



Maryland Health Benefit Exchange Board of Trustees

September 18, 2017

9:00 a.m. – 10:30 a.m.

Maryland Department of Budget and Management
45 Calvert Street
Annapolis, MD 21401

Members Present

Dennis R. Schrader, Chair
S. Anthony (Tony) McCann, Vice Chair
Linda S. (Susie) Comer (by phone)
Sastry Dhara (by phone)

Michelle A. Gourdine, M.D. (by phone)
K. Singh Taneja
Ben Steffen, MA

Members Absent

Alfred W. Redmer, Jr.

Also in Attendance

Howard Haft, M.D., Interim Executive Director, MHBE (by phone)
Michele Eberle, Chief Operating Officer, MHBE
Anthony Armiger, Chief Financial Officer, MHBE
Andrew Ratner, Chief Marketing Officer, MHBE
Venkat Koshanam, Chief Information Officer, MHBE
Sharon Street, Counsel, MHBE
Michelle Compton, Procurement Manager, MHBE

Opening

Chairman Schrader welcomed everyone to the Board meeting.

Executive Director Recruitment

Chairman Schrader provided an update on efforts to recruit a new Executive Director for the Maryland Health Benefit Exchange (MHBE). He noted that the outside recruiter will be in contact with each Board member in order to gather input and feedback, adding that he wants all members of the board to have an active role in the recruitment. He then described the next steps in the process, including the recruiter providing the Board with a list of six candidates, which the Board members will each individually rank. All Board members will be invited to participate in a day of interviews with three or four of the top ranking candidates.

Executive Update

Howard Haft, M.D., Interim Executive Director

Dr. Haft announced that online shopping for Medicaid managed care organizations (MCOs) has gone live on Maryland Health Connection and is functioning well. He noted that this feature was added to the online system on time and under budget and praised the great collaboration between the MHBE, Medicaid, and MCO leadership and staff for making it possible. Dr. Haft explained that, between its launch on September 14, 2017 and the present, 21,444 people applied for coverage, of whom approximately 15,000 received an immediate eligibility determination. Of those, most attempted plan shopping. Roughly 6,000 people were eligible for MCO shopping, and 4,000 proceeded to actually shop for MCOs.

Next, Dr. Haft observed that 44 days remain before the next open enrollment period begins and noted that the open enrollment period is 45 days this year, which is shorter than in previous years. He noted that the MHBE is optimistic about the results of this shortened open enrollment period since, historically, 94 percent of enrollees completed their transaction within the first 45 days. Anonymous browsing, he said, would open one month before the open

enrollment begins. Regarding affordability, Dr. Haft pointed out that the premium rate increase for the second-lowest-cost silver plan in the marketplace will result in many Marylanders receiving significant assistance with their health insurance expenses in the upcoming plan year, and many will have a notably higher level of cost relief than last year.

Dr. Haft then described the efforts of the newly-created Maryland Health Insurance Coverage Protection Commission to stabilize the health insurance market and monitor changes in the regulatory environment at the federal level. He explained that Carolyn Quattrocki of the Maryland Attorney General's office and former Executive Director of the MHBE presented an overview of insurance coverage in Maryland.

Next, Dr. Haft discussed efforts underway by the MHBE to draft legislation to enable the agency to perform background checks on potential contractors as required by federal regulations.

Finally, Dr. Haft announced that the MHBE intends to move to a new facility before the next open enrollment begins.

Approval of Meeting Minutes

The Board reviewed the minutes for the July 17, 2017 meeting; no amendments were made. Mr. Steffen moved to approve the minutes; Ms. Comer seconded the motion. The Board voted unanimously to approve the July 17, 2017 minutes.

IT Procurement

Venkat Koshanam, Chief Information Officer, MHBE

Anthony Armiger, Chief Financial Officer, MHBE

Andrew Ratner, Chief Marketing Officer, MHBE

Michelle Compton, Procurement Officer, MHBE

Mr. Koshanam presented three IT procurements for the Board's consideration; two procurement matters that required Board action and one matter that was for informational purposes only.

IDIQ Increase

Mr. Koshanam first described a requested increase in the Not-To-Exceed (NTE) amount on the Indefinite Delivery Indefinite Quantity (IDIQ) budget for fiscal year (FY) 2018. He gave the Board some background on the components of the requested increase, including Salesforce CRM & PROMIS design, development, and integration (DDI); managed care organization (MCO) plan shopping integration; and maintenance & operations (M&O) of Salesforce CRM, PROMIS, learning management system (LMS), and MCO plan shopping. He then asked Mr. Armiger to speak to the Board on the financial details of the requested increase.

Mr. Armiger explained to the Board that the MHBE is requesting a total increase of \$3,383,276 to the FY 2018 IDIQ budget, which breaks down into \$1,541,705 for the Salesforce CRM and PROMIS DDI; \$665,571 for the MCO plan shopping integration; and \$1,176,000 for the M&O of Salesforce CRM, PROMIS, LMS, and MCO plan shopping. In response to a question from Mr. McCann, Mr. Armiger stated that the original IDIQ budget for FY 2018 was \$18,000,000 and that the requested increase, if approved, would bring that total to \$21,383,276.

Mr. McCann then asked whether the increase would take the MHBE over budget on that line item, to which Mr. Armiger replied that the \$3,383,276 overage would be charged to the Maryland Department of Health, leaving the MHBE at the original \$18 million figure.

Chairman Schrader asked whether the MHBE has differentiated costs for items that are Medicaid-related versus items that are private insurance-related. Mr. Armiger explained that, based on the study completed by The Hilltop Institute before the first open enrollment period, which projected that 86 percent of all enrollees through Maryland Health Connection would be Medicaid participants, all costs that impact both Medicaid and commercial insurance are split between the MHBE and the Medicaid program, with 86 percent of costs paid by Medicaid and 14 percent of costs paid by the MHBE. He added that any costs unrelated to Medicaid are entirely borne by the MHBE.

Chairman Schrader requested that Mr. Armiger prepare a presentation for the next Board meeting about this cost allocation formula and how changes in the formula might affect operations. Mr. Armiger agreed to do so.

Mr. Taneja asked whether the MHBE requires prior authorization to pass through these costs to the Maryland Department of Health as described by the allocation formula. Mr. Armiger responded in the negative, adding that the pass-through is covered under the Memorandum of Understanding (MOU) between the MHBE and the Maryland Department of Health.

Mr. McCann, noting that some six to seven years had passed since the study was completed, asked whether any auditors have raised concerns around the cost allocation. Mr. Armiger replied that Medicaid's share of Maryland Health Connection consumers have been below 86 percent for most years of operation, but has been rising to 88 percent to 89 percent recently. He added that the MHBE intends to take another look at the allocation formula next year.

Mr. Steffen moved to approve an increase in the NTE amount of the IDIQ budget for FY 2018 from \$18,000,000 by \$3,383,276 to \$21,383,276. Mr. McCann seconded the motion, with the addition of the phrase "based on reimbursement of \$3,383,276 from the Maryland Department of Health." The motion was adopted unanimously with no abstentions.

Salesforce Marketing Cloud

Mr. Ratner described to the Board the proposed use of the Salesforce Marketing Cloud to communicate with Maryland Health Connection users while they are in the process of applying for coverage. He noted that the MHBE managed some similar functions last year using spreadsheets, but that the effort lacked the kind of individualization and immediate responsiveness possible with the Salesforce Marketing Cloud. Mr. Ratner also explained that studies conducted last year indicated that such targeted communications increased enrollment by about 20 percent.

Ms. Compton gave the Board a history of the MHBE's licenses for Salesforce, including the Board's approval of the purchase of licenses in June 2017 for an NTE of \$526,434.57. She then asked the Board to approve an increase in the NTE amount by \$176,191.68 through March 1, 2018, for a total Salesforce licensing NTE of \$702,626.25.

Mr. Dhara, noting that Salesforce is generally regarded as very expensive, asked whether the MHBE has access to any bulk licensing advantages by working with other state agencies. Mr. Koshanam replied that the MHBE staff evaluated the procurement model available through the Maryland Department of Information Technology (DOIT) and found that the provisions for data security in the DOIT contract were not sufficient for the MHBE's purposes given the sensitive nature of the health care data that would be used in the Salesforce Marketing Cloud solution. He went on to say that, working with the Maryland Department of Health, the MHBE was able to secure rates that are similar to other state contracts—rates that, while not the lowest, are competitive.

Mr. Taneja asked about licensure after the proposed end date of March 1, 2018. Ms. Compton replied that the MHBE is working to terminate all of its software licenses on that date so as to renew all software at the same time for the same term. Mr. Ratner added that the MHBE wishes to evaluate the tool's usefulness after the open enrollment period.

Mr. Taneja asked about the data that the Salesforce Marketing Cloud solution will provide to the MHBE and how the MHBE intends to use such data. Mr. Ratner replied that they intend to evaluate the Maryland Health Connection application to identify areas where consumers experience difficulties in the process. He noted that, based on similar data last year, the MHBE made changes to the call center's interactive voice response (IVR) system that decreased call handle times and added that the MHBE hopes to achieve additional savings through efficiencies identified through the analysis of these data.

Mr. Steffen expressed hope that the MHBE intends to use the Salesforce Marketing Cloud solution to track first-time enrollees separately from renewing enrollees and present each with different communications tailored to their situations. Mr. Ratner confirmed that the MHBE will use the system in that way, but pointed out that consumers will have to opt in to such communications and be provided with a clear path to opt out.

Chairman Schrader asked a series of questions to clarify what the licenses purchased through this modification would entail. In response, Mr. Ratner and Mr. Koshanam explained that the MHBE already has many user licenses for the Salesforce customer relationship management (CRM) solution that are currently being used by call center agents. The new licenses then fall into three categories: 1) additional user licenses for the IT and Marketing staff at

the MHBE, 2) a set of licenses that will allow members of the public to interact with Salesforce, and 3) communication volume licenses rather than user licenses.

Mr. McCann asked how the new system will automate responses based on a consumer's situation, particularly whether communications will be individually tailored. Mr. Koshanam replied that they would. Chairman Schrader noted that the Maryland Motor Vehicle Administration has done great work on their systems in this regard and applauded the MHBE for moving in this direction.

Mr. Taneja moved to approve the NTE amount increase on the Salesforce ICPA with Carahsoft Technology Corporation from \$526,434.37 by \$176,191.68 for a new NTE amount of \$702,626.25. Dr. Gourdine seconded the motion. The motion was approved unanimously with no abstentions.

During the motion, Mr. Dhara requested that the Board conduct a focused discussion on the Salesforce licensing model at a future meeting, to which Chairman Schrader assented.

Akamai Procurement

Mr. Koshanam described to the Board an upcoming procurement for Akamai software components along with attendant maintenance and support. He explained that the MHBE wishes to switch from an annual renewal term to a two-year renewal term moving forward. Lastly, he noted that an invitation to bid would be issued soon, and that he would return to the Board at its next meeting for approval of the winning bid.

Chairman Schrader asked that the MHBE staff prepare to discuss with the Board the design approach to cyber security at a future meeting. Mr. Koshanam agreed and noted that the MHBE has complied with very high standards.

Procurement Policy Modification

Michelle Compton, Procurement Officer, MHBE

Ms. Compton began by noting that, at the July 17, 2017 meeting, the Board requested a formal amendment to the MHBE's procurement policies and procedures be presented providing lease term specifications. She added that, at that meeting, the Board approved an amendment to those policies and procedures to exempt leases from the term requirements section, section 5B. Ms. Compton requested that the Board approve the addition of a new clause C under section 5 of the procurement policies and procedures, stating "Lease agreements are limited to a maximum initial term of five years with renewal options for a maximum combined total of ten years."

Chairman Schrader asked about the rationale for this modification. Ms. Compton explained that all contracts are limited to an initial term of three years with renewal options for a maximum combined total of five years. Since commercial real estate leases are typically executed with five year terms with extensions out to ten years total, the more restrictive requirements of the existing procurement policies and procedures are limiting the MHBE's ability to secure a favorable lease agreement.

Mr. McCann asked whether the terms "lease agreement" are only related to office space and whether any other types of lease, such as for software, might be encompassed in this new language. Ms. Eberle offered to clarify the language to say "real property leases," to which Chairman Schrader responded that the Board would make the modification in the motion to adopt the change.

Mr. McCann asked whether the proposed change is compliant with Maryland regulation and public works rules. Ms. Compton replied that the proposed maximum is less than others that the MHBE has seen. Mr. McCann asked whether the MHBE has consulted with the Maryland Department of General Services (DGS) regarding this language change. Ms. Compton answered that they had not. Ms. Street clarified that the MHBE has no obligation to be consistent with DGS guidelines.

Mr. McCann moved to approve an amendment to the procurement policies and procedures to add the following language to Section V. CONTRACT REQUIREMENTS: "Real property lease agreements are limited to a maximum initial term of five years with renewal options for a maximum combined total of ten years." He continued by reading the proposed Section V with amendments:

V) CONTRACT REQUIREMENTS

- A) All contracts shall be in writing and shall be in a form approved by the Executive Director. Contracts valued at less than \$10,000 may be in the form of a purchase order.
- B) Term contracts, except for real property leases, are limited to a maximum initial term of three years, with renewal options for a maximum combined total of five years.
- C) Real property lease agreements are limited to a maximum initial term of five years with renewal options for a maximum combined total of ten years.

Mr. Taneja seconded the motion. The motion was approved unanimously with no abstentions.

Ms. Compton then asked that the Board approve a clarification to the minutes of the June 19, 2017 meeting. Ms. Street pointed out, in response to a query from Chairman Schrader, that the minutes cannot be amended, since they reflect what was said at the time. Rather, she advised that the Board should rescind the previous motion then approve a new motion that contains the correct information. Chairman Schrader announced that this issue would be addressed at the next Board meeting.

Operations Procurement Presentation and Vote – Facility

Michele Eberle, Chief Operating Officer, MHBE

Ms. Eberle began by giving the Board an overview of the proposed lease of office space by the MHBE. She reminded the Board of the agency's desire to move the entire team of staff and contractors to a single location and recalled that the agency's original plan was to stay in their current arrangement until the end of October 2018. The MHBE's current landlord, however, wishes to lease the current operations office space to another party, causing the agency to accelerate its timetable for moving. She noted that several requirements drove the search for office space, including a location in Baltimore City, close proximity to public transit, and availability of 27,000 square feet of space, among others. In Phase 1, the agency intends to move the staff at the current Pratt Street office by November 1, 2017, to be followed by Phase 2, where the staff at the Linthicum office will move by July 1, 2018.

Next, Ms. Eberle laid out the timeline by which the process of selecting an office space took place. She explained that a Request for Proposals (RFP) was issued by the MHBE on July 28, 2017, with a closing date of August 11, 2017, by which time two responses were received. A five-person evaluation panel convened to evaluate proposals, answer clarifying questions from potential bidders, and conduct site visits. On September 8, 2017, the panel made a final recommendation to the Board—a bid that includes operational expenses into the price per square foot, offers the lowest annual increase, and guarantees parking. Based on those factors, Ms. Eberle asked the Board to approve the award of the office space lease to the MHBE's recommended bidder, 750 East Pratt Street, LLC, wholly owned by Hackerman Holdings, LLC.

Mr. Dhara asked about the price per square foot of the recommended bidder. Ms. Eberle replied that the bidder offered \$24 per square foot.

Mr. Taneja, noting that the agency currently rents 34,000 square feet, asked whether the 27,000 square feet offered by the recommended bidder will accommodate the MHBE and allow growth if necessary. Ms. Eberle responded in the affirmative, noting that the MHBE followed DGS guidelines for space requirements and added that the model that the MHBE uses for their IT staff reduces space requirements. She said that their current office has unused space and that the new lease would include right of first refusal on any additional space that becomes available in the building.

Mr. Steffen asked how many staff would be relocating from the Linthicum office to downtown Baltimore. Ms. Eberle replied that 11 full time employees and 120 contractors would make the move.

Mr. Steffen asked whether the agency is concerned about attrition among IT staff due to the move. Mr. Koshanam answered that, while there are some reservations among those currently working in Linthicum, the overall response is acceptable.

Chairman Schrader asked Ms. Eberle to re-state the rationale for this move and consolidation. Ms. Eberle responded by explaining that the MHBE's work requires intense and ongoing collaboration among staff who work in two separate locations, leading to as many as 15 staff from the Pratt Street office traveling to Linthicum on any given day. Mr. Koshanam added that another goal of the move is to break through functional silos to enable greater

effectiveness across teams, and noted that, for the entire existence of the MHBE, the business staff who work out of Pratt Street have been traveling to Linthicum to work with IT staff, and the reverse almost never occurs.

Chairman Schrader asked about the geographical boundaries set in the RFP. Ms. Eberle explained that the MHBE was only interested in renting space in an area bounded by Baltimore, Pratt, President, and Commerce streets in Baltimore. She added that MHBE staff's top priority in selection of office space is safety, especially due to the round-the-clock nature of the work.

Chairman Schrader, noting that the World Trade Center (WTC) in Baltimore was one of the bidders, asked whether their bid included contiguous office space. Ms. Eberle replied that they could not offer contiguous space, and added that their bid included parking that was across the street and unacceptably far away. Further, Ms. Eberle noted that the WTC's physical space constraints rendered much of the offered square footage unusable.

Chairman Schrader further noted that, based on the proposals received, it seems that the downtown Baltimore real estate market has recovered well, and asked whether the agency consulted with any commercial real estate professionals in this process. Ms. Eberle responded that they did not, and added that her opinion is that the Pratt Street offer is a very good deal.

Mr. Steffen moved to award a five-year base lease rental contract to 750 East Pratt Street, LLC, wholly owned by Hackerman Holdings, LLC in the amount of \$3,476,744 with occupancy commencing November 1, 2017 and lease payments commencing January 1, 2018. The motion was seconded by Mr. McCann.

Chairman Schrader asked whether the proposal includes space for the staff in Linthicum whose existing lease runs through October 31, 2018. Ms. Eberle replied that the agency will transition those staff out of Linthicum and into Pratt Street, adding that the MHBE will not commence any payments on Phase 2 until July 1, 2018.

Chairman Schrader asked whether the proposal was structured such that the agency will not be paying rent in two locations for the same staff. Ms. Eberle responded that there is a period from July through October 2018 wherein the agency will be paying twice, but added that they have begun preliminary discussions to exit the Linthicum lease four months early. Even if it proves impossible to negotiate an early lease termination, she pointed out that the move will be a net positive for the MHBE, since combining the two office locations together will save the agency some \$200,000 annually.

The motion was approved unanimously with no abstentions.

Operations Procurement Presentation and Vote –Consolidated Service Center MDM0031006966 Amendment 12

Michele Eberle, Chief Operating Officer, MHBE

Ms. Eberle presented to the Board a request for a twelfth amendment to the existing contract with Maximus for the Consolidated Service Center (CSC), a contract that expires on December 31, 2017. She explained that the requested amendment covers the transition period of July 1 through September 30, 2017, after which the newly awarded contract with Maximus will become operationally effective. The value of the amended contract, as proposed, is \$5,246,212 divided into \$3,147,727 in federal spending and \$2,098,485 in state spending, which covers call center staff, rent and security systems, telephony system, and fulfillment costs, Ms. Eberle said.

Chairman Schrader asked the total value of the CSC contract. Ms. Eberle replied that the total value over the lifetime of the contract is \$132 million. When the Chairman asked for the annual cost, she said that, for the current year, the contract is \$25 million, divided into \$10 million in state and \$15 million in federal funds.

Chairman Schrader asked whether the requested amendment is for the entire life of the contract. Ms. Eberle pointed out that she is requesting a three month extension to the original contract to cover the transition period to the new contract.

Chairman Schrader asked about the need for an additional \$5 million on the old contract. Ms. Eberle replied that the original contract was far below what turned out to be necessary to operate the call center, having been based on the

estimate that only 100 call center operators were needed—an estimate that proved too low. Since that time, Ms. Eberle explained that the agency has sought and received annual contract amendments to cover the shortfall.

Mr. Steffen, pointing out that the proposed contract amendment would cover what the MHBE owes Maximus already, asked whether the agency will continue to make payments on the old contract after September 30, 2017. Ms. Eberle responded in the negative, indicating that the proposed amendment would end that contract.

Mr. Taneja moved to approve amendment twelve to the CSC contract with Maximus Health Services, Inc. under solicitation MDM0031006966 in the amount of \$5,246,212 and changing the contract termination date to September 30, 2017. Mr. Steffen seconded the motion. The motion was approved unanimously with no abstentions. Mr. Dhara was not present for the vote due to a brief telephone disconnection.

SAC New Member Nomination Presentation and Vote

Howard Haft, M.D., Interim Executive Director

Dr. Haft began by describing the bylaws that govern the Standing Advisory Committee (SAC) to the Board, with special attention to those that cover qualifications, diversity, and length of term for SAC members. Pursuant to those bylaws, he explained that the MHBE has undertaken a recruitment effort for new SAC members. A recruitment notice was posted on June 15, 2017, and 21 applications were received by the closing date of July 7, 2017. At the August 10, 2017 SAC meeting, Dr. Haft said, 10 of the applicants were present and spoke to the members. He expressed the agency's gratitude in having a panel of candidates with excellent credentials and very diverse racial, gender, geographic, and professional backgrounds.

Next, Dr. Haft presented a list of candidates for membership to the SAC effective October 1, 2017, and asked the Board for its approval of the panel. The panel consisted of:

- Virginia Alinsao, Philippine Nurses Association
- Shirley Blair, Advance Home HealthCare and Staffing
- Ken Brannan, Special Olympics MD
- Evalyne Bryant Ward, Charles County NAACP
- Yolanda Carter, Community Liaison
- Anna Davis, Advocates for Children and Youth
- Holly Mirabella, CASH Campaign of MD
- Karen Nelson, Planned Parenthood of MD
- Sheebani Patel, Kaiser Health Plan of the Mid-Atlantic
- Jacqueline Roche, Director Health Policy, Johnson & Johnson
- Lisa Skipper, Mountain Laurel Medical Center
- David Stewart, Maryland Area Health Education Center West

Mr. Steffen, noting that none of the proposed new SAC members are located on Maryland's Eastern Shore, asked whether there was any outreach to that area of the state as part of the recruitment effort. Dr. Haft replied that there is Eastern Shore presence on the SAC currently, who are not slated to leave the committee at this time.

Chairman Schrader asked how many people will sit on the SAC with these new members. Ms. Eberle replied that if the new additions are approved, the SAC will have 24 members

Mr. McCann moved to approve the proposed new SAC members. Mr. Taneja seconded the motion. The Board unanimously approved the motion with no abstentions.

Closed Session

Mr. McCann moved that the meeting be closed in accordance with General Provisions Article § 3-305(b) to consult with counsel to obtain legal advice.¹ Ms. Comer seconded the motion. The Board voted unanimously to move into closed session. For topics discussed and actions taken, please see the Statement for Closing a Meeting.²

¹ General Provisions Article § 3-305(b)(7) allows a closed session to consult with counsel to obtain legal advice.

² Statement for Closing a Meeting is posted on the MHBE Board website.