and CRM platform for Massachusetts Health Connector.</li></ul>

# Contract Artifacts

The following artifacts will be included in the contract with selected vendor:

- Development of a migration plan that commits to implementation by 10/1 with penalties for late delivery of critical functionality
- Service center SLAs consistent with SLAs in new CGI contract for individual marketplace
- Pricing/Cost of implementation
- Operational SLAs with respect to system performance, 834 transactions timing/creation of invoices and disbursement to Carriers with adherence to Carrier participation agreement
- Adhere to all Federal, State and C4 security policies

# Recommendation – Proceed Vendor A

- Requesting Ops and Finance Committee's recommendation that the Board of Directors approve to moving forward with contract discussion and approval of Vendor A
- Provide management with the authority to complete contract