BOARD MEETING DATE: 9/9/2019

SUBJECT: REQUEST FOR PROCUREMENT APPROVAL – SERVICE CENTER OPERATIONS AND
TECHNOLOGY SERVICES

PREPARED BY: BRIAN BRAUN, CFO AND KELLY GUTHNER, CIO

Proposed Action:

Board approval to enter in to a contract with Faneuil to provide service center operations and technology services. These services will include the staffing and management of service center operations in conjunction with C4HCO's internal service center operations. This contract will also provide for the implementation and operation of service center technology that will be used by both Faneuil and C4HCO staff.

Summary:

Due to the upcoming expiration of the contract with the current service center vendor, C4HCO began a request for proposal (RFP) process in March.   Based on an extensive proposal review process, Faneuil has been selected as the vendor that will best meet the future needs of the organization.   Some of the key areas justifying the selection of Faneuil include:

- Experience in rapid deployment of resources to support open enrollment and seasonality fluctuations.
- Ability to provide thought leadership regarding state-based exchange service center technology and operations - given their involvement in several other exchanges.
- Exuded a partnership attitude. Transparent in terms of their business drivers and procedures.
- Proposed a mature technology platform that has been used in their other operations.
- Well established service center agent training, workflow and knowledge management tools - fine-tuned for state-based exchanges.
- Competitive all-inclusive pricing.
- Outstanding references by other exchanges– references confirmed the partnering attributes of Faneuil.

The draft contract structure under development will include specific service level requirements of the vendor along with a dynamic staffing methodology. C4HCO will work in partnership with the vendor in the ongoing forecasting of call volumes and the corresponding staffing levels needed.   This level of flexibility and transparency is important given the uncertainties of future

demands on the organization. This model will also blend with the ongoing internalization of service center operations by C4HCO.

Based on volume and service level assumptions provided by C4HCO, Faneuil operating costs are proposed to not exceed $18.4 million over 3 years under this contract. This represents approximately a 30% reduction in service center operating costs over current budgeted levels. The vendor will also be implementing a new service center technology infrastructure (proposed cost of $3.6 million) which will also be used by C4HCO staff. Further negotiations are in process regarding the costs and pricing structure for the services to be provided by Faneuil. Transition to Faneuil, if approved by the Board, is expected to occur subsequent to the upcoming open enrollment period.

The materials attached to this request include further information on the RFP process, Faneuil and the proposed services and infrastructure.

Staff Recommendation:
Staff recommends the approval of this request to allow us to proceed to contracting with Faneuil.

Procurement Compliance:
Procurement Exceeds $250,000 threshold: Yes, requires Board approval

Procurement/Business Initiative is necessary or advisable: Yes – this procurement provides critical service center services with a direct impact on our customers. It is necessary given the upcoming termination date of the existing contract.

Type of procurement vehicle: Master Service Agreement with Statements of Work.

Need for RFP,RFI,RFS or similar: Yes, a request for proposal (RFP) process was performed.

Funding Source:
Anticipate the use of general operating funds to fund the ongoing service center operations provided by Faneuil. Under certain circumstances, Federal funds may be used to reimburse the organization for a portion of these expenditures if related to Medicaid customers. Implementation costs for the technology infrastructure are included in the fiscal year capital expenditure budget and future capital expenditure projections since it may extend beyond the current fiscal year.

SERVICE CENTER VENDOR RECOMMENDATION

Finance and Operations Committee – August 26, 2019

Request for Proposal (RFP) Process

➢ Request for proposals published to vendor community on March 18, 2019

➢ Responses from 10 vendors received

➢ Responses varied from full-service solutions (included both operations and technology), technology only and operations only

➢ Respondents were provided the opportunity to submit questions – C4HCO responses to the questions were shared with respondents

➢ RFP Evaluation criteria used to select finalists:

- Ability to deliver the RFP business requirements

- Ability to integrate with C4HCO's business operations

- Level of risk of the proposed solution and transition

- Vendor qualifications and quality of references

- Costs and pricing model

- Acceptance of contract terms

➢ Based on evaluation of proposals finalists were selected and oral presentations were provided by the finalists

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Faneuil Overview

➢ 25 years of operating multi-channel customer service operations
➢ 5,500 employees
➢ Focus on clients operating in complex and highly regulated industries (public and private health insurance, health and human services, state government, utility and power, transportation)
➢ 97% client renewal rate with 85% of clients expanding services
➢ State-based exchange experience:
- Connecticut – full service turn-key operations (3 OE's)
- Washington – full service turn-key operations (6 OE's)
- California – overflow contact center operations (5 OE's)
- Minnesota – overflow contact center operations (2 OE's)

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Services Proposed by Faneuil

➢ Technology Infrastructure (used by both Faneuil and C4HCO agents):
  - Customer Relationship Management (CRM)
  - Telephony infrastructure and service
  - Interactive Voice Response (IVR)
  - Automatic Call Distributor (ACD)
  - Agent tools
  - Workforce management software

➢ Service Center Operations:
  - Agent and management staffing
  - Recruiting and hiring
  - Training
  - Performance management
  - Customer feedback and satisfaction measurement
  - Dashboard reporting
  - Facilities and equipment

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