



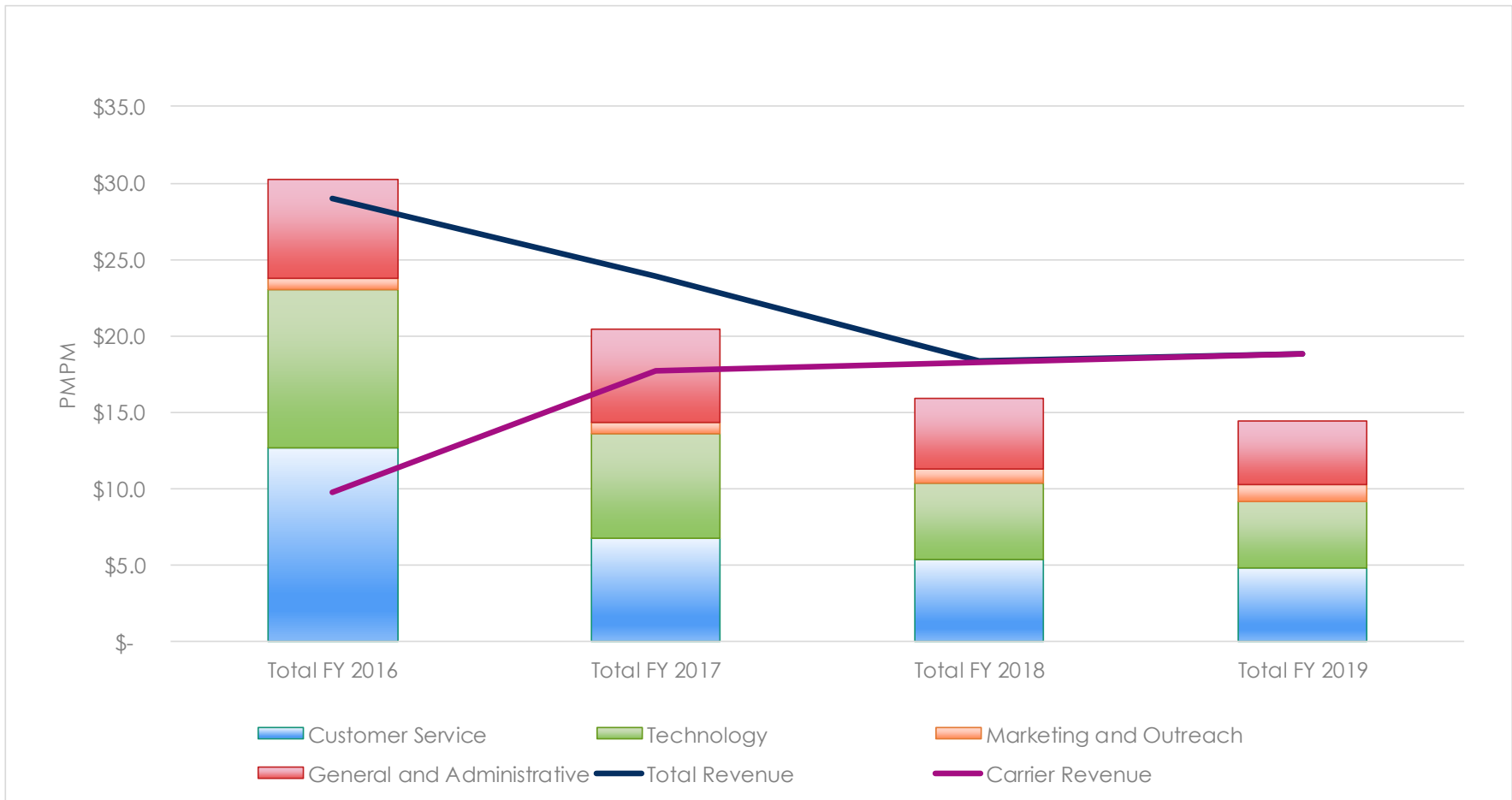
TECHNOLOGY CONTRACT CONSOLIDATION

August 8, 2016

Connect for Health Colorado

Per Member Per Month (PMPM) Revenue and Expenses

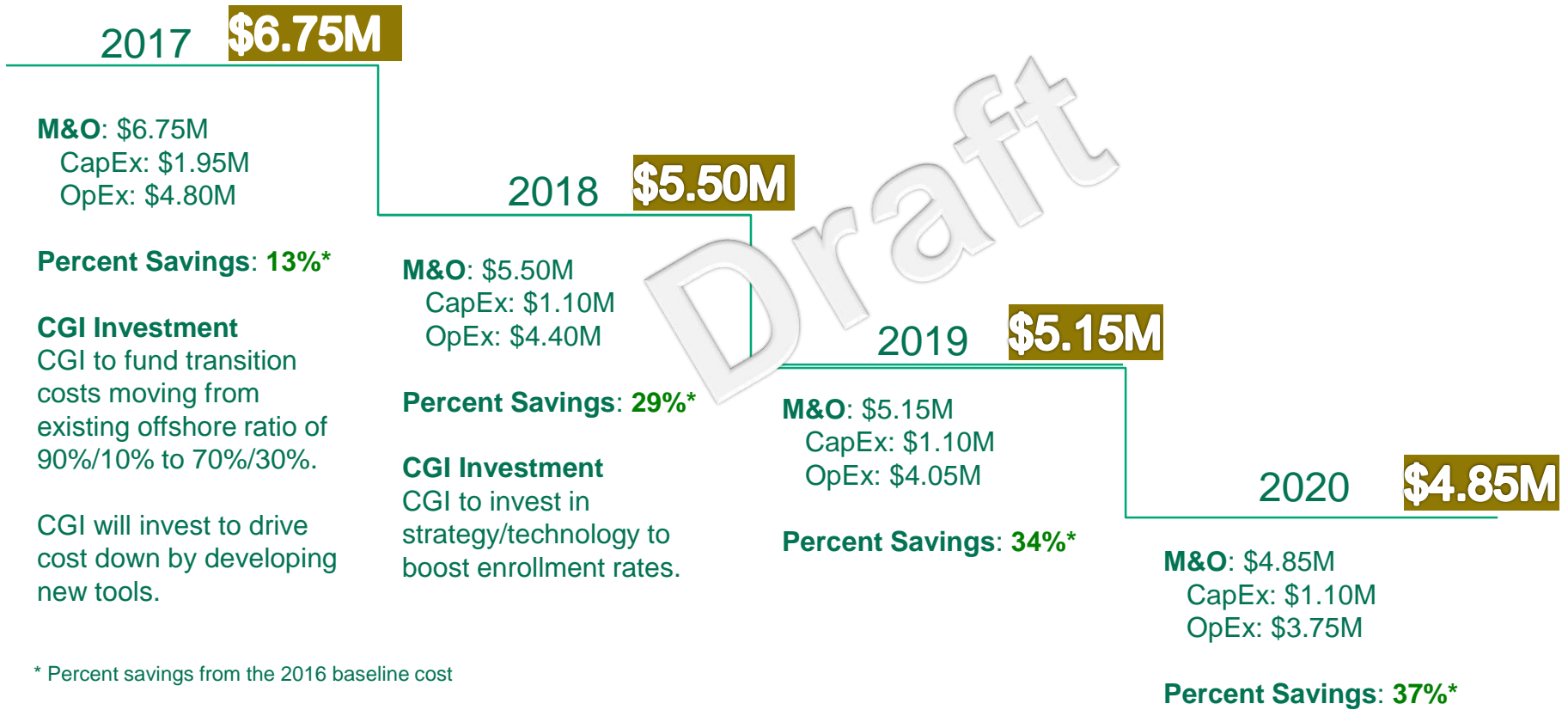
FY 2016 – FY 2019



* Reductions in technology PMPM spending assumes technology contract consolidation

Technology Contract Consolidation Proposed Savings

Current Expanded M&O Spend: \$7.75M



Technology Contract Consolidation Benefits

- The current piecemeal approach to technology maintenance/operation (M&O) and platform enhancement costs results in unpredictable spending patterns and administrative inefficiencies.
- By adding/consolidating the reoccurring services to existing M&O services, financial savings and spending predictability can be realized.
- A number of services are not captured in the original M&O scope of work and require regular additional shorter-term SOW's/Change Orders.
- Predictable long-term technology spending necessary to reach sustainability goals
- Includes flexibility to adjust spending levels as the result of lower than expected enrollment.

Technology Contract Consolidation

Year 1 Request

- Net cost above current contracted M&O/enhancement amounts is \$2.6 MM (accounted for in approved FY 2017 budget).
- Consolidation in Year 1 will result in \$1 MM in savings over prior year spending.
- Consolidation will result in predictable spend for C4 with minimized need for change orders during the fiscal year and includes the following extended services beyond contracted M&O:
 - Includes hours to plan and build for open enrollment including required compliance and State enhancements (through June 2017)
 - Includes technology support for customer impacting Marketplace gaps (tickets) – results in further reductions in manual workarounds beyond Year 1
 - Retention tools for OE4
 - Predictable spend for ongoing carrier coordination and life change event processing not included in original M&O and historically has required more costly short-term change orders/SOW's.