

FLORIDA HEALTH CHOICES

Project:

Small Group Pilot Project

Issue Summary:

To launch the small group pilot project, the Corporation will identify an entity capable of providing a distribution hub. The distribution hub will be a secure web-based site that houses the common medical questionnaires utilized in the marketplace and notifies participating vendors when a group seeks a quote. Vendors will access the completed questionnaires and submit them to the vendor's underwriting process.

History:

Florida Health Choices (FHC) was created in 2008 and awarded a onetime appropriation of \$1.5 million. The corporation has received no other grant funding from any source and must fund all implementation activities from state funds appropriated in 2008. The FHC is not a candidate for recurring appropriations and is directed to fund future expenses from a 2.5% surcharge on products sold. Until products are available for sale, the FHC has no other fund source.

In the Fall of 2010 Florida Health Choices contracted with Ceridian Exchange Services (CES) to provide third party administration services and a web-based choice portal. The scope of work and the contract, when awarded, did not include medical underwriting in the enrollment process.

During the 2011 Legislative Session, industry representatives sought a change in law to permit medical underwriting in the marketplace and this change was granted. Subsequently, the vendor steering committee formed workgroups and presented a recommendation to the FHC board for a viable small group pilot project that includes medical underwriting. The FHC board concurred with the steering committee recommendation and the FHC is moving forward with implementation of the small group pilot project.

Current conditions:

To implement the small group pilot, CES will be required change some of the business rules and system design elements it is currently working on. The FHC and CES are working to define the changes, assess impact to the implementation timeline and the financial cost to make the changes. At a minimum there are changes to enrollment durations, the disassociation functionality, changes in employer eligibility, the employee shopping experience, employer vendor and plan selection and a new distribution hub to house and transfer medical questionnaires is required.

Because the questionnaire distribution function is clearly a new element and outside the scope of the CES contract, to minimize the impact on other system components currently being implemented by CES, and to ensure the implementation can occur as quickly as possible, the FHC seeks a solution for the underwriting component from another qualified vendor.

Possible Solution:

The Corporation began researching possible solutions to learn more about application hubs and the likely cost components. A competitive procurement process can be conducted on an aggressive schedule or the Corporation's board may consider another vendor that responded to the procurement for Third Party Administration.

Financing:

Before proceeding with a competitive procurement or a contract award, the Corporation will need to seek one or more partners to assist with financing the distribution hub. The FHC can consider one time grants, participation fees or any other financing mechanisms.

Estimated Cost:

After conducting research, the Corporation estimates the following expenses to establish the distribution hub:

- Configuration, set up, customize questionnaires, etc. \$300,000-400,000
- Hosting: \$3,000-5,000/monthly
- Licensing: \$50,000-100,000/year
- Production support: Changes, enhancements, etc. \$150-185/hour