Maryland Health Benefit Exchange
Board of Trustees

May 16, 2022
2 p.m. – 4 p.m.
Meeting Held at the Maryland Health Care Commission and via Video Conference

Members Present:
S. Anthony (Tony) McCann, Vice Chair
Kathleen A. Birrane
Andrew (Andy) Ratner
Ben Steffen, MA
Dana Weckesser
Robert D'Antonio, PhD
Mary Jean Herron
K. Singh Taneja
Dr. Rondall Allen

Members Excused:
Dennis Schrader, Chair

Also in Attendance:
Michele Eberle, Executive Director, Maryland Health Benefit Exchange (MHBE)
Venkat Koshanam, Chief Information Officer, MHBE
Tony Armiger, Chief Financial Officer, MHBE
Heather Forsyth, Director, Consumer Assistance, Eligibility & Business Integration, MHBE
Johanna Fabian-Marks, Director, Policy & Plan Management, MHBE
Betsy Plunkett, Director, Marketing & Digital Strategies, MHBE
Tracey Gamble, Procurement Officer, MHBE
Lourdes R. Padilla, Secretary, Maryland Department of Human Services

Welcome and Introductions:

Mr. McCann opened the meeting. He noted that this is Dr. D'Antonio's last meeting before leaving the Board. Mr. McCann thanked him for his service, both personally and on behalf of the board.

Executive Update

Andy Ratner, Chief of Staff, MHBE

Mr. Ratner explained that Ms. Eberle is joining remotely and that Secretary Schrader is absent. On behalf of the Board and MHBE, he again thanked Dr. D'Antonio for his service, expressing appreciation for his passion during his tenure on the Board.

Mr. Ratner noted that the Small Business and Nonprofit Health Insurance Subsidies Program Workgroup issued a request for applications, which will be accepted until June 3. This request is posted on MHBE's website. Mr. Ratner explained that the workgroup will meet this summer to develop recommendations for the legislature. He gave some background on the workgroup. He expressed that MHBE would be particularly grateful for interest in the workgroup from anyone who owns or works for a small business or nonprofit, and he again encouraged these individuals to look for more information on MHBE's website.

Mr. Ratner then mentioned that Broker Connect launched recently and has been a great success so far. He described Broker Connect as the latest tool to help assist consumers through technology.

Approval of Meeting Minutes

The Board reviewed the minutes of the April 18, 2022, open meeting. Mr. Taneja moved to approve the minutes as presented. The Board voted unanimously to approve the minutes.

Policy Committee Report

Kathleen A. Birrane, Commissioner, Maryland Insurance Administration

Commissioner Birrane explained that the policy committee met on May 2, 2022, and that the committee reviewed the current iteration of the strategic plan, which is almost ready. The committee also reviewed a draft of the Board communication policy and provided feedback to the drafters, and they will be reviewing the next version shortly. Commissioner Birrane explained that in another part of the committee meeting, Ms. Fabian-Marks gave an update on young adult subsidy regulations, the same update the board will receive later in this meeting. The committee also broadly discussed how to approach small business considerations: specifically, how best to support small businesses in acquiring group policies and helping their employees become fully insured through MHBE. Commissioner Birrane stated that the committee discussed past strategies that have worked in the area of small business, those that have not worked, and the direction for the future.

Commissioner Birrane said that the primary topic of discussion for the policy committee meeting was the establishment of a board governance committee to support board members, equipping them with what they need to understand their role and participate effectively. She explained that the committee wants to ensure that the infrastructure is compliant with best practices, especially with the State Transparency and Accountability Reform (STAR) Commission that the governor has established. The policy committee will be discussing the establishment of a governance committee with the Board, and Commissioner Birrane is working with Ms. Eberle and others on an outline for that discussion.

Young Adult Subsidy – Proposed 2023 Program Parameters

Johanna Fabian-Marks, Director, Policy & Plan Management, MHBE

Ms. Fabian-Marks began by providing an overview of the proposed 2023 program parameters for the young adult subsidy program. She provided background on the pilot program and then went over current enrollment and cost data. She explained that funding comes from the state reinsurance program, with funds specifically set aside for the young adult subsidy pilot program. She then gave an overview of the current program parameters. Using state dollars, the program reduces enrollees' expected contribution with respect to age and income. The subsidy is designed to reduce the maximum expected contribution by 2.5% for enrollees aged 18 to 30 years, and for enrollees aged 31 to 35 years, the 2.5% reduction is reduced by 0.5% each year.

Ms. Fabian-Marks then moved on to discussing the proposed parameters for 2023. She explained that the MHBE worked with Lewis & Ellis and the Maryland Insurance Administration (MIA) to model scenarios for potential changes that could be made to the 2023 program parameters. However, they found that with no change beyond a small alteration mandated by the legislature, the program is expected to hit a cost of around $18 million per year. For this reason, they are recommending maintaining the 2022 parameters for the program, barring one modification pursuant to legislation that passed this session. This modification would expand the subsidy to cover the non-essential health benefit portion of premiums for recipients who have a 0% expected contribution (EC). Functionally, the enrollees who would be affected are those aged 32 to 35 with an income below 150% of the federal poverty level (FPL) and those aged 31 and under with an income below 200% of the FPL. Ms. Fabian-Marks did offer one caveat; she explained that the changes will only be applicable if the American Rescue Plan Act (ARPA) is extended. Otherwise, no groups are likely to have a 0% EC.

Ms. Fabian-Marks then discussed the modeling that contributed to these recommendations. MHBE modeled two scenarios: one where ARPA is extended and one where it is not. Ms. Fabian-Marks explained that MHBE is expecting an enrollment increase in either case but that it is projected to be larger if ARPA is extended. This enrollment increase results from the federal change to address the family glitch, which will make more people eligible for federal subsidies, as well as awareness about the program spreading through word of mouth. Additionally, as Medicaid redeterminations restart, some young adults are expected to transition from Medicaid to private coverage, further contributing to an enrollment increase. Ms. Fabian-Marks explained that if ARPA is extended, the projections show approximately 48,000 young adults receiving subsidies at around $43 per person per month for a total cost of about $18 million. She explained that the projections for the scenario where ARPA is not extended show fewer young adults receiving subsidies—about 43,500—but a higher cost of around $52 per person per month, which still totals approximately $18 million. Because this comes close to the $20 million not-to-exceed amount for the program, staff recommend that the Board maintain the current parameters with only the aforementioned change mandated by the legislature.

Mr. McCann asked what the split is between the essential health benefits amount of the premium and the non-essential health benefits amount. Ms. Fabian-Marks answered that the essential health benefit averages around $1.27 per member per month for a total program cost between $370,000 and $470,000. Mr. McCann asked for confirmation that this represents a relatively small percentage of the total premium. Ms. Fabian-Marks responded in the affirmative.

Mr. McCann asked for confirmation that the legislature would have to act this coming January to extend the pilot program. Ms. Fabian-Marks confirmed this, explaining that the legislature would need to take action to extend the program past 2023.

Mr. McCann asked whether MHBE was making preparations to give the legislature information that would assist in their decision-making as to whether to extend the program. Ms. Fabian-Marks responded that MHBE is currently working with The Hilltop Institute to analyze the existing data and assess the impact of the program, and she stated that the results of this analysis will be shared with the legislature as well as with the stakeholder affordability workgroup that will be convened this summer. That workgroup will offer its own recommendation regarding the program.

Mr. Steffen asked whether Ms. Fabian-Marks has current information on the distribution of enrollees by age and FPL. Ms. Fabian-Marks answered that she thinks they have seen the most enrollment in the older portion of young adults. She also explained that she thinks the portion of young adults whose income falls in the lower range has had the highest enrollment. However, she stated that she can follow up with more specific details.

Mr. McCann moved to approve the proposed young adult premium subsidy parameters for plan year 2023 as presented. Ms. Weckesser seconded the motion. The Board voted unanimously to approve the proposed parameters.

Ms. Fabian-Marks noted that there will be a four-week public comment period and that she will come before the Board again to present any proposed adjustments based on comments that are received during that period, after which the Board will vote on the program parameters a final time.

Final Enrollment Period Regulations

Johanna Fabian-Marks, Director, Policy & Plan Management, MHBE

Next, Ms. Fabian-Marks moved onto discussing enrollment period regulations. She explained that MHBE is updating their regulations to align with changes to federal special enrollment period (SEP) regulations made over the last few years. She explained that the most significant change is to align with the federally facilitated marketplace to establish a year-round SEP for people at or below 150% of the FPL.

Ms. Fabian-Marks explained that they are also updating the regulations to reflect SEPs established in a recent state statute, align SEPs with MHBE operations, and update the default open enrollment period (OEP) dates to November 1 through January 15. She stated that the Board also has the authority to change those dates every year if they choose.

Ms. Fabian-Marks stated that they did not receive any comments during the public comment period. She explained that the MHBE conducted stakeholder outreach before the formal public comment period and felt they were able to address concerns from stakeholders at that time, resulting in the lack of formal comments. The MHBE sent the proposed final regulations to the Board and did not make any changes since previously circulating them to the Board. She asked the Board to approve the regulations today, after which they will move forward with publishing the regulations.

Mr. McCann asked for confirmation that there is a six-week standard OEP in the winter as well as a year-round SEP for those under 150% of the FPL. Ms. Fabian-Marks answered in the affirmative, noting that they will begin implementing the year-round SEP for those under 150% FPL in the summer of 2022 as long as the proposed regulations are finalized. Mr. McCann then asked whether there are other SEPs that specific groups of Marylanders can take advantage of. Ms. Fabian-Marks responded that there are a number of standard SEPs for qualifying life changes such as moving and change of income.

Mr. McCann noted that MHBE has conducted studies that found that people are not likely to move on and off insurance coverage through the exchange because of the level of subsidies. He asked whether they have an ongoing way to monitor those who enroll or end their insurance because of regulatory changes. Ms. Fabian-Marks responded that MHBE's system will know which consumers are using the SEP, allowing them to see how many people are taking advantage of it. She explained that, when enrollments are sent to carriers, there will be a code identifying people enrolling through the SEP.

Mr. McCann moved to approve the enrollment period regulations for final publication in the Maryland Register as presented. Ms. Herron seconded the motion. The Board voted unanimously to approve the regulations as presented.

Actuarial Services Award

Johanna Fabian-Marks, Director, Policy & Plan Management, MHBE
Tony Armiger, Chief Financial Officer, MHBE

Next, Ms. Fabian-Marks went over the actuarial services contract. She reviewed some background information on the current contract, which ends June 30, 2022. She then explained the scope of work for the new actuarial services contract, which includes supporting MHBE with state reinsurance program modeling, modeling to support updates to the 1332 waiver, affordability program modeling—including modeling for the young adult subsidy program—and other actuarial support as requested. Ms. Fabian-Marks provided several examples of additional actuarial support that could be needed: it could be pursuant to legislation, at the request of the Board, or used to inform workgroups.

Ms. Fabian-Marks explained that the new contract will be a 1-year base with two 1-year options and that it will have a not-to-exceed (NTE) amount of $200,000 per year. She stated that MHBE received one bid, from Lewis & Ellis, Inc.

Ms. Herron expressed concern that they have always had problems getting more than one bid for actuarial services. She asked what might be limiting the pool of actuarial firms to choose from: whether there are not many firms with the proper expertise, MHBE is not offering sufficient monetary compensation, or some other reason.

Mr. Armiger explained that when contracts like this are posted on eMaryland Marketplace Advantage (eMMA), notices are sent out automatically to actuarial firms. He also mentioned that MHBE had a sense that the response prior to the pre-proposal conference was light. They contacted three other actuarial firms to let them know about the contract, and one firm was very interested, but then they dropped out at the last minute. Mr. Armiger said that he was not sure what the issue was; he thinks they may not have met the minimum requirements for the contract.

Ms. Herron expressed concern that this has been a continual issue that has occurred with previous contracts. She explained that she wonders whether something about the contract requirements is limiting the pool of candidates. She clarified that she is not looking for an answer at this point in time because they have Lewis & Ellis, who do a great job. However, she reiterated that it is something to think about for the future: whether something about the way they handle contracts or the requirements they set for vendors may limit the pool of potential candidates.

Commissioner Birrane expressed that this is a common problem for entities like MHBE and regulators in general because the pool of actuarial firms looking to contract with government entities (as opposed to licensees) that are sufficiently large, experienced, and qualified is limited. She acknowledged that there may be steps that MHBE can take to mitigate the problem but reiterated that the issue is not unique to the MHBE. Ms. Herron expressed appreciation for this explanation.

Mr. Steffen concurred with Commissioner Birrane. He mentioned that, while he is not sure whether this applies for all actuarial contracts released under the state, he knows that the Maryland Health Care Commission (MHCC) has a notification requirement for actuarial firms to disclose work that they are doing with health insurance companies in the state, which most likely deters participation in contracts with MHBE. He suggested that MHBE could consider longer-term contracts, as the engagement duration could be a factor and 2- or 3-year contracts could be more attractive, but he acknowledged that this course of action may be difficult for this particular contract. Mr. Steffen also mentioned that one long-standing actuarial firm, Mercer, used to do a lot of work with MIA and MHCC but has left the state and is no longer participating on Maryland state procurements.

Mr. McCann acknowledged that there seems to be a good deal of concern regarding this issue. He asked Mr. Armiger whether it would be possible to informally contact the bidders that MHBE sent information to in order to clarify what happened. Mr. Armiger agreed. Mr. McCann requested that they go ahead and do so. He also asked Mr. Armiger to reach out to Commissioner Birrane’s office, suggesting that a public or private conversation with that office may be helpful in order to get a better understanding of the issue. He stated that this could open more options or make the Board more comfortable with the options available to them. Mr. McCann noted that he did not want to make a formal motion for this course of action, but he asked the Board whether that sounded alright.

Ms. Herron reiterated that she is content with Lewis & Ellis for this particular contract but that the more general concern of having a limited pool of options is something to be aware of moving forward.

Mr. McCann concurred, clarifying that this will be for future reference.

Mr. Taneja asked under what circumstances they would not take advantage of the two 1-year renewal options for the contract. Ms. Fabian-Marks responded that the only thing she could think of is if the Board was not satisfied with Lewis & Ellis’ performance. She explained that she does not anticipate that this would happen given the firm’s past performance. She asked Mr. Armiger whether he could think of other possible reasons. Mr. Armiger answered that the only other reason he could think of would be if they failed to meet the minimum requirements, such as if they decided to work with carriers in the future.

Ms. Weckesser stated that this leads back to the issue that Ms. Herron presented: in this circumstance, they would have no one else to fall back on because there are no other bids from qualified firms. Ms. Weckesser expressed concern that this could lead to a downward spiral. Mr. Armiger noted that they could do another solicitation or that perhaps the solution is to relax the minimum qualifications. He also acknowledged that there may be no way around the issue.

Mr. McCann noted that this could be a point for the informal conversation surrounding the issue. He expressed that they might inadvertently create points of weakness by allowing conflicts of interest to enter the equation if they relax the minimum requirements. Ms. Weckesser concurred, stating that she did not want conflicts of interest.

Dr. D'Antonio stated that the threat that COVID represents, as perceived by the general American public, is diminishing. He asked whether Lewis & Ellis has done any work involving projections on the number of people who will not re-enroll because they do not fear the virus. His prediction is that this will be a significant issue over the next two years: despite projections showing 100 million infections over the late fall and the winter, he explained that he does not think the general American public believes that. He pointed to examples such as spectators not wearing masks as sporting events as well as the recent court case that ruled the enforcement of mask mandates on airplanes unconstitutional. Dr. D'Antonio explained that this should lead the Board to believe those who signed up for insurance because they were scared of getting COVID and having to pay exorbitant medical costs as a result will now back off because they no longer have that fear. Ms. Fabian-Marks answered that she does not have that kind of projection currently but that Lewis & Ellis updates their enrollment projections annually as part of their reinsurance modeling, so MHBE can speak to Lewis & Ellis about this specific issue.

Mr. McCann asked whether The Hilltop Institute could also contribute to that conversation. Ms. Fabian-Marks responded in the affirmative, stating that MHBE could discuss with Hilltop. Mr. McCann asked whether it would be possible to have a brief report on the subject next month. Ms. Fabian-Marks responded that she would speak with MIA and Lewis & Ellis to see what they could share for next month's meeting.

Mr. McCann moved to approve the award of the Actuarial Services Contract to Lewis & Ellis, Inc. for a base contract year of July 1, 2022, to June 30, 2023, with a NTE amount of $200,000 per year and $600,000 in total for the base year and two option year renewals as presented. Mr. Steffen seconded. The Board voted unanimously to approve the actuarial services contract award.

Connector Entity Grant Awards

Heather Forsyth, Director, Consumer Assistance, Eligibility & Business Integration

Ms. Forsyth began by explaining that the navigator program grants run on a three-year cycle beginning with two 1-year options. Ms. Forsyth noted that there have been various changes over the years with carriers leaving the exchange, rate increases, and rollbacks during the Trump administration. Over the past two years, the MHBE has been operating during a pandemic, with a move towards remote enrollment assistance. Ms. Forsyth noted that in 2013 there were 202 navigators and 192 assisters. This decreased to 164 navigators and 31 assisters in 2016, and in recent years there have been roughly 130 navigators. Looking at the next three years, the MHBE is confident that the public health emergency will be extended, so Medicaid unwinding is not expected to start until early 2023. The MHBE is also working on a corrective action plan with MDTHINK and looking at premium rates and increasing outreach.

Mr. McCann asked about the corrective action plan with MDTHINK. Ms. Forsyth responded that the corrective action plans comes from the Centers for Medicare & Medicaid Services and requires Maryland Health Connection to integrate with MDTHINK.

Ms. Forsyth explained that MHBE thought about how to expand the program to refocus on grassroots outreach. The uninsured rate in Maryland has decreased from 12% to 6%. Ms. Forsyth explained that there is a group of people that are persistently not convinced to enroll in health insurance.

Ms. Forsyth noted that $10 million will be distributed among the regions, with dedicated amounts for outreach based on the remaining percentage of uninsured. In response to input from stakeholders, the Connector Program will refocus on hyper-local outreach, as well as application and enrollment assistance for new enrollees through localized service centers. There will be few navigators and more outreach workers. Ms. Forsyth reported that, due to the low uninsured rates in the Mid-West region (Howard, Carroll, and Frederick Counties), the number of Connector Entity (CE) regions will be reduced from 8 to 7 to concentrate resources where they are most needed. The Mid-West region will have a regional contact reporting to the Central CE grantee.

Ms. Herron asked for clarification regarding the Mid-West region. Ms. Forsyth responded that the Mid-West region consists of Howard, Carroll, and Frederick Counties.

Ms. Forsyth explained that the current grants end on June 30, 2022. She noted that the application period ended on April 21, 2022; MHBE received eight proposals, with seven meeting the grant requirements. These applications were from current grantees but with new partnerships to support a new focus. Ms. Forsyth reported that the theme for the upcoming grant cycle is targeted engagement and persistent contacts. The MHBE identified areas with high uninsured rates and charged grantees with concentrating outreach and enrollment services in these areas.

Ms. Forsyth then went over the list of recommended grantees: HealthCare Access Maryland in Central, AHEC West in Far West, the Worcester County Health Department in Lower Shore, Montgomery County Health and Human Services in Montgomery County, Prince George's County Department of Social Services, and Seedco in Southern Maryland and Upper Eastern Shore. She also provided an overview of the partners for each grantee. Ms. Forsyth explained that enrollment targets have been set for each grantee. The enrollment target is the estimated uninsured population in the grantee's region divided by three. Lastly, Ms. Forsyth described the recommended grant distribution amounts for each region. She explained that the grant distribution is similar to the past, with slightly lower amounts in the Central region and Montgomery County and higher amounts in Prince George's County and the Far West region.

Mr. McCann asked whether the uninsured rate is the percentage of people who are eligible for insurance but are uninsured. Ms. Forsyth responded in the affirmative. Mr. McCann added that there are several million that are ineligible, and the legislature had been considering the possibility of expanding eligibility to these groups.

Ms. Weckesser asked about the Mid-West region. She explained that she knows Howard County is more affluent, so she can understand that they have a lower uninsured rate, but she asked whether the other two counties also have a low uninsured rate. Ms. Forsyth responded that each of the three counties in the Mid-West have an uninsured rate of approximately 3% or below.

Mr. McCann moved to approve the Grant Awards for Navigator Services to the Connector Entity Organizations for one base year with two, one year option years, in the total amount of $10M each year; and with grant amounts and distribution for fiscal year (FY) 2023 approved as presented. Ms. Herron seconded. The Board voted unanimously to approve the grant awards.

Ms. Forsyth added that she wanted to address a question from Mr. McCann on whether the navigator program has had a particular focus on the young adult subsidy. She explained that young adults have always been on MHBE's radar, along with African-American and Latino communities, people with limited English proficiency, and people in rural areas. Ms. Forsyth noted that the average premium reduction for young adults with the subsidy is $41, and she has heard anecdotally from the CE programs that the young adult subsidy has helped spur enrollment.

Consolidated Service Center Contract

Heather Forsyth, Director, Consumer Assistance, Eligibility & Business Integration
Tony Armiger, Chief Financial Officer, MHBE

Ms. Forsyth began with an overview of the Consolidated Service Center contract, which is being called the Call Center 3.0. She noted that this is the third time the call center contract has been put out for bid. The request for applications ended on April 26, 2022, and four proposals went to the evaluation committee for final review and recommendation. The award letter will be issued after the Board approves the award today.

Ms. Forsyth explained that the current contract ends on June 30, 2022. The two prior contracts from 2013 to 2017 and 2017 to 2022 were with the same vendor. The new call center contract will begin in FY 2023, with a 3-year base and one 2-year extension. This contract will consolidate services and costs and broaden the scope of work to increase flexibility. Ms. Forsyth noted that the contract will include skills-based call routing, which creates the opportunity for less experienced staff to answer easier calls, with more experienced staff getting harder questions such as enrollment assistance. Additionally, the contract will include a required minimum number of bilingual staff, year-round minimum staffing, and living wage requirements. Ms. Forsyth then provided an overview of subcontractors and the contract terms. Ms. Forsyth reported that the evaluation committee also considered the cost and potential for transition disruption in awarding the contract to a non-incumbent vendor. The chosen vendor provided an extensive and deeply detailed transition plan.

Mr. Armiger provided an overview of the call center award recommendation. The evaluation committee recommends awarding the Consolidated Service Center contract to Conduent State Healthcare, LLC, a new vendor. Mr. Armiger explained that Conduent produced strong technical and financial proposals, met the contract requirements, and has decades of experience working in Medicaid and health and human services, with a strong presence in Maryland.

Mr. McCann commented that Conduent was not the lowest-priced bid, but it was considered the best value for the money.

Mr. Steffen had two questions. First, he asked about Conduent's current involvement with the state and which agencies have a contract with them. Ms. Forsyth responded that the Department of Human Services (DHS) and the Department of Education have contracts with Conduent. Ms. Forsyth added that the Department of Health and Department of Labor have had contracts with Conduent in the past. There was someone on the evaluation committee from the Office of Eligibility Services at the Department of Health who had experience with Conduent and highly recommended them.

Mr. Steffen then asked about the cost difference between Conduent and the incumbent vendor. Mr. Armiger responded that there was a cost difference of $8.8 million over five years: $1.5 million for the first three years, $2 million in the fourth year, and $2.3 million in the fifth year.

Mr. Steffen then asked if the incumbent vendor's contract included funding for a transition. Ms. Forsyth added that there is a transition plan to transfer call center operations with funding for the incumbent vendor that runs through July 15.

Mr. McCann commented that there is federal Medicaid match funding based on the percentage of business that call center does as it relates to Medicaid. He asked how often MHBE monitors that percentage to update it as necessary. Mr. Armiger responded that the percentage is calculated every quarter based on the percentage of calls that involved eligibility divided by the total number of calls received and then multiplied by 88%. It has been around 68-70% for the past few years.

Mr. McCann moved to approve the recommendation to award the Consolidated Service Contract to Conduent State Healthcare, LLC, for a three-year base term with one two-year option term, and to approve a not-to-exceed amount of $17,371,101 (including transition costs of $2,067,886) for FY 2023 as presented. Ms. Herron seconded. The Board voted unanimously to approve the award.

Mr. McCann requested that Ms. Eberle include specific information on progress and challenges of the call center transition in her weekly update until the transition is complete.

Ms. Herron asked how long the transition will take. Ms. Forsyth responded that the transition plan begins on the day of the award, and the recommended vendor's transition plan has them ready on July 1, 2022.

Lourdes Padillia, Secretary of DHS, commented that DHS does not use Conduent for their call center but uses them for legacy applications. Ms. Forsyth thanked her for the clarification and added that she should have clarified that some of vendor's contracts are for eligibility and enrollment services and not call centers.

Mr. Ratner thanked Maximus for being excellent partners with MHBE throughout the history of the exchange and expressed appreciation for the services they have provided over the years.

Marketing Contracts Option Year Awards

Betsy Plunkett, Director, Marketing & Web Strategies, MHBE
Tracey Gamble, Procurement Manager, MHBE

Ms. Plunkett began with an overview of the communications and marketing services contract. She explained that the MHBE contracts with GMMB for full-service communications and marketing, including creative development for print, TV, radio, digital and out-of-home advertising; collateral materials; media buying; outreach; research; and public relations. The contract with GMMB has a base term of one year with two 1-year extensions. The NTE amount for this contract is $4,060,000 for FY 2022, with a total of $12,180,000 for three years. For each year, $2,253,480 comes from state funds, and $1,807,520 comes from federal funds. The base term of the contract is ending on June 30, 2022, and the first option year is set to begin on July 1.

Ms. Gamble requested the Board's approval to exercise the first option-year renewal of the marketing communications contract with GMMB from July 1, 2022, to June 30, 2023, for an amount of $4,060,000.

Mr. Taneja asked, given the inflation that has recently occurred and fixed amount of this contract for a three-year period, whether any of the vendors have expressed concern about inflationary pressures on absorbing those increases. Ms. Plunkett responded that they have not discussed this issue with the vendor yet, but she expects that inflation will impact their spending, especially when it comes to media outlets, so MHBE may get less of the product for the same amount. She noted that it is an important consideration moving forward.

Mr. McCann recommended having a session, either public or private, based on general counsel's advice on what MHBE's expectations are if inflation continues and how to handle it with respect to legislation and contracts. Mr. Ratner added that we are entering a state election cycle this year, which will make media more expensive.

Mr. Steffen asked whether there is an hour limit or some kind of dollar threshold that allows the vendor to adjust what is delivered that could possibly account for inflation. Ms. Plunkett responded that there is a set hourly rate in the contract for different levels of staffing, and the vendor has not suggested changing that rate. Mr. Steffen asked if those hourly rates are inflation-adjusted over the three years. Ms. Plunkett responded that she does not think that the rates are adjusted for inflation.

Mr. McCann moved that the Board approve to exercise the first option-year renewal of the marketing communications contract with GMMB from July 1, 2022, to June 30, 2023, for an amount of $4,060,000. Ms. Herron seconded. The Board voted unanimously to approve the first option-year renewal of the marketing communications contract with GMMB.

Ms. Plunket then moved onto the printing services contract with Art & Negative to support the MHBE's marketing efforts. The NTE amount is $120,000 for FY 2022, with a total of $360,000 for three years. For each year, $67,200 comes from state funds, and $52,800 comes from federal funds. The base term of the contract is ending on June 30, 2022, and the first option year is set to begin on July 1.

Ms. Gamble requested the Board's approval to exercise the first option-year renewal of the printing contract with Art & Negative Graphics, Inc. from July 1, 2022, to June 30, 2023, for an amount of $120,000.

Mr. Taneja moved to approve the renewal. The Board voted unanimously to approve the first option-year renewal of the printing services contract with Art & Negative.

Information Technology Procurement

Venkat R. Koshanam, Chief Information Officer, MHBE
Tony Armiger, Chief Financial Officer, MHBE

Mr. Koshanam began with an overview of the Akamai license renewal. He explained that the MHBE utilizes the Akamai product suite to protect its Web and Mobile platform, perform Security Optimization, implement Waiting Room, enhance Website Performance and Cloud Monitor functions for the secure and efficient operations of Health Benefit Exchange systems.

Mr. Armiger noted that the current license period of two years runs from July 1, 2021, through June 30, 2023. The approved reseller is Carahsoft Technologies, Inc. and the cost of the license is $915,032 for two years.

Mr. Armiger requested the Board's approval to renew the Akamai software licenses for the Contract Year 2, from July 1, 2022 to June 30, 2023, through the approved reseller Carahsoft Technology Corporation for the total amount of $457,516, with a federal participation amount of $301,961 and a state participation amount of $155,555.

Mr. McCann moved to approve the renewal; the motion was seconded by Mr. Steffen. The Board voted unanimously to approve the renewal of the Akamai software licenses.

Mr. Armiger then moved onto the approval of option year 2 of the Indefinite Delivery, Indefinite Quantity (IDIQ) master contract. He explained that Information Technology (IT) consulting and technical support services are procured through a streamlined, competitive, and cost-effective procurement process utilizing the IDIQ Master Contract. In 2018, 98 Master Vendors were approved for providing services under the IDIQ master contract for five years under various functional areas and labor categories. Task orders are awarded for a base period of three years with two 1-year optional extensions. MHBE is currently on Option Year 1 (FY 2022) and intends to exercise Option Year 2 for FY 2023, which is the last year of this contract. Mr. Armiger noted that 35 master vendors have active task orders and that MHBE currently averages 120-150 IT contract staff under various functional areas and labor categories covering all technology staffing requirements.

Mr. Koshanam explained that there are 10 functional areas under the IDIQ contract. He noted that most task orders are under the web and internet systems category, and the MHBE does not currently have any task orders for the electronic document management and documentation/technical writing categories. IT functions fall into the following four categories: project management office (PMO), enhancements, system support, and maintenance. Mr. Koshanam reported that there are four focus areas for FY 23: cybersecurity enhancements, disaster recovery and business continuity, system operations overhaul, and special project initiatives. He then provided an overview of a table comparing the major scope items of FY 2022 to FY 2023. The number of integration and interfaces items and technology modernization and security items doubled from FY 2022 to FY 2023. Mr. Koshanam also went over a table comparing the FY 2022 and FY 2023 budgets for the IDIQ contract. Last year, the budget was $32 million, and MHBE is requesting approximately $34 million for FY 2023. He noted that the state funding request for the total IT budget in FY 2023 is $645,000 more than FY 2022.

Mr. McCann asked whether the MHBE is mostly contracting with individuals. Mr. Koshanam responded in the affirmative. Mr. McCann then asked if their rates for the future are set and under what circumstances, if any, the contract would be re-opened because of inflation. Mr. Koshanam responded that the rate can be adjusted during option year 1 and option year 2, but he thinks the rates are adequate at this time.

Mr. Taneja asked how much the budget was during the first year of the contract. Mr. Armiger responded that the budget was about $18 million in 2016 and $23 million in 2017.

Mr. Taneja commented that the budget has increased by almost $10 million in four years and he feels that the budget increase was likely due to the increase in staff. He asked what will happen when the IDIQ master contract ends next year and when the procurement process will begin. Mr. Koshanam responded that an expansion of work and staff has resulted in a $5 to $6 million increase in the budget. He added that he recently began drafting the IDIQ contract and will have stakeholders review it by the end of the month. He hopes to issue the request for proposals (RFP) in October 2022 and will bring the IDIQ to the Board before then. Mr. Koshanam explained that the proposals will be evaluated in December, and then the Board will approve the recommendation in 2023.

Mr. Taneja commented that there are 120 to 150 contract staff handling the majority of IT work. Last year during the bidding process, there were 98 vendors, with approximately 30 active vendors providing this workforce. He asked whether MHBE is at the mercy of the current vendors who are doing all of the work and whether it would be too disruptive to move to new vendors. Mr. Koshanam responded that it may be the opposite because some sub-vendors may become prime vendors, which has happened before. He noted that there are mechanisms in the procurement that spread the risk and reduce the cost.

Mr. McCann asked whether his understanding of the process is correct: there are 35 vendors who bid a list of names, and then when MHBE requests certain job titles or qualifications, the vendors will present individuals who meet those qualifications, and the MHBE will choose which individuals will do the work; then, the payment will flow through the contractor to the individual. Mr. Koshanam responded that this is correct. Mr. Armiger added that each master contractor at the time in 2018 specified which functional areas they are interested in, so when MHBE does a request for resumes (RFF), it is sent out to every master contractor approved for that functional area.

Mr. Taneja asked whether there could be a completely different list of master contractors in FY 2023 when the new procurement starts. Mr. Koshanam responded that, for the next RFP, any master vendor that meets the requirements can be approved as master contractors for the IDIQ and can submit resumes if they meet functional areas. Mr. Taneja and Mr. Koshanam discussed the procurement process for FY 2024.

Mr. Koshanam then provided an overview of a visual comparing the FY 2022 and FY 2023 IDIQ budget and a chart displaying the project budget for FY 2023 by IT function. Applications development is projected to make up the largest portion of the budget.

Ms. Weckesser asked whether the numbers in red that are marked as resources refer to the number of IT workers in that area. Mr. Koshanam responded in the affirmative.

Mr. Armiger requested that the Board exercise Option Year 2 of the IT Consulting and Technical Support Services IDIQ contracts for the Fiscal Year 2023 at a total NTE amount of $33,975,000, with federal financial participation amount of $24,474,600 and state participation amount of $9,500,400 for the IDIQ contracts for the Option Year 2, subject to the availability of Federal and State funds; renew task orders under this contract for the Option Year 2; and approve NTE amount increases for certain task orders in the Option Year 2. Ms. Herron moved to approve the motion; seconded by Mr. Steffen. The Board voted unanimously to approve exercising Option Year 2 of the IDIQ contract.

Meeting Adjournment

Mr. Ratner thanked MHBE staff for their hard work and also thanked Dr. D’Antonio for his years of service.

Mr. McCann adjourned the meeting.