

*SEQUESTERED PENDING RESULTS OF EXECUTIVE SESSION*

**Results of the Business and Operations Plan Procurement/Award of Contract**

**Purpose:** The Level I Grant Application included the development of a robust business and operation plan to assist the Exchange in the development of a path and timeline leading to the full implementation of Level I activities. The goal of this project is to comprehensively identify and assess the critical factors leading to the implementation of the Exchange's services, products, and programs. In addition, another critical project objective shall be to identify the Exchange's detailed system, functionalities, and operational considerations, strategies, resources and timelines for implementation of a viable and successful Exchange that is compliant with state and federal requirements. The Contractor will conduct a thorough review of State and federal statutes and proposed regulations, program integration interface, broad stakeholder concerns, and the ongoing path toward selecting an eligibility and enrollment systems contractor. The Contractor will produce both a report on implementation issues and a thorough implementation timeline to be presented to the Board. The Contractor will continue working with staff on plan adjustments and updates to the timeline throughout the Level I implementation activities, through January 2014.

**Procurement Summary:** Exchange staff prepared a Model Contract Solicitation package, which was released on August 24, 2011, the day after Board approval of the procurement strategy. The procurement was promoted on the Exchange's Website and on Bid Sync, the state wide system for notification of upcoming procurements. The Department of Social Services' Contract Services Unit assisted the Exchange coordinating the procurement on Bid Sync. In addition, Exchange staff notified 16 firms that had either expressed an interest in doing management consulting or IT development for the Exchange or were recommended by Exchange management. There was widespread interest and we received and responded to questions from 8 firms. The Exchange received 3 proposals on September 14, 2011, which was the final date for submissions. Proposals were received from Booz /Allen/ Hamilton, Milliman and the Public Consulting Group. An evaluation panel consisting of Pat Powers, Joe Munso and Bill Obernesser was convened on September 16th and, after reviewing the proposals individually, met again on September 21st.

**Contract Cost:** The Level I Grant application budgeted \$460,000 for this project, which was stated as the project maximum in the Model Contract Solicitation. The proposed total cost ranged from \$433,663 to \$457,088.

**Recommendation:** The evaluation panel agreed that Public Consulting Group had the strongest proposal for these reasons:

- Extensive recent experience with ACA implementation and the implementation issues on state exchanges in eight other states. Public Consulting Group currently manages the call center and financial operations for the Massachusetts Health Connector, the prototype exchange.
- Greater experience working on government health programs, especially Medicaid and CHIP.
- Greater experience working on California government programs, with a strong focus on Medi-Cal.
- Greater experience with the interface of Information Technology and government health programs.
- Proposed staff for the project also had the relevant experiences in plan development, health exchange implementation and government sponsored health programs.
- The proposed project approach had good balance of resources between development of the initial business operation plan and ongoing updates.
- The proposed “Building Block” approach will likely result in a strong plan that covers all core areas and that is easy to comprehend on both the staff and public level.
- Although not the lowest total cost proposal, the firm offers the lowest hourly rates and devotes the most professional hours (2,836 hours) toward the project (i.e. the highest and overall best value proposed).

Staff is requesting additional time to meet with Public Consulting Group, to further clarify the staffing patterns and negotiate a final contract. We are asking the Board to approve moving forward with the final negotiations and to delegate to the Acting Administrative Officer the ability to make the final award and enter into a contract with Public Consulting Group. In the unlikely event that the final negotiation is unsuccessful, staff would continue negotiations with the other firms and bring an award recommendation to the Board in October.

**Board Action Required and Sample Motion:** Approval of final negotiations and the ability to award a contract for the Business and Operations Plan to the Public Consulting Group.

“The Board moves to adopt the resolution for final negotiations for the Business and Operations Plan contract, and if successful, directs the Acting Administrative Officer to award and enter into a contract with the Public Consulting Group.”