California Health Benefit Exchange Service Center Recommendation

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Service Center Principles

The vision of the California Health Benefit Exchange is to improve the health of all Californians by assuring their access to affordable, high quality care.
Supporting this vision we have identified five Service Center Principles to guide us.

1. **Provide a first-class customer experience**
2. **Offer comprehensive, integrated and streamlined services**
3. **Be responsive to consumers and stakeholders**
4. **Assure cost-effectiveness**
5. **Optimize best-in-class staffing to support efficient eligibility and enrollment functions**

Estimated Exchange & Medi-Cal Enrollment: newly eligible due to the Affordable Care Act

Base Scenario	2014	2015
Exchange Subsidized	900,000	1,170,000
Exchange Unsubsidized	253,500	427,500
Healthy Families	580,000	590,000
MAGI Medi-Cal*	860,000	980,000

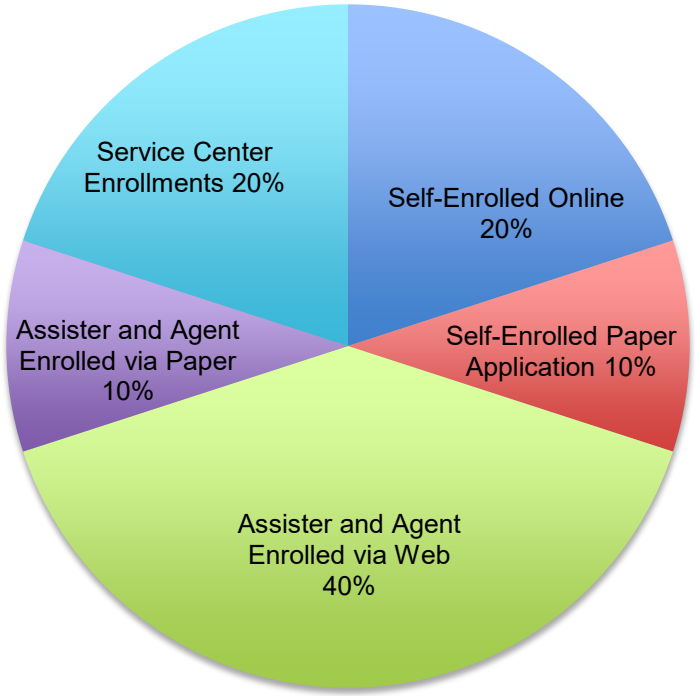
Enhanced Scenario	2014	2015
Exchange Subsidized	1,190,000	1,610,000
Exchange Unsubsidized	255,000	467,500
Healthy Families	630,000	640,000
MAGI Medi-Cal*	1,380,000	1,490,000

All based on CalSIM v1.7 base scenario extrapolating to estimate 2015
*MAGI Medi-Cal represents the difference between pre & post Affordable Care Act implementation

Forecasted Application Pathways

The Exchange has forecasted the workload estimates based on the estimated volumes for annual applications and enrollments for programs included in the Affordable Care Act.

- Projections based upon CalSIM v1.7 March 22nd 2012 base scenario
- Multi-Channel Support (Chat, Email, Fax and Correspondence will be included in the projections)



Notes:

Each area of enrollment may result in contacts to the Service Center

Ongoing case management workload for Medi-Cal will be performed in the County of residence. Ongoing Exchange work will be performed by the Exchange and is estimated separately

Forecasted Call and Back Office Volume Projections

The Exchange has forecasted the workload estimates based on the estimated volumes for annual applications and enrollments for programs included in the Affordable Care Act.

- Projections based upon CalSIM v1.7 March 22nd 2012 base scenario
- Multi-Channel Support (Chat, Email, Fax and Correspondence will be included in the projections)

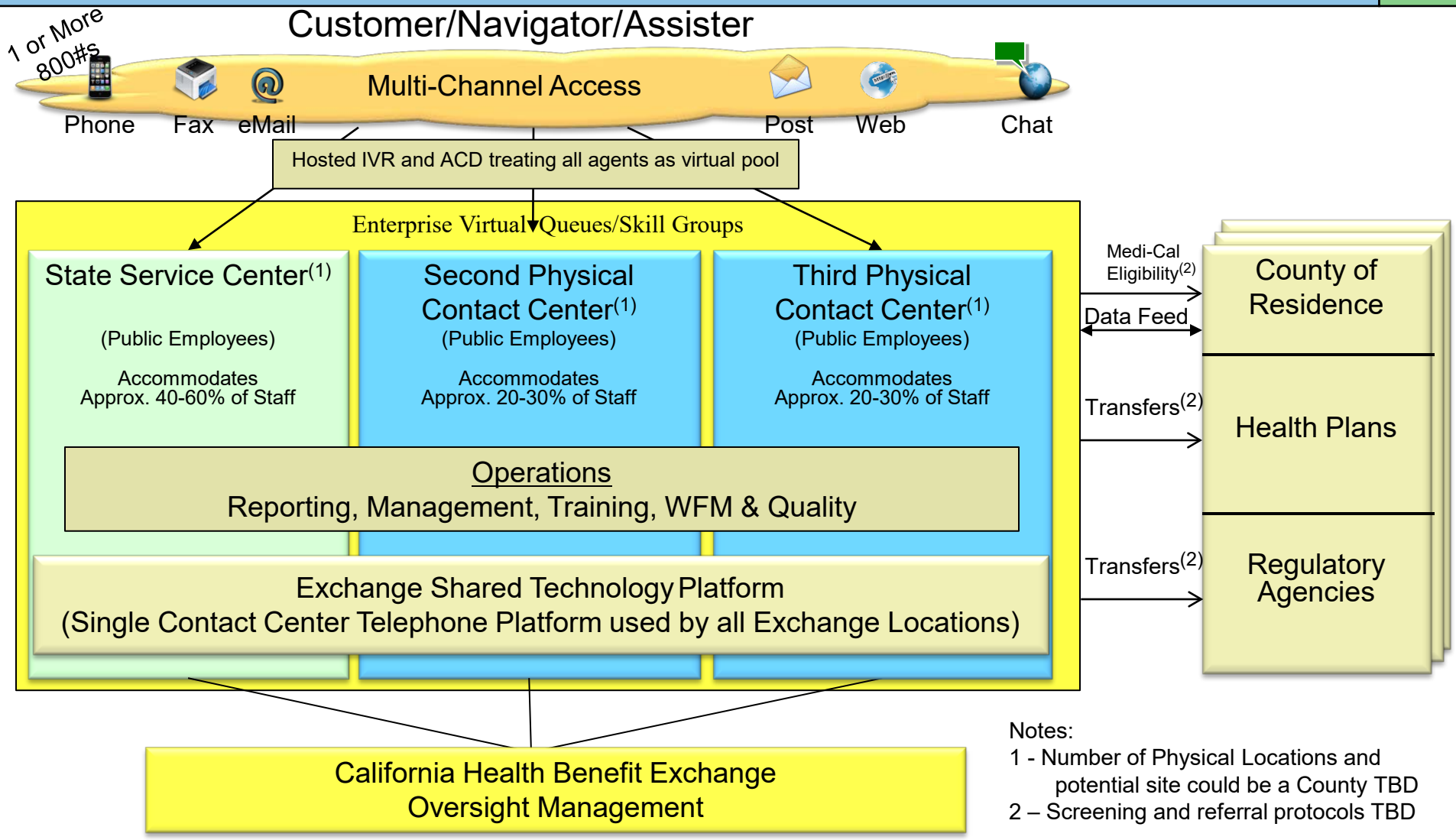
Contact Volume Projections	2013	2014	2015
General Inquiry*	585,000	967,500	866,250
Eligibility and Enrollment			
Exchange	166,000	387,000	277,200
Medi-Cal	68,000	258,000	184,800
Ongoing Enrollee Support	0	3,155,976	4,291,560
Provider/Plan	46,800	138,420	159,750
SHOP (Employee/Employer/Agent)	42,468	209,803	233,671
Assisters Calls	90,000	360,000	360,000
Other Workload Projections	**2013**	**2014**	**2015**
Paper Applications	78,000	225,750	173,250

Notes:

Workload projections do not include County workload related to ongoing Medi-Cal cases, including MAGI Medi-Cal and Non MAGI Medi-Cal. All this work will be performed in the local County of residence.

* General Inquiry Work in process to better develop detailed and refined estimates may be understated.

Centralized Multi-Site Service Center Model
Medi-Cal County Determination Hybrid



Notes:
1 - Number of Physical Locations and potential site could be a County TBD
2 – Screening and referral protocols TBD

Advantages and Challenges
Centralized Multi-Site Service Center Model

During the evaluation of the Service Center Models the following advantages and challenges have been noted.

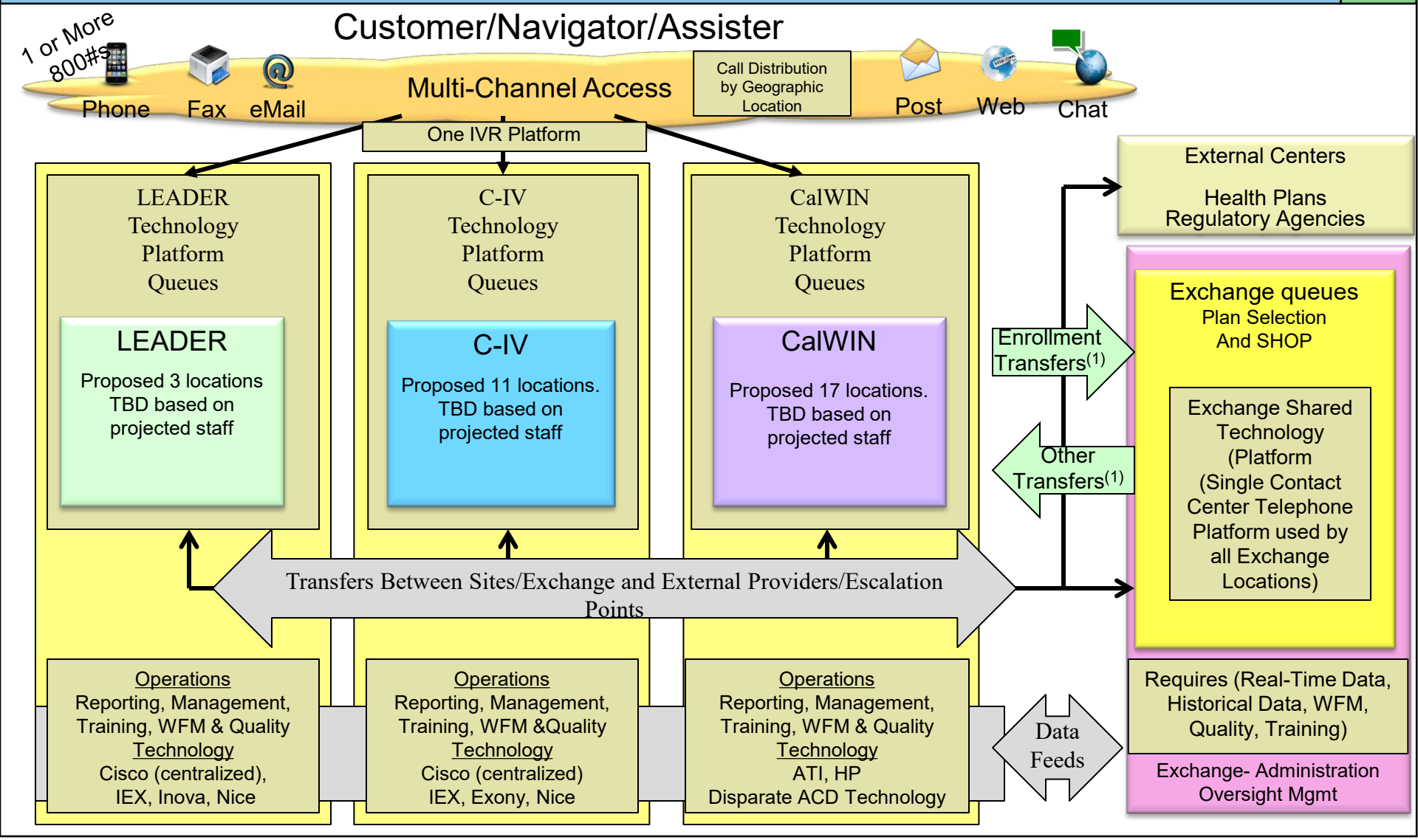
Advantages

- Centralized management & technology infrastructure
- Multi-market hiring pool and quality of resources from accessing selected labor markets in California
- Establish consistent work rules, staffing models and hours of operations to meet the demands of health reform
- Maintains Counties responsibility for Medi-Cal eligibility determination and fosters horizontal integration in County of residence
- Flexibility to increase and decrease staffing across multiple locations to meet volume fluctuations and disaster response
- Centralized support and trained staff to provide assistance for Assisters and Navigators
- Standardized training and quality programs administered in a few large locations
- Ability to drive high utilization with large, skill based service teams
- Standard performance management program administered across a small number of locations

Challenges

- In complying with current law to have Medi-Cal eligibility determined at County level, will require a two-step process for Medi-Cal eligible individuals
- The referral and screening process will need to be sure to address federal requirements for enrolling individuals for federal tax credit support.
- Implementation complexities based on multiple locations
- Initial development of building and launching new physical locations
- Initial investment to launch centralized technology infrastructure
- Significant effort to hire and train new staff in short timeframe
- Potential customer experience variability due to multiple physical site locations

Integrated State/Consortia Model



Notes: 1 - Transfers protocols to be finalized

Advantages and Challenges
Integrated State/Consortia Model

During the evaluation of the Service Center Models the following advantages and challenges have been noted.

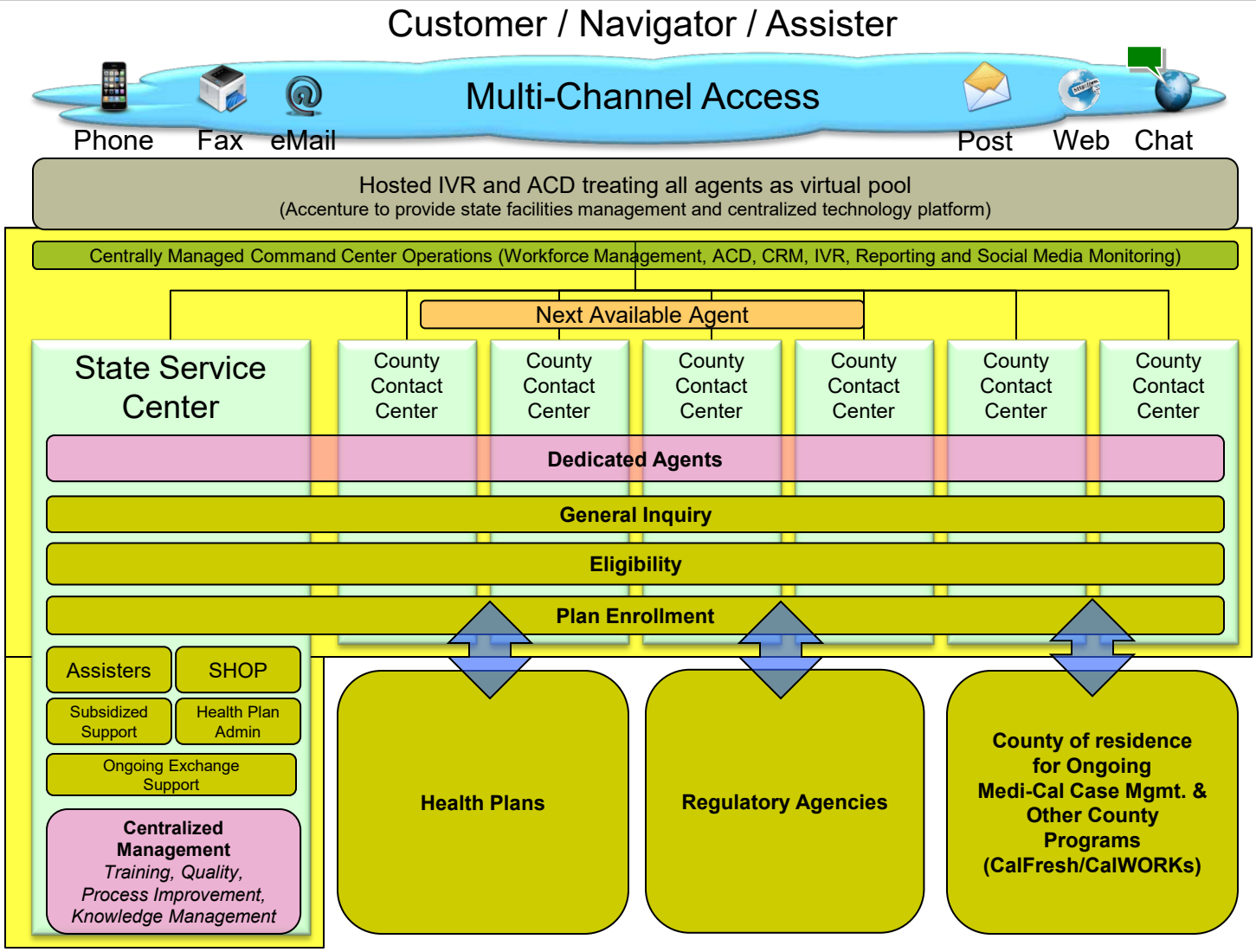
Advantages

- Builds on current infrastructure, staffing and management expertise
- Multi-market hiring pool and quality of resources from multiple California labor markets
- Experienced County eligibility staff and customer service staff to provide a core base
- Flexibility to increase and decrease staffing across multiple locations to meet volume fluctuations and disaster response
- Horizontal program integration for both intake and ongoing eligibility determination
- Scalable technology in place to support increased volumes

Challenges

- Competing service demands from an array of County programs
- Implementation complexity and costs to integrate multiple existing and new service center technologies
- Potential customer experience and service delivery variability due to different technologies, management and operational approaches across 31 consortia physical site locations
- Increased costs to employ an average of 31 additional front line staff and supervisors per month
- Additional training costs to train up to 30-50% more resources
- Significant effort to hire and train new and existing staff in short timeframe
- Managing different hours of operations and work rules in the same facility with County programs

State / County Partnership Model



Advantages and Challenges
State / County Partnership Model

During the evaluation of the Service Center Models the following advantages and challenges have been noted.

Advantages

- Ability to drive optimized utilization with central ACD queue and present the call to the next available agent
- Greater degree of business continuity with multiple sites collectively working in a virtual queue
- Experienced State and County customer service staff working together to meet service levels agreements
- First call resolution allows State and County employees to handle general inquiry, eligibility and plan enrollment without having to transfer the customer
- Centralized management & technology infrastructure while leveraging existing County locations
- Multi-market hiring pool and quality of resources from accessing selected labor markets
- Flexibility to increase and decrease staffing across multiple locations to meet volume fluctuations and disaster response
- Standardized training and quality programs administered in multiple County locations and 1 State location
- Standard performance management reporting across staff, supervisor, management and site levels

Challenges

- Major change from current practice and approach by having Medi-Cal eligibility completed by State workers
- Additional employees and management resources required in the Counties will impact overall operational costs
- Implementation and contracting complexities based on multiple locations
- Initial development efforts to build out and launch new physical locations
- Initial investment to launch and integrate centralized technology infrastructure
- Significant effort to hire and train new staff in short timeframes
- Potential customer experience variability due to multiple physical site locations

Summary View of Service Center Models

Model Features	Centralized Multi-Site Service Center	Integrated State/Consortia	State/County Partnership
# State Locations	2 or 3	1	1
# County Locations	Potentially 1	31	Up to 8 County Locations
First Touch Customer Contact	State Service Center	County Service Center	State or County (Next Available Agent)
Dedicated Service Center Queue	Yes	No	Yes
ACD - Next Available Agent	Yes	No (Geographic queues)	Yes
General Inquiries	State (Next Available Agent)	Local County of Residence	State or County (Next Available Agent)
Eligibility Determination for Medi-Cal	DHCS Determination*	County	State or County*
Medi-Cal Plan Enrollment	DHCS Determination**	HCO	DHCS Determination**
Eligibility Determination for APTC	State	County	State or County
Exchange Plan Enrollment	State ("one-touch")	2nd Touch: Transfer to State	State or County ("one-touch")
Desktop Eligibility System	CalHEERS	SAWS***	CalHEERS
Term Sheet Required?	Yes	Yes	Yes

Legend

* *Current understanding is that State staff would screen and refer to County of residence for Medi-Cal eligibility determination*

** *DCHS Pending Decision TBD - Plan enrollment is currently not done by counties, but under "Health Care Options" contract. Need to determine if plan enrollment would be function of State or County offices under respective models.*

*** *SAWS will require real-time integration with CalHEERS in order for plan enrollment transfer protocol to the state to be successful*

Note: The matrix is focused on the incoming calls from the statewide toll free (800) line. It does not include: (1) calls or walk-ins to the Counties; (2) SHOP enrollment/ eligibility work (done by State office); (3) ongoing Exchange enrollee case management (done by State office); (4) ongoing Medi-Cal case management (done by County of residence)

Essential Terms for County participation: Centralized Multi-Site Model

- Direct contract with Counties
- Utilization of CalHEERS system to determine eligibility
- Minimum staffing requirements with guarantee of positions on short-term commitments (elasticity)
- Dedicated manager, quality and training staff to be paid for by the State Service Center
- Customer Service agents required to complete training curriculum and certification
- Centralized technology infrastructure provided and managed by the State Service Center
- Dedicated queues with next available agent for all Exchange work
- Centralized workforce management to provide schedules for all employees in the dedicated queues.
- Performance management program
- Hours of operations
- Payment for training, equipment, launch and dedicated resources at state comparable rate upon County board of supervisors approval of term sheet
- Accountability provisions

Model Evaluation Process

The Exchange assessed each of the following models:

- Centralized Multi-Site Service Center
- Integrated State/Consortia
- State/County Partnership

Domain	Domain Definition
Technical	Ability to develop, implement and manage centralized technology solution
Implementation Complexity	Ease of Deploying Exchange specific services in a consistent manner across multiple sites
Functionality	Ability to develop, implement and manage a centralized operations environment
Cost	Total cost of implementation and ongoing operations
Performance Management	Proven ability to effectively implement and maintain a performance management program to include key metrics
Workforce Management	The ability to centrally forecast, real-time manage and report on staffed resources across multiple locations
Customer Service	An overarching “first touch” approach focused toward Exchange consumers

The Exchange call center experts used an evaluation that reflects industry standards, the expected demands of the service center by the consumers and the values held within the Service Center Principles.

Model Evaluation Results

	Centralized Multi-Site	Integrated State/Consortia	State/County Partnership
Service Center Principles			
Functional			
Technical Infrastructure			
Workforce Management			
Implementation Complexity			
Performance Management			
Costs			
Total			

Weighting Factors	
Service Center Principles	15%
Functional	10%
Technical Infrastructure	10%
Workforce Management	10%
Implementation Complexity	15%
Performance Management	15%
Costs	25%
Total	100%

Ranking	
Fully Adequate	
Partially Meets	
Not Adequate	

State/County Partnership model was evaluated with the assumption that participating Counties would meet the Exchange term sheet requirements

Recommendations

The Exchange staff recommends:

- The Centralized Multi-Site model, with the potential of a County serving as a site, because it aligns with many industry best practices, minimizes risk to achieve the aggressive launch dates, and presents the most sustainable cost model and maintains Counties' traditional role in determining Medi-Cal eligibility

Inherent in the Centralized Multi-Site Model are the following:

First Touch Customer Contact

Delivers an approach where the first interaction with consumers addresses their Exchange needs with ability to transfer to County of residence for Medi-Cal and other State programs as necessary

Dedicated Service Center Queue

Leverages resources that are solely focused on performing Exchange related work helping to deliver a streamlined consumer interactions while maximizing efficiencies to achieve the required service levels

State Primary and secondary locations

Centralized management, training, quality, process improvement and reporting effectively measure customer satisfaction across all locations handling calls from general inquiry, Exchange eligibility and plan enrollment. State location will support ongoing customer service and County of residence will support all ongoing Medi-Cal cases

Centralized Technology Infrastructure

All service centers leveraging centralized technology and CalHEERS desktop to support while maintaining a network of linked service center locations to provide no single point of failure

Simplified IVR design to maximize consumer ease of access

Skill-based routing to drive quality and productivity and the use of toll free numbers for marketing outreach and tracking enabling ROI analysis

Centralized Command Center Operations

Centralized forecasting, scheduling, monitoring and reporting that will roll up into an executive dashboard to measure each locations performance from the agent, supervisor, manager and site level

Next Available Agent

Utilizes centralized ACD technology to look across all participating locations and the resources associated with the Exchange work to provide an optimized, best-in-class staffing model that efficiently support eligibility and enrollment functions to meet service level requirements

Issues to be Clarified

1. Defining the screening and referral protocols for transferring potentially Medi-Cal eligible individuals to their County of residence
2. Exploration of potential County Service site that agrees to term sheet
3. Contingencies for upward or downward volume adjustments impacting staffing and other costs
4. Policy and referral protocols for ongoing management for multi-program households
5. Design & payment of counties conducting assistance for Exchange eligibility & enrollment of individuals
6. Refinement of estimated call volumes related to general inquiry, enrollment and ongoing support
7. Design and structure of pilot program for testing capacity demands
8. Explore cost allocation implications of this approach

Preliminary Service Center Projected Costs

Estimated Financial Analysis for Service Center Operations

Centralized Multi-Site Service Center Model		2013/2014	2015
Center Staffing Costs		$41,433,588	$36,058,706
Benefits	36%	$14,916,092	$12,981,134
Ongoing Operations Staff		$2,374,000	$2,374,000
Command Center Operations		$3,139,674	$3,139,674
Facilities & Technology Infrastructure		$41,843,832	$41,843,832
Administrative (Allocation)	5%	$2,071,679	$1,802,935
		$105,778,865	$98,200,281
Other Resources and Costs for the Service Center	# of FTE's		
Resources to support the SHOP business calls	32	$4,221,252	$4,221,252
Resources to support the Qualified Health Plans calls	28	$3,693,595	$3,693,595
Resources to support Assisters calls	40	$5,276,565	$5,276,565
Mailroom & Data Entry Staff		$15,683,341	$15,683,341
Telecom		$21,316,789	$21,316,789
		$50,191,542	$50,191,542
	Total Other Costs		
Total Fully Loaded Costs State Centralized Multi-Site Service Center Model		$155,970,407	$148,391,823

State/County Partnership Service Center Model		2013/2014	2015
Center Staffing Costs		$43,413,548	$37,642,674
Benefits	36%	$15,628,877	$13,551,363
Ongoing Operations Staff		$2,374,000	$2,374,000
Command Center Operations		$3,139,674	$3,139,674
Facilities & Technology Infrastructure		$41,843,832	$41,843,832
Administrative (Allocation)	5%	$2,071,679	$1,882,134
		$108,471,610	$100,433,676
Other Resources and Costs for the Service Center	# of FTE's		
Resources to support the SHOP business calls	32	$4,221,252	$4,221,252
Resources to support the Qualified Health Plans calls	28	$3,693,595	$3,693,595
Resources to support Assisters calls	40	$5,276,565	$5,276,565
Mailroom & Data Entry Staff		$15,683,341	$15,683,341
Telecom		$21,316,789	$21,316,789
	Total Other Costs	$50,191,542	$50,191,542
Total Fully Loaded State/County Partnership Model		$158,663,152	$150,625,218

Notes:

1. These estimates will be revised based on additional analysis of the projected service volumes & workload
2. Fully Loaded Costs Include all Facilities, Technology, Telecom, Management, Staff & Command Center Operations
3. Service Center costs includes customer service agents, quality assurance analysts, trainers, process improvement analysts, data entry, mailroom, all supervisors, managers, site directors and program leader
4. State/County Partnership model assumes no service center wage or other staffing cost differences between the State and Counties
5. Estimated 2015 costs are approximately 1.6% of the Exchange projected premiums
6. The Integrated State/Consortia model initial pricing was higher than the State/County Partnership Model, but the analysis of the fully loaded costs of the model has not been validated as an equal comparison to the state fully loaded costs