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# OPERATIONS COMMITTEE MATERIALS

April 15, 2015

# Topics

- FY2015 Service Center Update
- FY2016 Budget Input
  - Timeline
  - Service Center Cost Cutting Proposal
  - SHOP (see separate deck)
  - MA site (see separate deck)
- Public Comment

# FY2015 SERVICE CENTER UPDATE

# Background

Current approved budget for service center is $14.9M

| | |
|---|---|
| $0.3M | Approved in December 2014 for additional HCPF resources |
| $0.9M | Approved in November 2014 for CGI/C3 due to changes in SCLSP |
| $13.7M | Approved in initial budget |
| $14.9M | Total approved budget |

Throughout the fall, staff presented forecasts for FY2015 of between $15.2M and $17.9M, but recommended the Board approve incremental increases to allow us to continue to look for ways to reduce costs over time.

At the February operations committee meeting, staff recommended an additional $2.8M to fund the service center through FY2015. The committee:

- Denied the request
- ***Asked staff to provide a recommendation in March for additional funding needed to support the service center through April 2015***
- ***Asked staff to provide an update in April on activities being taken to reduce service center costs for the remainder of FY2015 and FY2016.***

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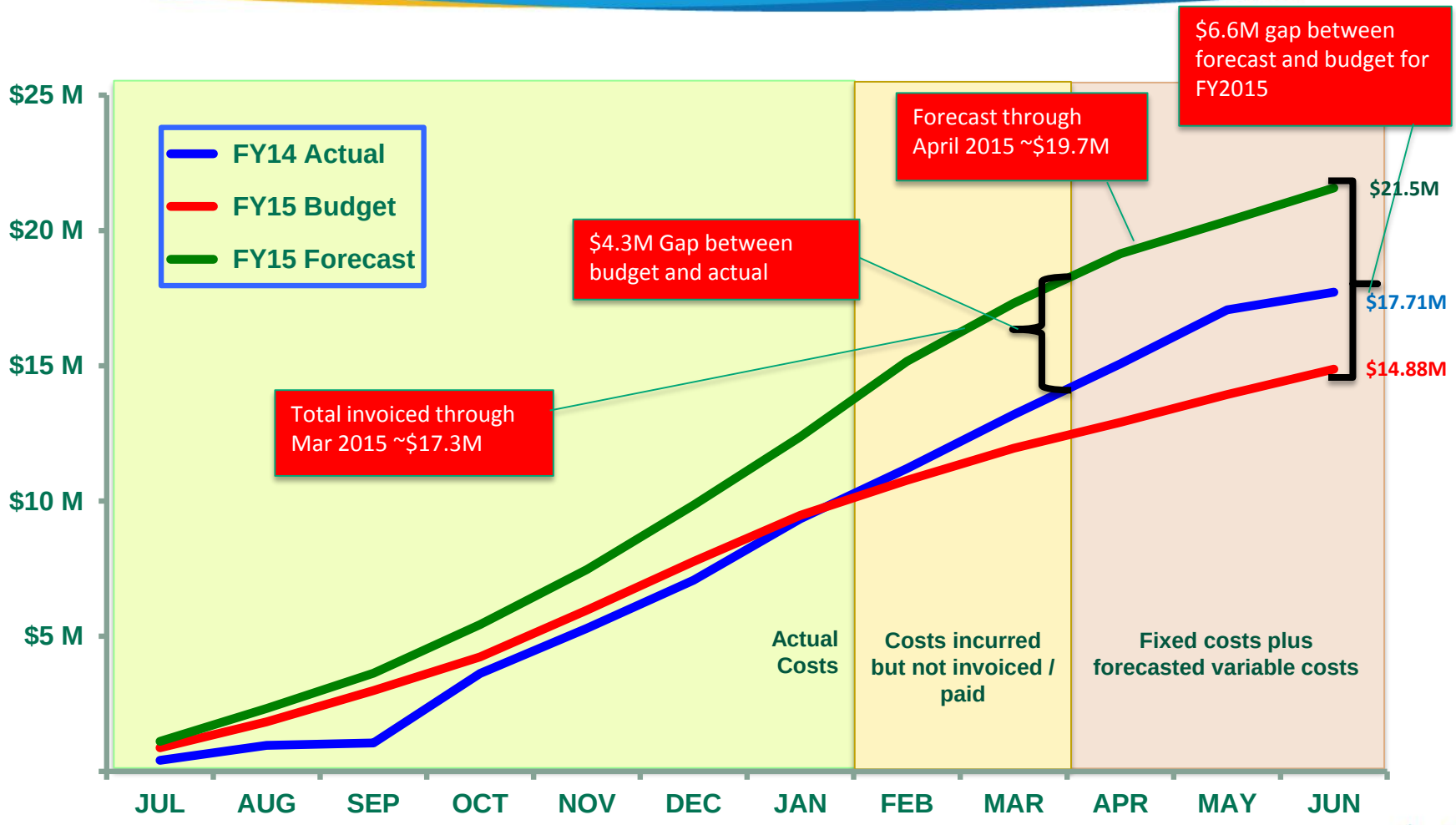
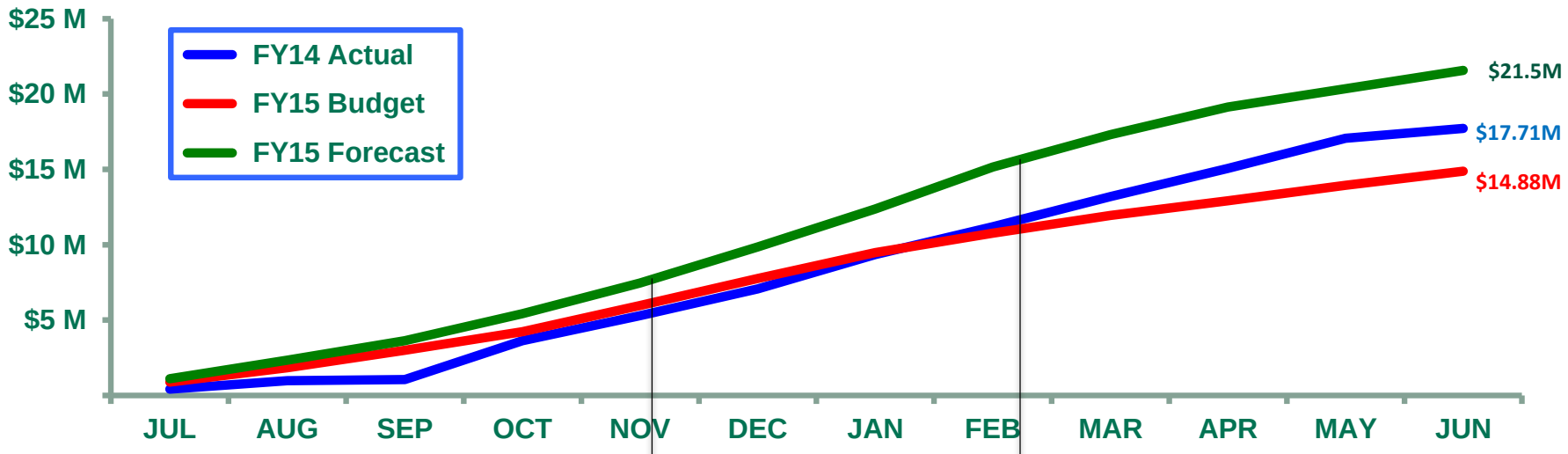
# Current Customer Service Center Trend – FY2015




The FY2015 Call Center costs will be ~$21.2M as forecast in February / March 2015

# Customer Service Center Cost Drivers




***Pre-OEP Cost Drivers***

- *Life change events (4K/month)*
- *Notices about changes in APTC due to market dynamics (Oct-Nov)*

***Open Enrollment Cost Drivers***

- *Eligibility determination issues*
- *Medicaid/CHP+ questions*
- *1095 questions*
- *Completing enrollments*
- *Renewals*
- *Life and account changes*

***Post OEP Cost Drivers (current and projected)***

- *Eligibility determination issues and backlog cleanup*
- *Medicaid/CHP+ questions*
- *Completing enrollments*
- *1095 questions*
- *Simultaneous Enrollment outbound calls*
- *Verifications processing*
- *Life and account changes*

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# FY2016 BUDGET INPUT

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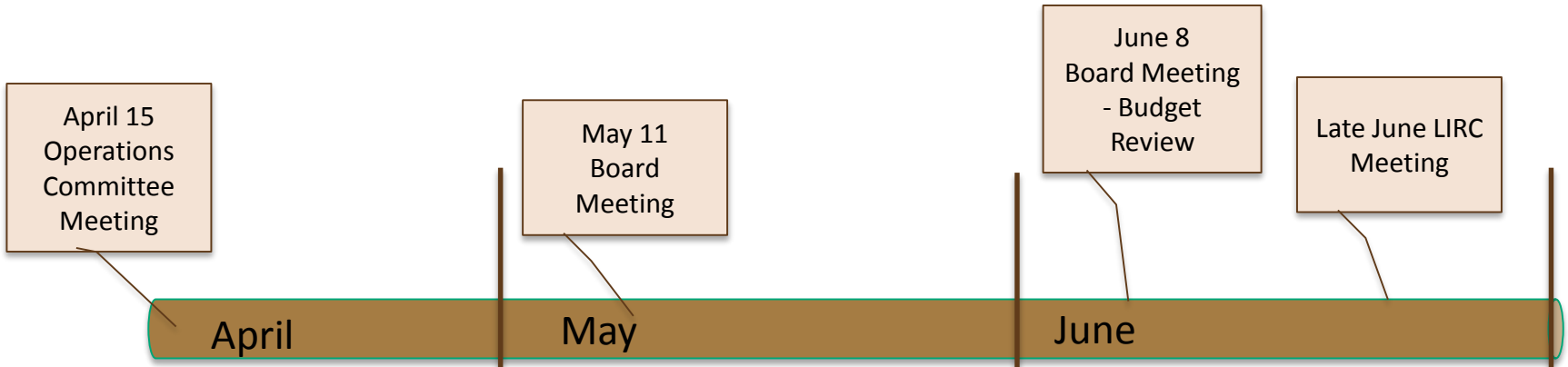
# FY2016 Budget Timeline




- SES approval
- Scenarios and modeling
- Business case review

- Contract negotiations
- Detailed planning

- Budget review and approval

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# Business Cases in Development

| Description | Top Decision Components |
|---|---|
| **Enrollment Targets and Sales Business Case** | 1. Approval of SES recommendation<br>2. Enhancements to SHOP product offering<br>3. Development of strategy around transition plans |
| **Service Center Renegotiate / Reduce Costs** | 1. Approval of SES recommendation<br>2. Expectations regarding service levels<br>3. Physical location of primary and overflow service centers<br>4. Strategies around non-Marketplace calls (divert or support) Tee up today |
| **SHOP** | 1. Completion of market due diligence and the RFP process<br>2. Valuation of current costs to future costs including cost of changing partners<br>3. Expansion of Small Group Market to 100 or less Tee up today |
| **Staffing Plan** | 1. Balancing replacement consulting staff with FTEs and prioritization of same<br>2. Staffing plan for remainder of 2015 that supports growth and sustainability.<br>3. Staffing plan to support FY2016 |
| **Hosting** | 1. Timeline for rehosting and dependencies<br>2. Ability to renegotiate hosting rates with CGI |
| **Decision Support hCentive Broker Portal, V.3.0** | 1. Evaluation of enhancements in new version of code and relative impact on sales & costs<br>2. Stay on most current versions of code to stay under warranty and receive product fixes |
| **Sustainability, Fees** | 1. Approval of SES recommendation<br>2. Preliminary operating and capital expenditure models & associated cash flow expectations<br>3. Develop revenue budgets and recommendations for fees |
| **Marketing Branding Health Literacy** | 1. Educating and raising awareness of financial assistance & Marketplace w/out advertising $<br>2. Better support Navigators/Brokers with limited advertising and resources<br>3. In light of the above, still meet enrollment goals of the organization |

# Service Center: Improve Service and Decrease Costs for FY2016

## Service Center Issues

- Call center costs too high
- Call center wait times too long
- Staffing scalability and attrition concerns
- Delays in customer issues resolution between vendors
- Inconsistent communications between service center and customers
- Lack of self service capabilities

## Major solution components

**Streamline or reduce current number of vendors**

- Leverage experience of last two years
- Enhance business continuity with expanded locations
- Improve ability to provide variable staffing
- Improved accountability for vendor(s) for overall results

**Improve or replace call center technology**

- Integrated IVR
- Self-service capabilities for incident tracking
- CRM
- Call routing
- Reporting

**New contract vehicle that reflects reality of current call center situation**

- Relevant SLAs
- Continuous improvement incentives

## Expected impact

**Improved customer service**

- Better adherence to service level agreements
- Enhanced self service capabilities
- Streamline information flow to call center staff
- Consistent communications with customers

**Reduced call center costs**

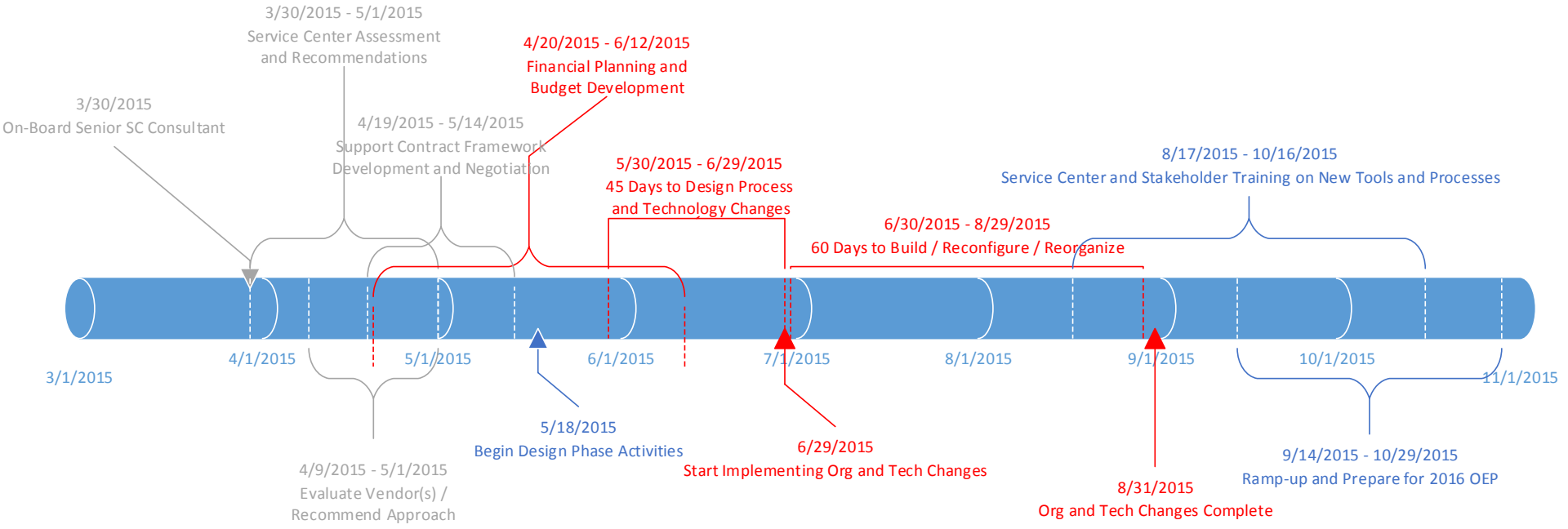
- Pursuing significant cost savings over five years – together with SES savings, potential to reduce annual costs by up to 30% in FY2017

There are options to reduce costs and improve service in FY 2016

# Which direction should we go and what information do you need to get to a decision?

| Major cost driver | Options and impact | What direction should we go and what information do you need? |
|---|---|---|
| Location of call center and overflow sites? | • Colorado option: All staff in Colorado<br>  • Reduces ability to realize significant savings, limits flexibility and growth<br>• **Onshore option: Key staff in Colorado, non-essential and variable staff in region but out of Colorado**<br>  • **Potential for moderate savings, very flexible**<br>• Global option: Key staff in Colorado, variable staff in region but outside Colorado, non-essential staff offshore<br>  • Potential for large savings, very flexible, harder to manage | • Do you want to see costs and potential savings for Onshore and/or Global options? |
| Service level driven or budget driven? | • "World class service" option: Determine costs to meet 80/90 SLA at all times<br>• "Premium service" option: Determine costs to meet 80/300 (80% of the calls answered in 5 minutes or less) SLA at all times<br>• "Standard service" option: Determine costs to meet 80/900 (80% of the calls answered in 15 minutes or less) SLA at all times<br>• Budget driven option: Use a budget forecast to determine what service level can be provided<br>• **Variable service option: Develop options for variable level of service depending on predicted call volumes** | • What assumptions / methodology do you want us to use to predict costs? |
| Technology refresh – CRM/IVR/ACD/self service | • Pay for technology build up front out of reserves or<br>• **Include build costs in fixed monthly fee and commit to contract with vendor that includes early termination fees** | • Which would you prefer? |
| Other factors | • SHOP expansion strategy<br>• MA site strategy and decision around support for Medicaid calls | • Direction taken on these will impact call center costs |
| Other input? | • What additional information do you need to make a decision? | • Costs from other SBMs<br>• Direct conversations with current vendors? Other? |

# Service Center planning and implementation timeline




**KEY:**

- Service Center Consultant Activities
- Vendor activities
- Shared Consultant / Marketplace and Vendor activities

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# WRAP UP