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THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
ACTION AGENDA SUMMARY

DEPT: Community Services Agency

BOARD AGENDA # B-7

Urgent

Routine

AGENDA DATE December 4, 2012

CEO Concurs with Recommendation YES NO
(Information Attached)

4/5 Vote Required YES NO

SUBJECT:

Approval to Finalize and Submit a Proposal to the State of California to Enter into a Partnership to Operate a Local Health Benefit Exchange Call Center Site in Stanislaus County

STAFF RECOMMENDATIONS:

Authorize the Community Services Agency Director or her designee to finalize and submit a proposal to the State of California in response to the Request for Offer process to enter into a partnership with the State to operate a local Health Benefit Exchange Call Center site in Stanislaus County.

FISCAL IMPACT:

All Health Benefit Exchange (HBEX) costs including start up and ongoing operations will be 100% Federal and State funded with no County General Fund cost or matching fund requirements. Funds will be provided through a contract that will support the Call Center. The 100% Federal and State funding is specific to the project and the term of the contract.

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BOARD ACTION AS FOLLOWS:

No. 2012-589

On motion of Supervisor Chiesa, Seconded by Supervisor Monteith
and approved by the following vote,

Ayes: Supervisors: Chiesa, Withrow, Monteith, De Martini and Chairman O'Brien

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1) X Approved as recommended

2) _____ Denied

3) _____ Approved as amended

4) _____ Other:

MOTION:

Christine Ferraro

ATTEST: CHRISTINE FERRARO TALLMAN, Clerk

File No.

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FISCAL IMPACT (Continued):

If at any time during the contract, State and Federal funding is no longer available, the California Health Benefit Exchange (CHBEX) has identified a minimum of a nine month ramp down or transition period for program closeout. It will be the County's intention if selected to require specific contract language drafted by County Counsel to eliminate any potential exposure in costs or liability associated with this operation or its required closeout if the program is discontinued.

The Community Service Agency's (CSA) proposal will require a minimum 3 year contract with the State of California, from February 1, 2013 through June 30, 2016, with two additional contract year extensions through June 30, 2018.

The Federal and State funds will provide for both start-up costs and all on-going operating costs. The start-up costs include initial staff recruitment, training and travel; space lease, tenant improvements, furnishings and wiring to CHBEX specifications. Operations include ongoing Call Center staffing, ongoing infrastructure staffing space lease, utilities rental equipment, security, janitorial and other minor operating costs.

CSA staff has reviewed the CHBEX Request for Offer and will provide cost projections along with local requirements to ensure that any and all County costs will be covered. The CSA current plan, pending further analysis of a soon to be issued Addendum #2 from the State, totals approximately \$65 to \$70 million for the initial proposed contract covering 3.4 years beginning February 1, 2013 through June 30, 2016.

If awarded, CSA will return to the Board of Supervisors to request approval of the actual contract with the State and a facility lease, along with the necessary budget and position allocation actions prior to the operational contract period which is targeted to begin February 1, 2013. There would be no cost to the County General Fund as a result of the award of the Local Health Benefit Exchange Call Center.

If Stanislaus County is awarded this project and accepts, there will be a tremendous opportunity for additional jobs in our community. The proposal includes the potential for 250 to 300 new positions of which 72% are estimated to be full-time and 28% are estimated to be part-time.

In consultation with staff from the Stanislaus Economic Development and Workforce Alliance, it is anticipated Call Center jobs might generate additional jobs and positive economic benefits within the County. Based on a similar size project, the Grainger plant, which added 200 jobs, the impact analysis for that facility calculated to generate an additional .6 jobs for each full-time position.

For Call Centers, the analysis uses a 1.37 multiplier for job creation which means that for every full-time job at the Call Center, an additional .37 jobs may be added via Indirect jobs (those activities of industries supporting the operation of the call center that

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lead to hiring additional staff at other area companies) and Induced jobs (those jobs generated by increased household spending driven by the higher employment caused by the direct jobs created by the Call Center as the influx of spending rolls through the local economy, generating additional jobs via restaurants, hair salons, retailers, etc.).

Therefore, if the full potential of approximately 300 positions is utilized, with 72% of those being full-time, the analysis projects a possible additional 111 jobs being created in the economy beyond those positions at the Call Center. A detailed economic analysis would depend on factors of how the Call Center is supported and serviced which will be delineated in contract negotiations if awarded, but this initial estimate shows the positive economic impact such a project could generate.

DISCUSSION:

History:

In March 2010 the Patient Protection and Affordable Care Act (PPACA) was signed into law. The PPACA identifies a phased in approach to health care reform in the United States. Through this Act, States are required to implement the PPACA by January 2014. The California Health Benefit Exchange (CHBEX) is responsible to respond to the PPACA requirement. The CHBEX is an independent public entity within state government with a five-member board appointed by the Governor and the Legislature. The California Health Benefit Exchange vision is to improve the health of all Californians by assuring their access to affordable, high quality care. To do so the CHBEX is developing a call center model in which a county can fulfill all functions of a centralized multi-site call center to support the eligibility and enrollment aspects of all the PPACA related programs or unsubsidized enrollment in the Exchange.

On August 30, 2012 the California Health Benefit Exchange Board issued a correspondence to both the California State Association of Counties (CSAC) and the California Welfare Directors Association (CWDA) to facilitate outreach to counties and request those who would be willing to participate in the State's centralized multi-site model submit a letter of interest by mid-September 2012. The request was open only to California counties in an effort to support the State's philosophy of County/public partnerships. On September 19, 2012 the Community Services Agency (CSA) submitted an initial staff level Letter of Interest requesting that Stanislaus County be considered as a Multi-Site Call Center model with CSA as the Lead.

Statewide, there will be three initial call centers; 2 large State-run centers in northern and southern California, and one hybrid county/state partnership call center. The county/state partnership call center will take calls from state customers from anywhere in California. Only three counties submitted Letters of Interest for the county/state hybrid call center: Contra Costa, Sacramento and Stanislaus. CSA staff participated in a conference call with staff from the CHBEX to discuss the preliminary requirements outlined per the CHBEX terms.

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On October 30, 2012 the Board of Supervisors authorized the Stanislaus County Community Services Agency to research, analyze and develop a comprehensive offer or proposal to operate a State-contracted Health Benefit Exchange Call Center site, subject to development of the business model and cost-benefit analysis inherent in the development of the offer as well as negotiation of terms and conditions provided by the CHBEX.

On October 29, 2012, the CHBEX issued a formal Request for Offer (RFO) located on the CHBEX website at the following link <http://www.healthexchange.ca.gov/Solicitations>. Instructions were provided to the counties. Initially submission of the RFO Proposal was due to the CHBEX on November 16, 2012. After review of the RFO documentation and instructions the interested counties met to compile questions and provide feedback to the CHBEX. The CHBEX amended the RFO via a posted addendum on November 2, 2012. The Addendum #1 extended the deadline to submit the RFO Proposal in a sealed envelope to **December 7, 2012 by noon**. The State communicated its plan to issue Addendum #2 which is anticipated to clarify fiscal instructions related to billing processes; this addendum is pending State issuance and will be reviewed prior to submission of final offer. This addendum has not yet been issued at the time of the completion of this report to the Board of Supervisors.

Under the Board's direction to explore the possibility of submitting a proposal, CSA has participated in all opportunities to interact with the State and the other two interested counties. This has included two face-to-face bidder's conferences with State agents. The CHBEX requires the awarded County to have direct involvement with the State for state-wide services from 3 Call Centers to approximately 13.1 million statewide customers during the proposed initial contract period of 3.4 years, and an estimated average of 4.0 million statewide customers over the following two years. The CHBEX expects the County's proposal to include line staff levels that result in a minimum of 90 staff on-line and available for calls during all hours of operations. The required operational hours are six days per week; non-open enrollment hours are Monday through Friday 8:00 am to 6:00 pm, Saturday 8:00 am to 5:00 pm; open enrollment hours are Monday through Saturday 8:00 am to 8:00 pm.

To accommodate the direct involvement with the State and the required minimum staffing levels, the Department's proposal will include an increase to the initial staffing level and facility needs estimate of approximately 140 new employees. The Department anticipates a need for approximately 100 staff on-line and available for calls during the hours of operation, and estimates total staffing range of 250 to 300 new positions, to include line, lead, supervision and management staff to avoid overtime and compensate for sick, vacation and other required county business. The estimated space need is approximately 40,350 square feet. At this size, it is not likely that a County-owned facility can be used for the call center.

The Department is positioned well to partner with the CHBEX and Accenture, the technical vendor supporting California Healthcare Eligibility, Enrollment and Retention

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System (CalHEERS), in operation of the Health Benefit Exchange Call Center. Center operations will focus on processing health insurance applications. The multi-site model could build on the Call Center now operating in the CSA StanWORKs Division for customers in Medi-Cal, Cal Fresh and CalWORKs. This could allow the seamless transfer of customers between the Medi-Cal eligibility process and the Health Benefit eligibility systems that will benefit customers, programs and the community as local staff will be able to assist local customers to obtain health insurance coverage to meet their unique needs. This may benefit the Medically Indigent Adult (MIA) population by enhancing access to health care services.

The Request for Offer (RFO) Proposal:

To respond to the RFO a comprehensive proposal will be finalized and submitted to the State that follows the Department's guiding principles as outlined below for this proposal:

- The County will move forward with its proposal based on the potential for viable economic development for Stanislaus County within the coming year and beyond.
- The County will move forward with its proposal based on the premise of zero liability/exposure to the County.
- The County will move forward based on an understanding that it is entering into a partnership with The Exchange and both parties will act accordingly.
- The County will move forward employing as many County and Industry best practices as possible in the areas of operations, governance and technology.
- The County will move forward with its proposal understanding that this proposal/collaboration shall not impede on the County's mandated services for regularly operated programs on an ongoing basis.
- The County will move forward with the proposal, with caution and optimism for the eventual Exchange Call Center contract, if awarded, to be advantageous to the County, the California Health Care Exchange Board goals, and the people of Stanislaus County and the State of California.

The proposal is a work in progress; at this time, the Department is requesting approval to finalize and submit a proposal in response to the RFO, pending analysis of Addendum #2, for a total offer of approximately \$65 to \$70 million. This total includes estimated start-up and estimated operating costs for the period of February 1, 2013 through June 30, 2016. Included in the Stanislaus County Health Benefit Exchange Proposal are the following assumptions and explanations of program design, technical and facility equipment requirements, budget and fiscal analysis as well as a flexible staffing/human resources model that will support the County's role as site contractor.

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- **Program Design:** Currently the Medi-Cal program eligibility is restricted to a few groups of California residents. This leaves many without coverage and dependent on local Medically Indigent Adult programs (MIA) run by counties. The Medi-Cal program, beginning in January 2014, will expand eligibility with more residents qualifying for the program. Most individuals who have income below 133% of the federal poverty level will become eligible for Medi-Cal benefits; this includes single adults, couples, children and families. Those not eligible for the expanded Medi-Cal program will have an opportunity to enroll in private health insurance plans. Some individuals will be eligible for federal subsidies to help pay their premiums for the private health insurance depending on their income level. In the Health Benefit Exchange Call Center site, agents will receive calls from customers throughout California. Customers will be routed statewide to the next available agent to shorten wait times regardless of the applicant's location. The agents will be County employees (State contracted) who will answer questions and enroll customers into the plans through the CHBEX. The Medi-Cal case will be forwarded to the county of residence and the private health plan case will become part of the caseload the CHBEX will continue to monitor, serve and support.
- **Facility and Equipment:** Space is estimated at 150 square foot of space per FTE/person. CSA will work with the General Services Agency (GSA) to locate an appropriately sized facility to support a minimum of 100 agents on the phone at all times. CSA is responsible to identify the facility and have the wiring/cabling available to support the automation infrastructure identified in the RFO. Office equipment and furniture workstations and all operations will be reimbursed by the Exchange. To meet the aggressive timeline required by the CHBEX, upon Board of Supervisors approval of a Partnership Agreement for a Local Health Benefit Exchange Call Center Site in Stanislaus County, the Department will use an existing vendor master agreement to purchase necessary furniture and request authorization from the Board of Supervisors to work with the GSA to negotiate a facility lease for space.
- **Technical Support:** The RFO indicates that computers, network infrastructure, VoIP, computing, software, and storage needs will be procured, delivered and supported by the CHBEX. The County will be responsible to purchase and install wiring and electronic cabling to the CHBEX specifications to be reimbursed through the contract as start-up costs therefore the RFO Proposal includes no costs to the County for this category.
- **Budget/Fiscal Analysis:** If awarded, the Department recommends establishing a new Budget Unit to account for all Call Center costs. This would be fully defined in any future board item upon Board of Supervisors approval of a Partnership Agreement for a Local Health Benefit Exchange Call Center Site in Stanislaus County.

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- **Staffing/Human Resources:** The RFO Proposal assumes staffing consistent with existing Stanislaus County Call Center model which utilizes Family Service Specialist I/II/III performing caseworker functions with Family Service Specialist Supervisors and a small pool of Family Service Specialist IV's to act as Training staff. In addition, the RFO specifies a requirement for three dedicated Management positions that must be filled by the February 2013 start date. The Management staff required by the CHBEX will manage quality control, training and a site manager who would have dotted-line accountability with State call center management. These management positions would mirror similar state positions, but be operated under the county classifications. The RFO Proposal assumes 100% of the cost of staffing be reimbursed by the CHBEX. In order to achieve the recruitment and staffing deadlines identified by the State, the Department will work with the Chief Executive Office Human Resources staff to expedite the recruitment and hiring process. Contingent upon future Board of Supervisors approval of a Partnership Agreement for a Local Health Benefit Exchange Call Center Site in Stanislaus County, the Department will work with Alliance Worknet to develop a local Job Faire to provide information and application instruction to potential candidates.

If approved by the Board of Supervisors, this RFO Proposal is subject to negotiation between the County and the CHBEX. The Department will work with the Chief Executive Office and County Counsel before presenting a final contract to the Board of Supervisor for approval, should the parties agree to select the Stanislaus proposal.

The Aggressive Timeline:

The California Health Benefit Exchange Board is working under very tight timelines that do not follow the normal course of State or County business schedules and participation in the partnership project will require swift movement and flexibility at the local level:

- ◆ Develop a proposal for submission to the California Health Benefit Exchange Board; due December 7, 2012;
- ◆ Preliminary contract negotiations with CHBEX in December 2012;
- ◆ CHBEX target to notify County with Intent to Award by January 4, 2013;
- ◆ Contract negotiations, Counsel and CEO review complete with final contract to County by mid-January 2013;
- ◆ County Board of Supervisors approve the State/County partnership contract by January 29, 2013;
- ◆ Technical and subject matter experts for deployment and content development must be in place by February 1 2013;
- ◆ Dedicated County leadership staff hired/transferred and on board full-time by February 1, 2013;
- ◆ Initial Call Center outside/promotional hiring and recruitment completed by March 2013;
- ◆ Leadership staff training completed April 2013;

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- ◆ Site available for move-in April 2013;
- ◆ Call Center frontline staff training completed by June 2013;
- ◆ Successful integration of state technology and completed User Acceptance Testing by May 2013;
- ◆ Staff engaged in pilot by July 2013; and,
- ◆ Staff engaged and Go Live October 2013.

It is anticipated that there may be economic development benefits for the County through participation in the CHBEX partnership. These benefits include the addition of approximately 250 to 300 new jobs in our community. Funding is initially 100% Federal/State dollars through implementation and then shifts to private pay once the Health Benefit Exchange Call Center site is fully operational in 2014. It is the Department's understanding that sustainability is built into the model through premium payments covering call center costs on an ongoing basis. Stanislaus County will have a head start on coordination of new health expansion to help the uninsured and MIA populations in our community.

POLICY ISSUES:

Approval to submit a proposal to the State of California to enter into a partnership to operate a local Health Benefit Exchange Call Center site in Stanislaus County supports the Board's priorities of A Healthy Community, A Strong Local Economy and Efficient Delivery of Public Services by coordinating new health care expansion to help the uninsured in Stanislaus County and Statewide while providing new jobs to help stimulate the economy and lower the unemployment rate.

STAFFING IMPACT:

If Stanislaus County is awarded the partnership opportunity, significant staffing and recruitment resources will be required. The Department will work with the Chief Executive Office Human Resources staff to expedite the recruitment and hiring process. The Department will also work with Alliance Worknet to develop a local Job Faire to provide information and application instruction to potential candidates. The Department will return to the Board to request adjustments to the Position Allocation Resolution upon award by the State.

CONTACT PERSON:

Christine C. Applegate, Director 558-2500

Health Benefits Exchange Call Center

**Stanislaus County
Community Services Agency**



December 2012

Health Benefit Exchange Call Center

Background:

Health Benefit Exchange is developing a hybrid call center model in which a county can fulfill all functions of a call center in order to offer uninsured Californians the opportunity to purchase affordable health care.

Multi-Channel Access:

Two State run call center facilities.

One County call center facility.

Health Benefit Exchange Call Center



Phone



Fax



e-mail

Multi-Channel Access



Post



Web



chat

Next Available Agent

**Central State
Service Center**

(Public Employees)

Accommodates
Approx. 40-60%
of Staff

**Second Physical
Contact Center**

(Public Employees)

Accommodates
Approx. 20-30%
of Staff

**Third Physical
Contact Center**

(Public Employees)

Accommodates
Approx. 20-30%
of Staff

**Consortia/County
for Intake &
Ongoing Medi-
Cal Case Mgmt.**

Intake/Eligibility

Plan Enrollment

**Ongoing Medi-Cal
Eligibility**

Dedicated Agents

General Inquiry

Intake/Eligibility

Plan Enrollment

Ongoing Support

Update

On October 30, 2012 the Board of Supervisors authorized Community Services Agency (CSA) to research, analyze and develop a comprehensive proposal to operate a State contracted Health Benefit Exchange call center.

CSA has participated in all opportunities to interact with the State and the other interested Counties.

Project has grown from the initial concept per the request of the State:

Staffing level range increased to a total of up to 250-300 to ensure 100 agents available to take calls at all time.

Estimated space need is approximately 40,350 sq ft due to the increased number of agents on the phones.

Request for Offer Proposal

Based on the following guiding principles;

The County will move forward with its proposal based on the potential for viable economic development for Stanislaus County within the coming year and beyond.

The County will move forward with its proposal based on the premise of zero negative liability exposure to the County.

The County will move forward based on an understanding that it is entering into a partnership with The Exchange and both parties will act accordingly.

The County will move forward employing as many County and Industry best practices as possible in the areas of operations, governance and technology.

Request for Offer Proposal

The County will move forward with its proposal understanding that this proposal/collaboration will in no way impede on the County's mandated services for regularly operated programs on an ongoing basis.

The County will move forward with the proposal, with caution and optimism for the eventual Exchange call center contract, if awarded, to be advantageous to the County, The Health Care Exchange Board goals, and the people of Stanislaus County and the State of California.

Request for Offer Proposal

The County is participating in a sealed bid process.

The County's proposal totals approximately \$65M to \$70M for 3 years, including start up costs.

All costs including start up and ongoing operations will be 100% Federal and State funded with no County General Fund cost or matching fund requirements.

The proposal includes the potential for up to 300 full-time and part-time staff.

Proposal is subject to negotiation between the County and The Health Benefit Exchange. The Community Services Agency will be working with the CEO's Office and County Counsel on an acceptable contract to Stanislaus County.

Benefits to Stanislaus County

Potential economic development.

Additional 200-300 jobs in our community.

With economic development factors, using projections from the Alliance for indirect and induced jobs, brings approximately 100 additional jobs to Stanislaus County.

Utilization of locally leased space.

Funding is 100% Federal/State dollars.

Positively impacting health care options for the uninsured in Stanislaus County.

Next Steps

Notification of Intent to Award by the Health Benefit Exchange is anticipated January 4, 2013.

If awarded, contract negotiations will occur January 5 through January 28, 2013.

Request for approval from Board of Supervisor to enter into contract with the Health Benefit Exchange January 29, 2013.

If approved, after January 29, 2013 begin recruitment and start up activities on a timeline to meet contractual requirements.

Staff Recommendation

Approval to Finalize and Submit a Proposal to the State of California to Enter into a Partnership to Operate a Local Health Benefit Exchange Call Center Site in Stanislaus County.