

Ministry of Health
Master Services Agreement with MAXIMUS BC
End-of-Term Review

July 18, 2012

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1. INTRODUCTION AND TERMS OF REFERENCE

The Ministry of Health's 10-year contract with MAXIMUS for the performance of Health Insurance BC services ends on March 31, 2015. The contract provides the Ministry with an option to execute one renewal of the contract, for a term of up to five years.

In order to determine whether the Ministry should exercise its option to enter into a contract renewal with MAXIMUS, the Business Management Office (BMO) responsible for management of the contract has undertaken a review of the deal to assess the vendor's performance and relationship with the Ministry, and determine the extent to which the Ministry's strategic goals for alternative service delivery have been achieved.

In addition, the BMO was directed by the End-of-Term Executive Committee, in the context of a contract renewal, to:

- Review service level requirements to ensure they are relevant to the Ministry and drive desired performance, and identify opportunities for improvement;
- Identify and qualify opportunities to onboard additional programs and services to HIBC as part of a contract renewal;
- Identify and address any governance and accountability issues surfaced through consultation with Ministry stakeholders; and
- Conduct high-level market research to determine the availability of the services in the marketplace, in consideration of re-procurement as an alternative to negotiation of a contract renewal.

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2. FINDINGS

A. Ministry's Goals for Alternative Service Delivery

- The structure of the contract with MAXIMUS for HIBC services, combined with consistent achievement of service level requirements since November 2005, has enabled achievement of the Ministry's strategic goals for alternative service delivery (see Appendix 1):
 - *Improve service to the public:* performance of services to the public, including MSP enrolment processing, premium assistance applications, account maintenance, and accessibility of telephone inquiry services have improved significantly since handover to MAXIMUS. Over the same time, the population of British Columbia, of which the vast majority are eligible for MSP coverage has increased by approximately 9.5%.

- *Protect privacy and personal information:* Since handover, all privacy and security requirements and contract provisions have consistently been met (note: the contract provides a significantly higher privacy and security standard than had previously been in place when the services were delivered by the Ministry). In cases where there has been a privacy incident or breach by an employee, MAXIMUS has dealt with the issue quickly and effectively.
- *Maintain or increase services to healthcare professionals:* services to healthcare providers and practitioners, such as registration, account maintenance, claims adjudication and payment, telephone inquiries and claims submission systems availability have all been maintained or improved since handover.
- *Permit the Province to focus on its core business:* the alternative service delivery arrangement has transferred service delivery management and the management of 300+ human resources away from the Ministry while the fixed price model, including transfer of Ministry IT assets, and accompanying service level agreement, has transferred risk of service failure to MAXIMUS. Combined with the consistent attainment of service level requirements by MAXIMUS, this has enabled the Ministry to focus on its core business of policy and stewardship of the healthcare system.
- *Increase operational flexibility:* as the business faces constant change from a number of sources (e.g., medical advances, policy changes) this goal was aimed at transforming the business and underlying technology to enable better response to these changes, as well as increasing ability to respond to peaks and valleys in workloads. MAXIMUS has undertaken several initiatives to increase the operational flexibility of HIBC, including:
 - Implementation of performance management systems;
 - Implementation of modern statistical software for optimizing contact centre resourcing levels; and
 - Cross-training of resources to be able to switch between different service functions (e.g., claims adjudication and telephone billing support).Transformation of the legacy enrolment and claims systems has been subject to significant delays (see below) but is expected to be complete within the term of the agreement.

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- *Manage costs within the context of the Ministry of Health Service Plan:* the fixed price contract of \$324 million is smoothed out over the 10 year period to ensure the Ministry is paying the same amount per month (plus an inflation factor of 1.25%) for the term of the

contract. This has provided certainty and predictability of costs for the base services to the Ministry budget planning process.^{s.17}

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- British Columbia is a leader in the alternative service delivery of Medical Service Plan and PharmaCare administration. Nova Scotia is the only other province that has fully outsourced administration of these programs, including information systems development and support, to a third party vendor, Medavie Blue Cross in 2005, but in a non-competitive process.

B. MAXIMUS' Service Performance (see Appendix 2)

- MAXIMUS had significant difficulty meeting key service levels in the first 6 months of the deal and was penalized by the Ministry s.17
- MAXIMUS has consistently met all service level requirements (SLRs)¹ since November 2005.
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- Data presented in Appendix 3 demonstrates that performance over the last four years has improved with respect to six of these SLRs, while associated volume inputs have also trended upward:

- SLR 3: MSP Enrolment – 80% processed within 10 business days
- SLR 4: MSP Premium Assistance – 80% processed within 10 business days
- SLR 6: Beneficiary Account Maintenance – 80% processed within 10 business days
- SLR 10: Provider Telephone Inquiries – Average Speed of Answer (ASA) less than 1 minute
- SLR 10a: Provider Telephone Billing Support – ASA less than 3 minutes
- SLR 12: In-Province Auto Adjudicated Claims – 96.5% processed with the next MSP Payment Cycle

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¹ Between July 2008 and April 2011, MAXIMUS was not required to report on SLR 13 Manual Claims Adjudication due to an agreement with the Ministry to suspend measurement while a project was undertaken to reduce the backlog of claims that had accumulated to that point.

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- MAXIMUS has made a number of other transformational changes to the business processes to enable service efficiency and improve service to customers, including modern call centre technology (Call Centre Anywhere); modern imaging technology implemented with integrated workflow management and queuing; and optical character recognition to automate data entry.
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- The fixed-price model provides an incentive for the service provider to enable greater self-service and switch customers from higher cost channels (e.g., customer service representative) to lower cost channels (e.g., IVR, web, instant messaging). MAXIMUS has made efforts to develop more self-service options but has been challenged by the lack of an acceptable corporate identity management solution within government to authenticate users. It is expected that the higher level of authentication under development through the BC Services Card project may enable greater self-service options in the future.

C. Effectiveness of the Service Level Agreement (see Appendix 2)

- The service level agreement with MAXIMUS is comprised of two elements:
 - 25 service level requirements (SLRs) comprising a total of 33 service levels, each with penalties for non-performance. These service level requirements still reflect business area priorities and have been largely effective in driving desired performance.
 - 26 service level objectives (SLOs) comprising a total of 66 service levels which are not subject to penalties for non-performance, and are consequently a much weaker model for compelling performance. These service levels have been set for all services for which service level requirements have not been established. They are reported against to enable the BMO to track performance.

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- Penalties are available for non-performance of SLRs according to the allocation of the ‘At Risk’ amount provided for in the MSA. s.17
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s.17 This total is allocated across the 33 service levels in the form of ‘service level credits’ according to the impact on the Province of service failure.
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² This figure is based on the ‘At Risk’ amounts calculated at the beginning of the contract and is currently under review as it has (a) not been updated on an annual basis and (b) there is a requirement for clarity of what is included in ‘Average Annual Fee’. This monthly figure also does not include an amount of \$321,703 allocated to an annual SLR for manual adjudications when this new SLR was added in April 2011.

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D. Scope of Services / Onboarding

- The BC Services Card (BCSC) project will have an impact on the scope of services provided by HIBC:
 - The operational requirements associated with the implementation of the BCSC will require the development of a new process and associated service levels to govern HIBC's responsibility in enrolment processing and transactions with ICBC. This is currently under development by the BCSC project.
 - Implementation of BC Services Card will also result in the elimination of services that are no longer required, including the issuance of Care Cards (governed by SLR 18) and Care Card renewals (governed by SLO 1).

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E. Governance and Accountability

- The Ministry has an effective working relationship with the vendor, characterized by well functioning governance structures and processes below the executive level; continuity and proximity of vendor management personnel; clear communications channels; and a high degree of responsiveness to the Ministry's needs from the vendor. s.17

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F. Financial Reporting

- The MSA provides for a gain sharing agreement with MAXIMUS to ensure that the Ministry shares in ‘spread’ in excess of agreed amounts. Spread is defined as the vendor’s cumulative net income as a percentage of cumulative costs. s.17

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I. Market Capability

- In conducting this review, and on the advice of the Strategic Partnerships Office, the BMO conducted “soft market shopping” to confirm that the capacity and capability to perform the basic services resides in the marketplace, in the event that a renewal cannot be negotiated. s.17

3. CONCLUSION

- Under the MSA with the Ministry of Health, MAXIMUS has:
 - Enabled achievement of the Ministry’s goals for ASD;
 - Consistently met and exceeded the service level requirements since November 2005;
 - Implemented significant transformational change to drive efficiencies and improve service delivery;
 - Demonstrated an ability to continuously improve service performance within a fixed price model in an environment of increasing volume inputs;
 - An effective working relationship with the Ministry, characterized by:
 - Well functioning governance structures and processes;
 - Flexibility and capacity to enable modification of scope;
 - Continuity and proximity of vendor executive staff;
 - Clear communications channels;
 - Established relationships at all levels of the Ministry organization; and
 - High degree of responsiveness to the Ministry’s needs.
 - Acquired detailed knowledge of the Ministry’s business and expertise in delivering supporting processes and systems.
- In the absence of a full market test, contract renewal represents the lowest risk option for end-of-term.

4. RECOMMENDATIONS

A. Renewal, Term and Pricing

1. Negotiate a renewal of the contract with MAXIMUS for a 5-year extension of the initial term.

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APPENDICES

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APPENDIX 1: ACHIEVEMENT OF THE MINISTRY'S GOALS FOR ASD

The Ministry's strategic goals for alternative service delivery are to:

- Improve service to the Public while protecting privacy and personal information;
- Maintain or improve service to health care professionals;
- Permit the Province to focus on its core business, being stewardship and leadership for the health system in BC;
- Increase operational flexibility;
- Avoid capital costs associated with upgrades/replacement of existing systems; and
- Manage costs within the context of the Ministry of Health Service Plan.

The following sections present and discuss the extent to which these goals have been achieved or enabled through the Ministry's agreement with MAXIMUS.

1.1 Improve service to the Public while protecting privacy and personal information

This goal has two elements, which are addressed separately.

a) Service to the Public

MSP Beneficiary Services was an area of significant concern prior to the implementation of alternative service delivery. Beneficiaries experience lengthy turnaround times for information, document processing and telephone service, as well as very high busy rates for incoming calls, as shown in Table 1.1.

Note: baseline data to assess change in performance since handover is scarce and derived from various sources. Where possible we report average performance over time as appropriate baseline measures, rather than performance in a single month, in order to capture cyclical fluctuations in volumes over time.

Table 1.1: Beneficiary Service Levels in September 2004 and Average Performance since Handover to MAXIMUS (April 2005)

MSP Beneficiary Services	6-Month Average (to September 2004) ¹	Average Performance Since Handover (April 2005 – March 2012)	Average Performance Last 6 Years (April 2006 – March 2012)
Enrolment	93% within 40 days	84.54% within 10 business days 94.86% within 20 business days	90.32% within 10 business days 99.96% within 20 business days
MSP Premium Assistance	100% within 40 days	86.00% within 10 business days 96.67% within 20 business days	91.47% within 10 business days 99.93% within 20 business days
MSP Account Maintenance	98% within 180 days	86.71% within 10 business days 96.88% within 20 business days	90.35% within 10 business days 99.96% within 20 business days
Phone Busy Rates	Over 52%	0%	0%
Average Phone Wait	4.45 minutes to Ministry staff ² 3.8 minutes to contracted call centre ³	2:47 minutes	2:40 minutes

As demonstrated in Table 1.1, service levels to MSP beneficiaries have increased significantly since handover to MAXIMUS. Note that two columns are included for average performance since handover. The first column is average performance since the handover date of April 1, 2005 and the second column omits the first year of operations, when the service provider missed a number of significant service level requirements and s.17

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¹ HBO Project Summary, October 2004

² 2002/2003 approximate annual average for customers that were able to connect to the government router. An unknown number of customers would have been unable to connect to the router due to limitations on the systems capacity (source: *Joint Solutions Request for Proposals 2003*)

³ 2002/2003 approximate annual average (source: *Joint Solutions Request for Proposals 2003*)

b) Protection of Privacy and Personal Information

The Ministry does not have baseline data for privacy incidents and breaches prior to handover.

Nevertheless, privacy issues have been a significant priority for this alternative service delivery initiative since inception, especially given the potential implications of the USA Patriot Act (2001).

Throughout the procurement process, the expectations laid out by government required vendors to have a strong track record in the area of privacy, and to build significant and comprehensive privacy protections into their proposals. Stringent evaluation criteria were carefully designed to measure this aspect of each proposal at every stage of the procurement process.

The provisions in the Master Services Agreement with MAXIMUS BC include specific and onerous new requirements that provide protection against attempted access under the Patriot Act in addition to the already significant requirements which are a standard part of all government contracts for this type of work⁴.

Since handover, all privacy and security requirements and contract provisions have consistently been met. The most recent controls audit⁵ found that applicable controls were operating with sufficient effectiveness to provide reasonable assurance that:

- HIBC documented procedures to achieve its system security objectives in accordance with its defined policies;
- HIBC monitors the system and takes action to maintain compliance with its defined system security policies;
- Management has assigned the responsibility for privacy of information to a qualified individual;
- Management has defined and communicated privacy policies and procedures to govern the management of private information within the organization;
- Contracted third parties manage private information securely and in accordance with HIBC policies and procedures;
- Private information is retained as necessary and destroyed when required; and
- HIBC has procedures in place to address privacy breaches and manage privacy complaints.

⁴ HBO Project Summary, 2004

⁵ Report on controls placed in operation and test of operating effectiveness for the period April 1, 2010 – March 31, 2011, Deloitte

In addition to the measures embedded in the Master Services Agreement and the control activities above, MAXIMUS has the following safeguards in place:

- All employees and contractors who have access to MSP or PharmaCare data sign non-disclosure agreements with the Province;
- The Ministry has unrestricted access for both scheduled and ad-hoc privacy audits;
- Independent systems security audits managed by the ministry are undertaken every two years;
- Privacy impact assessments are conducted on all new projects and for significant changes;
- A rigorous privacy and data security policy, training and testing program is in place;
- Security checks are performed on all new employees and contractors; and
- MAXIMUS pursues a swift and rigorous approach to privacy transgressions, up to and including termination of an offending employee/contractor.

While baseline data is not available to compare performance related to privacy and security before and after handover, the contract requires a significantly higher privacy and security standard than had previously been in place when the services were delivered by HBO⁶.

1.2 Maintain or improve service to health care professionals

The greater service priority of the alternative service delivery initiative was to improve service to the public, who were receiving significantly lower levels of service than health care providers at the time of handover. Nevertheless, government's goals included the need to maintain or improve service to both MSP and PharmaCare providers.

a) MSP Providers

Performance of key services to MSP providers, and available baseline data, are provided in Table 1.2:

⁶ HBO Project Summary, October 2004

Table 1.2: MSP Provider Service Performance in April 2003 and Average Performance since Handover to MAXIMUS (April 2005)

MSP Provider Services	April 2003⁷	Average Performance Since Handover (April 2005 – March 2012)	Average Performance Last 6 Years (April 2006 – March 2012)
Registration	Less than 7 days	98.67% within 2 business days	99.94% within 2 business days
Claim Adjudication and Payment – 1st Level Automated⁸	96.5% within 2 weeks	97.37% within next MSP payment cycle (bi-weekly)	97.42% within next MSP payment cycle (bi-weekly)
Claim Adjudication and Payment – 2nd Level Automated⁹	98.0% within 4 weeks	99.34% within 2 nd MSP payment cycle	99.36% within 2 nd MSP payment cycle
Average Phone Answer Delay	Approximately 1 minute ¹⁰	52 seconds	49 seconds

For MSP provider registration services, the service level requirement (SLR 1) is 99% processed within 2 business days. This has been attained every month since October 2005, and has been less than 100% on only 5 occasions.

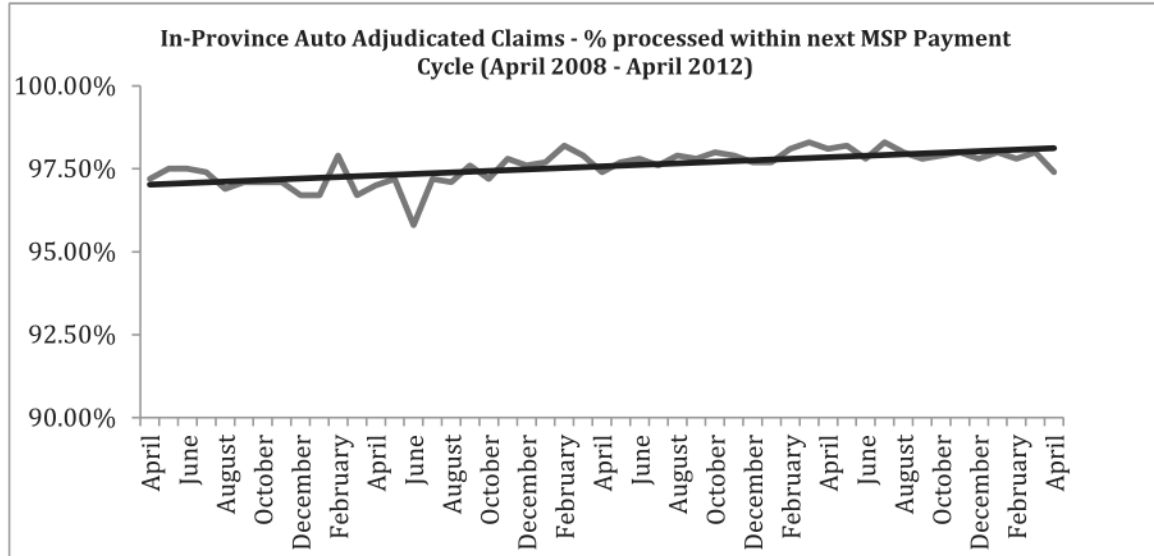
In 2002/2003 HBO adjudicated approximately 67 million claims a year from health care providers, public facilities and diagnostic facilities. In the year ended March 31, 2012 the number of claims adjudicated was just over 96 million. Notwithstanding this significant increase in the volumes of claims adjudicated, HIBC has, on average, improved performance of automated claims processing over the last 4 years, as illustrated below:

⁷ All figures for fiscal year 2002/2003 unless noted otherwise (source: *Joint Solutions Request for Proposals, 2003*)

⁸ This relates to claims adjudicated in the legacy Mainline adjudication process

⁹ This relates to more complex claims that are rejected from the Mainline process and handled by AION, an artificial adjudication engine

¹⁰ Averaged between 1999 and 2002 (*Business Case for Alternative Service Delivery of Medical Services Plan and PharmaCare Operations, 2003*)

Figure 1.1: Performance Trend of Auto-adjudicated Claims (April 2008 – April 2012)

Prior to handover, the Teleplan system received claims 24 hours a day, 7 days a week, with the exception of a twice-monthly period during which payment remittance information is created, and a Sunday morning province-wide network maintenance period. Teleplan consistently exceeded its availability target of 99.5 percent.

Since handover, the service provider has been measured against a service level requirement of 24/7 system access with no single outage greater than 4 hours, a service level it has consistently met. Furthermore, Teleplan Availability is designated an 'IT Uninterruptible Service' which means that non-performance is subject to significant remedies in the contract, over and above the service level credits that are allocated to each of the SLRs for non-attainment.

b) PharmaCare Providers

Performance of key services to PharmaCare providers, and available baseline data, are provided in Table 1.3.

Table 1.3: PharmaCare Provider Service Performance in April 2003 and Average Performance since Handover to MAXIMUS BC (April 2005)

PharmaCare Provider Services	April 2003¹¹	Average Performance Since Handover (April 2005 – March 2012)	Average Performance Last 6 Years (April 2006 – March 2012)
Registration	Less than 1 week	100% within 2 business days	100% within 2 business days
Claims Payment – Online	Less than 2 weeks	100% of payments within 1 week	100% of payments within 1 week
Claims Payment – Manual	Less than 3 weeks	99.74% adjudicated within 10 business days ¹²	99.74% adjudicated within 10 business days
PharmaNet Help Desk Calls	81 – 86% answered within 45 seconds	Average Speed of Answer (100% of calls) in 52 seconds	Average Speed of Answer (100% of calls) in 49 seconds
PharmaNet System Availability	99.9%	> 99.9% (5 outages ¹³ totaling 3.9 hours; no outages since March 2008)	> 99.9% (5 outages totaling 3.9 hours; no outages since March 2008)

¹¹ All figures for fiscal year 2002/2003 unless noted otherwise (source: *Joint Solutions Request for Proposals*, 2003)

¹² Data only available since May 2010

¹³ Outages reported as MAXIMUS' responsibility. Other service providers are involved in ensuring PharmaNet system availability, including Shared Services BC who are responsible for network services across government.

1.3 Permit the Province to focus on its core business, being stewardship and leadership for the health system in BC

Enabling a focus on core business is often a key driver of alternative service delivery, transferring operational management and administration of services as well as the risks associated with service failure. The anticipated benefits are improved management capacity to focus on strategic planning and core business operations.

The primary function of the ministry is stewardship over the entire BC healthcare system. The original business case argued that, “as the private sector clearly has the ability to provide registration and physician/drug claims processing services to government, private sector delivery of HBO services appears to best enable the ministry to continue in its stewardship role while making best use of the limited administrative resources available to the ministry.”¹⁴

The deal has enabled the Ministry to transfer responsibility for providing HBO services, including:

- Executive management;
- Service management, including managing the risk of failure to deliver services at desired service levels;
- Budget allocation and management;
- Management of 300+ staff and labour relations responsibilities;
- Management of customer relationships;
- Management of fragmented and aging legacy systems; and
- Provision and management of facilities.

As such, and given the consistent attainment of service level requirements since November 2005, the transfer of responsibility for HIBC service delivery has enabled the Ministry to focus on its core business of policy and stewardship of the healthcare system.

1.4 Increase operational flexibility

As the business faces constant change from a number of sources (e.g., medical advances, policy changes) this goal was aimed at transforming the business and underlying technology to enable better response to these changes, as well as increasing ability to respond to peaks and valleys in workloads.

MAXIMUS has undertaken several initiatives to increase the operational flexibility of HIBC, including:

- Implementation of performance management systems to measure individual efficiency and quality performance;
- Implementation of modern statistical software (“Blue Pumpkin”) for planning and scheduling of optimal contact centre resourcing levels; and

¹⁴ *Business Case for Alternative Service Delivery of Medical Services Plan and PharmaCare Operations, 2003*

- Cross-training of resources to be able to switch between different service functions (e.g., claims adjudication and telephone billing support).

In addition, MAXIMUS and the Ministry have jointly developed the Capacity Model. The model sets out in the base fees a specified level of "unallocated capacity" that MAXIMUS must make available to address non-basic changes that arise during the year. A joint management process (JMP) reviews capacity utilization and new and in-progress changes, enabling the alignment of the services provided by MAXIMUS with the priorities of the ministry, while also enabling the service provider to respond quickly to service requests and emergent priorities, such as the introduction of the BC Smoking Cessation program in 2011. The amount of unallocated capacity in the Capacity Model is refreshed annually.

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1.6 Manage costs within the context of the Ministry of Health Service Plan

In order to manage its costs in the context of its business challenges and Service Plan goals, the Ministry sought a private sector solution that would provide the “ability to maintain and predict the ongoing financial requirements of the MSP and PharmaCare programs.”¹⁵

The Ministry negotiated a total fixed price for the services of approximately \$324 million over the 10-year term and required MAXIMUS to smooth out payments over the 10-year term such that the service fees payable to MAXIMUS are similar each year, with an inflation factor of 1.25% applied annually from Year 3 onward.

This deal structure has provided certainty and predictability of costs for the base services over the term of the contract.

¹⁵ *Business Case for Alternative Service Delivery of Medical Services Plan and PharmaCare Operations, 2003*

Notwithstanding, the Ministry has committed an additional \$106 million (32.7% of original contract) to the scope of the contract, as demonstrated by Table 1.2:

Table 1.2: Additional Commitments to Scope of Contract with MAXIMUS through to End-of-Term (as of March 31, 2012)

Original Contract Amount:	\$ 324,244,707
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Total Committed to End of Term:	<u>\$ 430,121,508</u>
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APPENDIX 2: SERVICE LEVEL PERFORMANCE AND ANALYSIS

Basic Services are described in Schedule E to the MSA and are subject to a service level agreement contained in Schedule F of the MSA. Service levels are set out in two categories, Service Level Requirements and Service Level Objectives.

Service Level Requirements

At contract signing there were 27 Service Level Requirements (SLRs) that the vendor must meet and report on monthly.

Since contract signing, several SLRs have been retired or combined, and new ones added. There are currently 25 SLRs, with a total of 33 service level measures.

Penalties are available for non-performance of service levels according to the allocation of the 'at risk' amount provided for in Schedule F.^{s.17}

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s.17 . When penalties are applied, as they were in the first year of the contract to a number of SLRs, the Province receives 'service level credits' to the value of the 'at risk' amount.

Since November 2005, MAXIMUS has met (or 'substantially met'²) all of the SLRs every month.

Service Level Objectives

Service level objectives (SLOs) are lower priority service levels. The vendor must still attain these service levels but there are no penalties associated with non-attainment.

At contract signing there were 42 SLOs. As a result of an extensive service level review completed in April 2011, there are now 26 SLOs with a total of 66 service level measures.

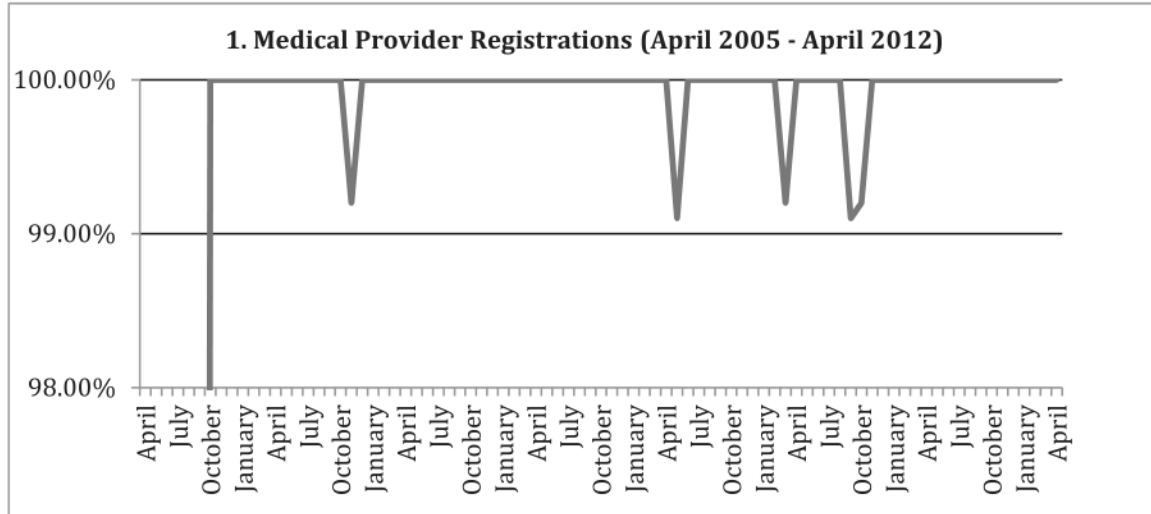
2.1 Performance of Service Level Requirements

Following is an assessment of performance against each of the SLRs over the duration of the contract to April 2012, or for the length of time that the SLR has been in existence, whichever is longer.

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SLR 1: Medical Provider Registrations

Service:	Process registration applications for all eligible health care providers
Measure:	99% within 2 business days

Attainment:

- This SLR was not met on two occasions prior to October 2005:
 - August 2005 (35%)
 - September 2005 (62.6%)
- Since October 2005, this SLR has been achieved every month; and there are only 5 months in which the measure was less than 100%

Conclusion:

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SLR 2: Pharmacy Registrations

Service:	Process registration applications for all eligible pharmacists
Measure:	99% within 2 business days

Assessment:

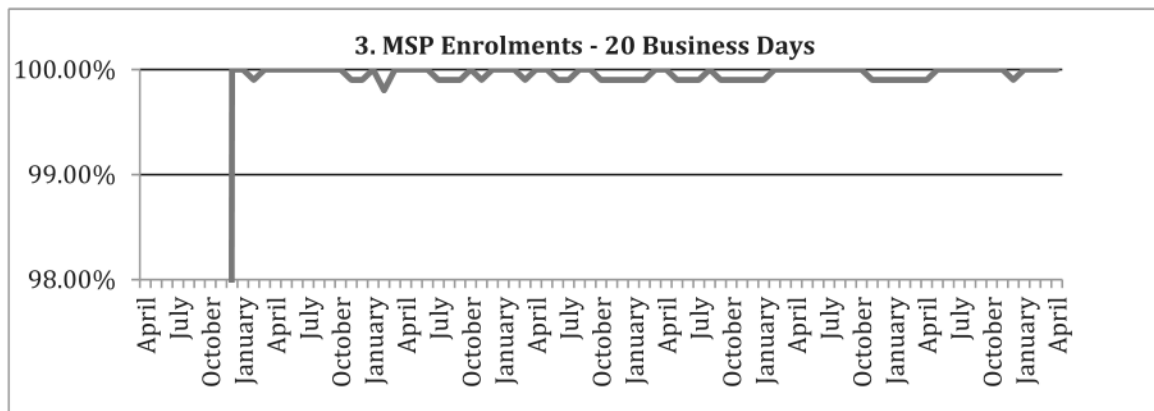
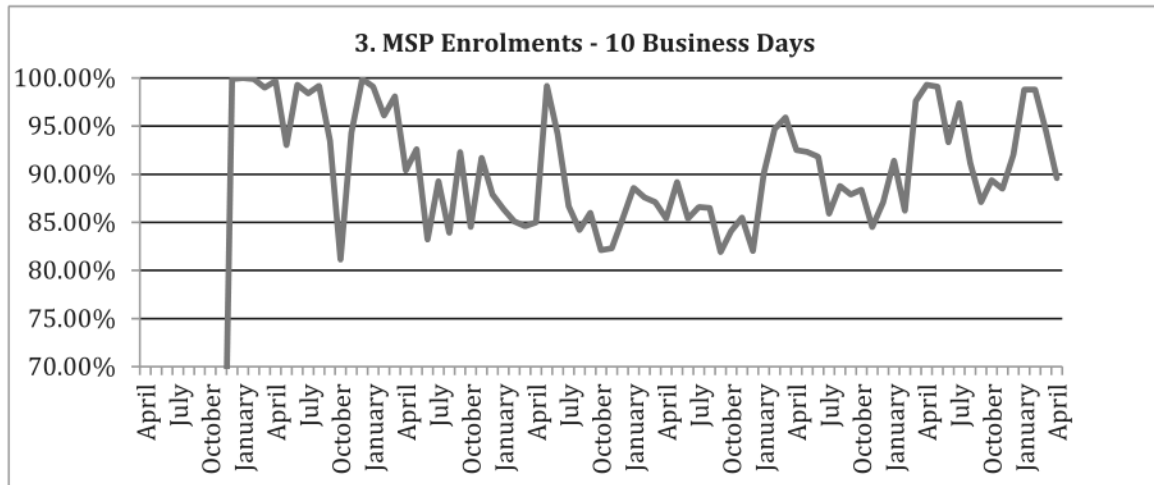
- Since April 2005 this SLR has been achieved with an attainment of 100% every month.

Conclusion:

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SLR 3: MSP Enrolment

Service:	Process applications for enrolment in MSP
Measures:	80% within 10 Business Days 99% within 20 Business Days Note: this is designated an UNINTERRUPTIBLE SERVICE, subject to significant remedies within the contract beyond the available service level credits for service failure

Attainment:

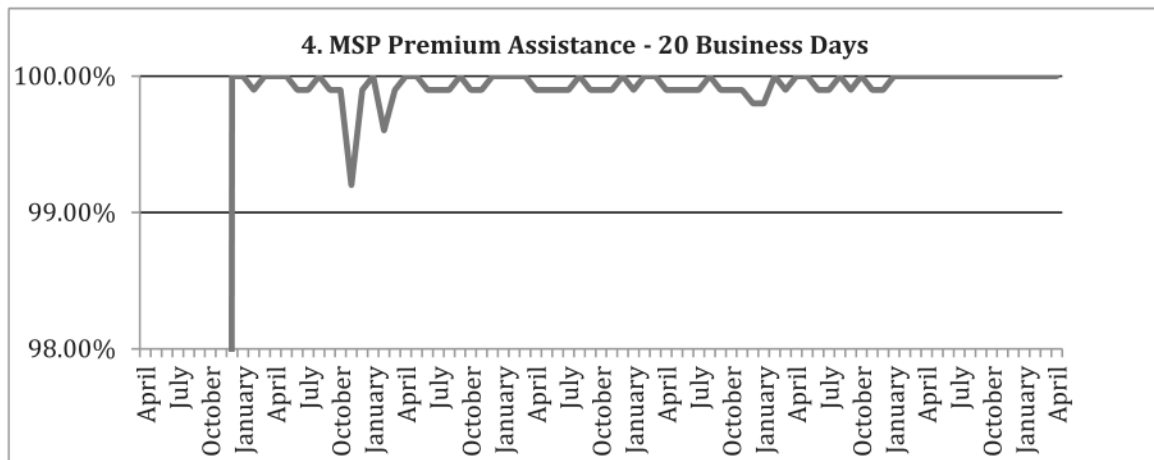
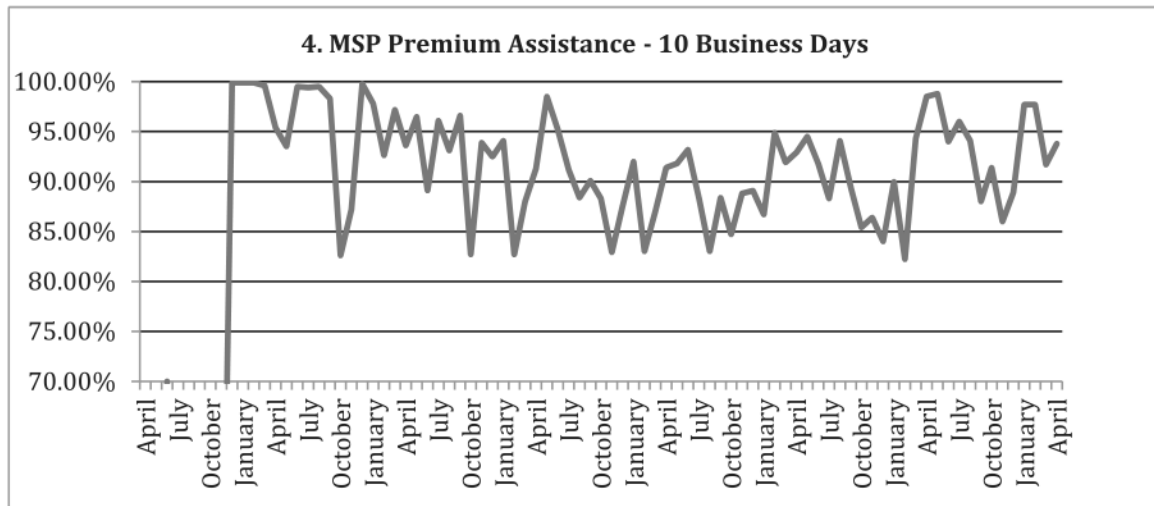
- Both service measures were failed in the first 6 months of the contract and penalties were applied.
- Since November 2005, there has been no failure of these service levels.

Conclusion:

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SLR 4: MSP Premium Assistance

Service:	Process applications for MSP Premium Assistance
Measures:	80% within 10 Business Days 99% within 20 Business Days

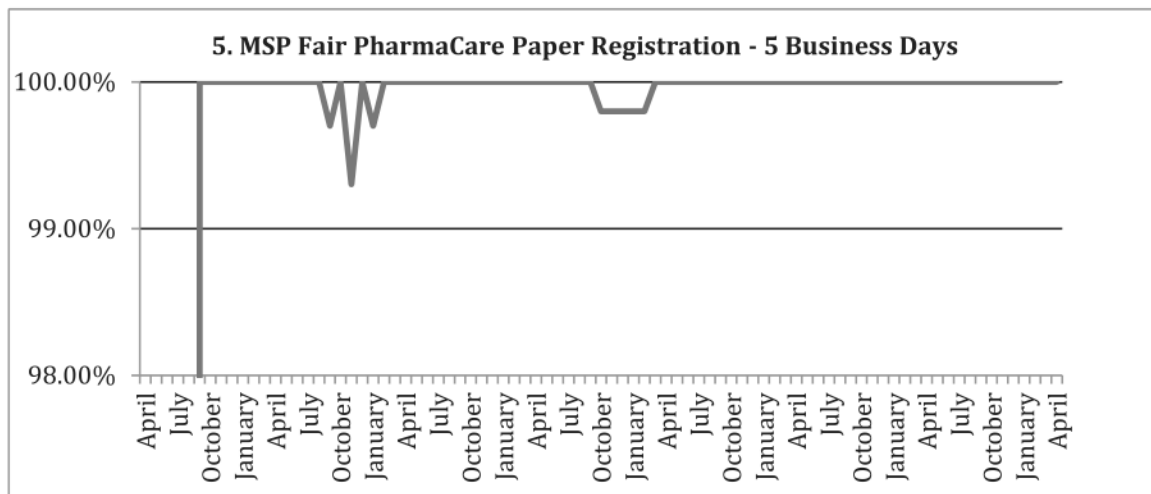
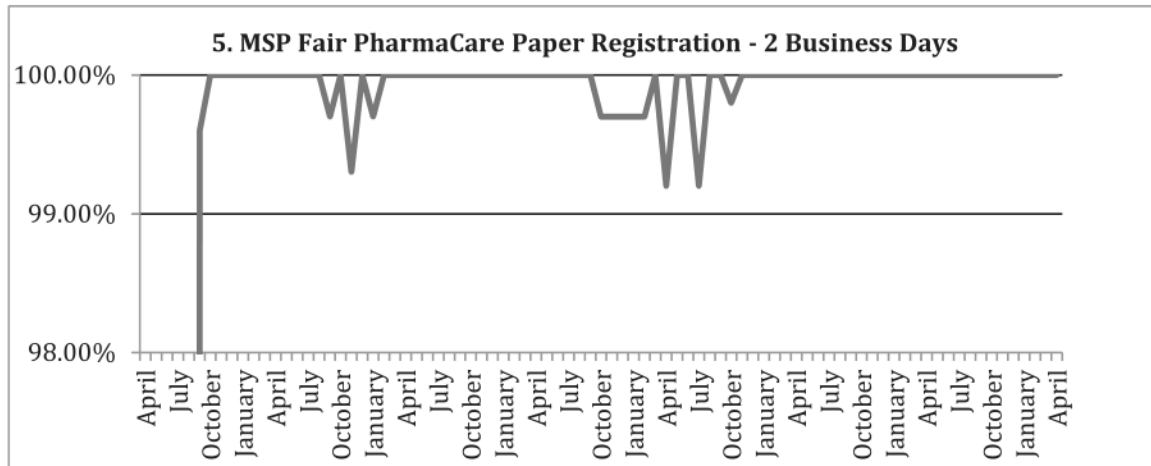
Attainment:

- Both service measures were failed in the first 6 months of the contract and penalties were applied.
- Since November 2005, there has been no failure of these service levels.

Conclusion:
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SLR #5: Fair PharmaCare Paper Registration

Service:	Process paper applications for Fair PharmaCare
Measures:	80% within 2 Business Days 99% within 5 Business Days

Attainment:

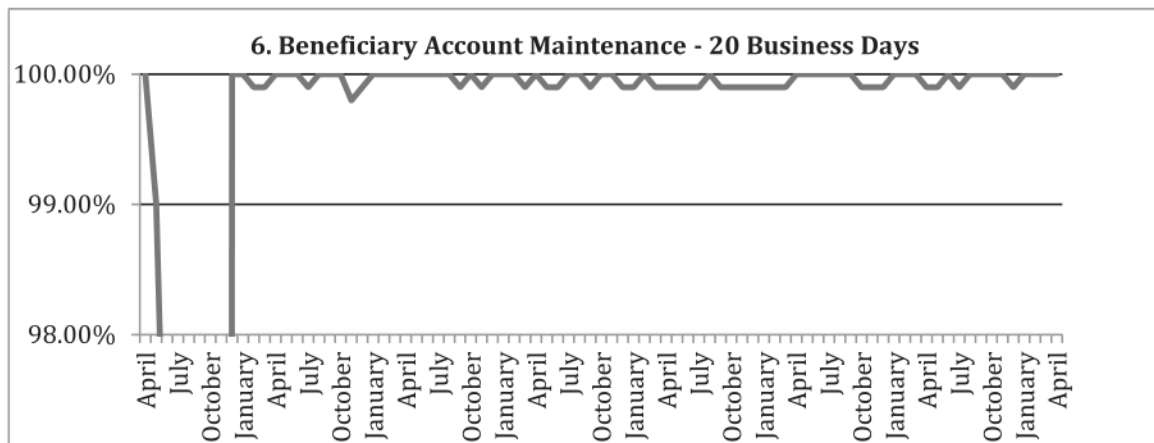
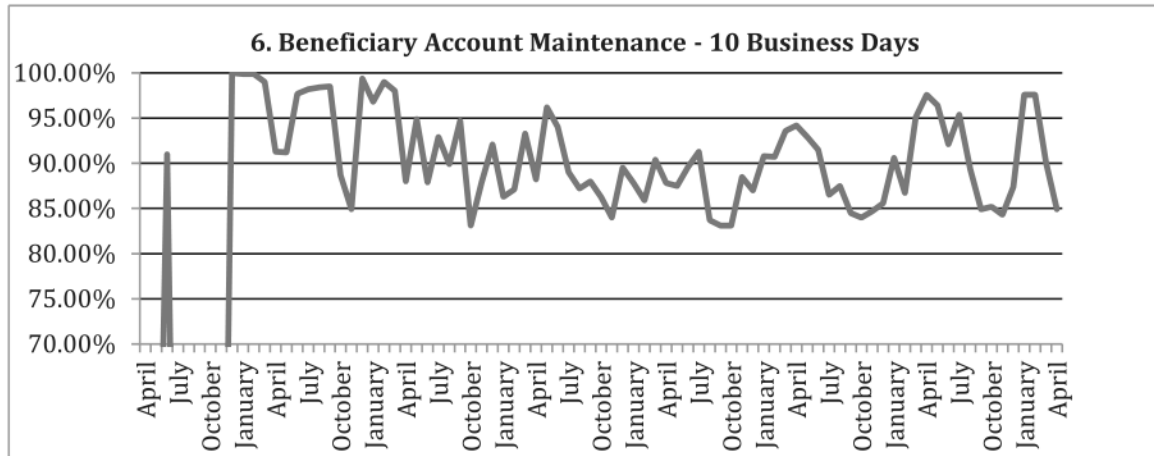
- Per agreement with the Ministry, this service level was not reported for the first 5 months of the contract.
- Since September 2005 attainment has never been less than 99% within 2 business days.

Conclusion:

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SLR #6: Beneficiary Account Maintenance

Service:	Process beneficiary account maintenance requests (service provider reports monthly on inventory and document processing time for account maintenance requests)
Measures:	80% within 10 Business Days 99% within 20 Business Days

Attainment:

- Both service measures were failed in the first 6 months of the contract and penalties were applied.
- Since November 2005, there has been no failure of these service levels.

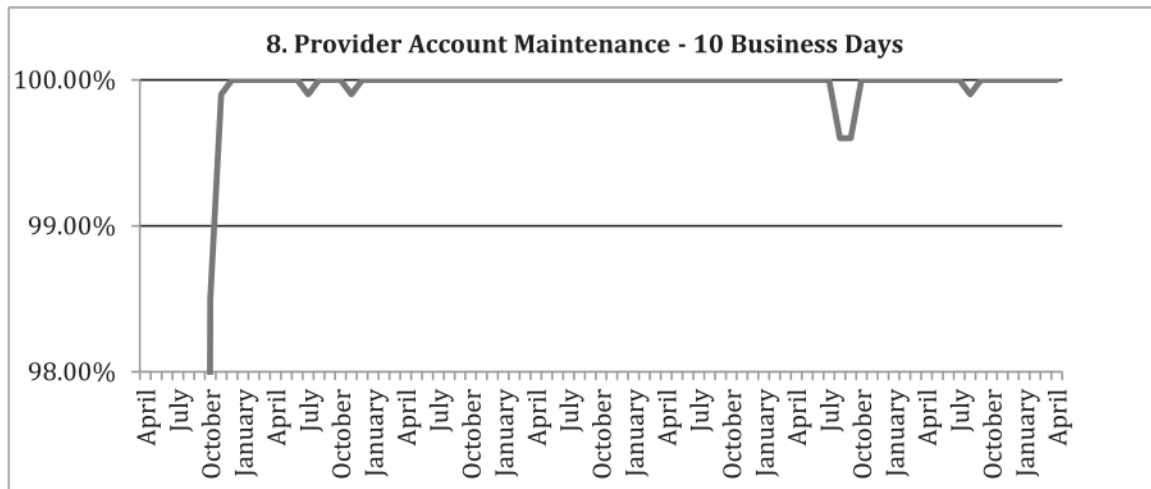
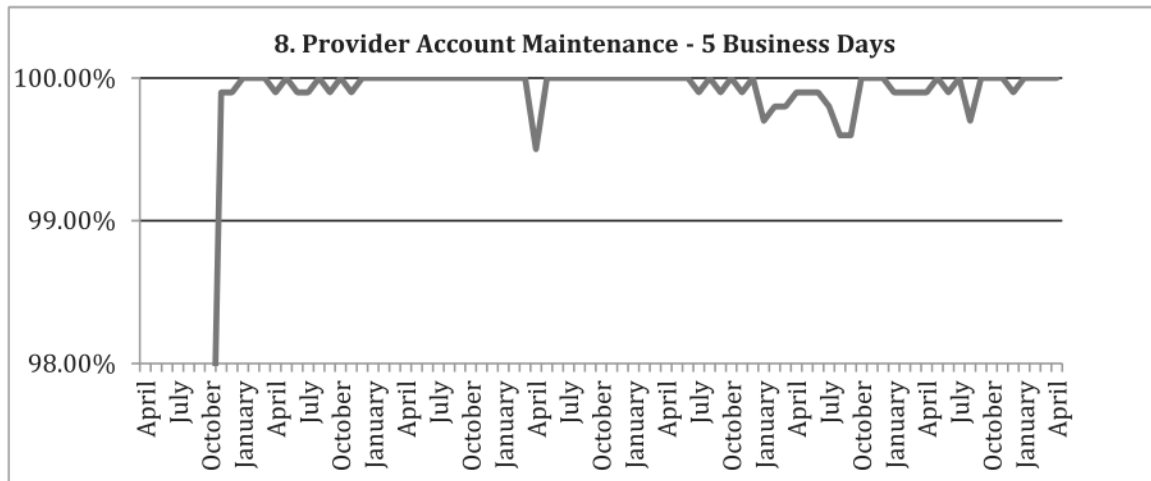
Conclusion:

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Note: SLR #7, Processing of Non-Imaged Beneficiary Documents, was retired in 2008 and combined with SLR#6, having been attained consistently since November 2005.

SLR 8: Provider Account Maintenance

Service:	Process provider account maintenance requests
Measures:	80% within 5 Business Days 99% within 10 Business Days

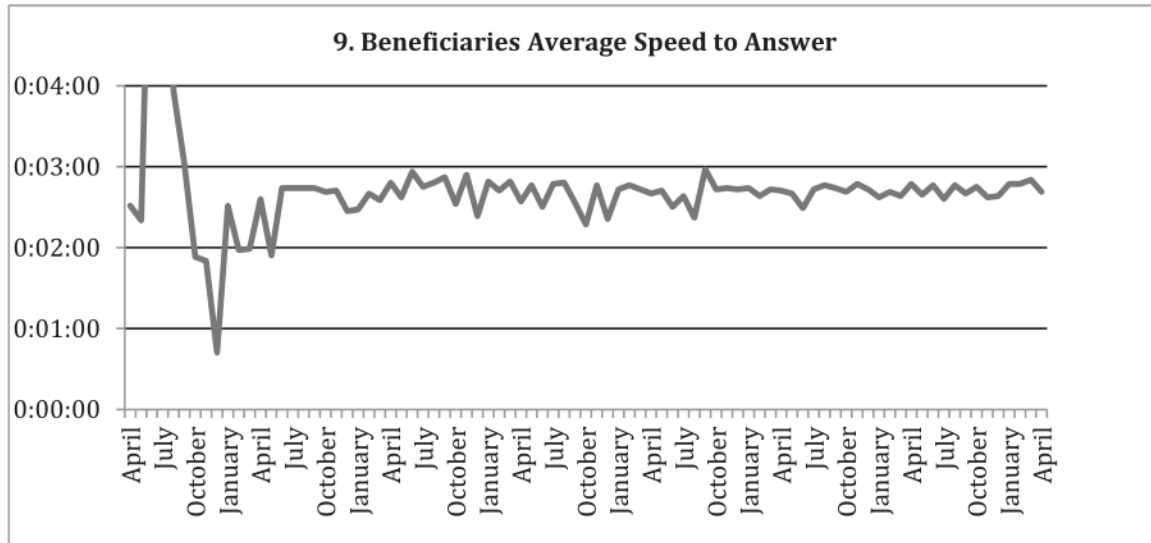
Attainment:

- Per agreement with the Ministry, this service level was not reported for the first 4 months of the contract.
- Both measures failed in August and September 2005.
- Since September 2005 attainment has never been less than 99% within 5 business days.

Conclusion:
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SLR 9: Beneficiaries Average Speed to Answer

Service:	Average queue time to a customer service representative for beneficiaries
Service Measure:	Less than 3 minutes (during 8:00 am – 4:30 pm, averaged monthly)

Attainment:

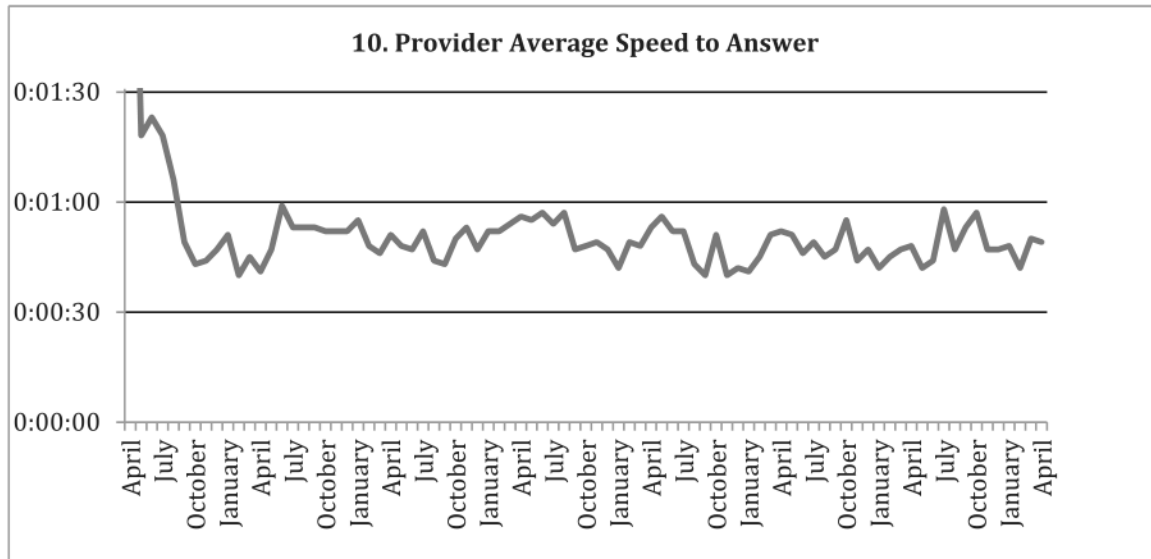
- This service level was met in the first 2 months of the contract, failed from June to September, 2005, and has been consistently met since September 2005.
- The fixed price contract drives the vendor to allocate resources in such a way as to attain the monthly ASA with minimum resource usage. This can result in wide fluctuations in the ASA range throughout the month, sometimes with wider variance at the beginning of the month and less at the end of the month as the vendor adds and reassigns resources to meet the service level. As a result, a significant proportion of callers (on average more than 25% of beneficiaries) experience a slower speed of answer than the monthly ASA.

Conclusion:

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SLR 10: Provider Average Speed to Answer

Service:	Average queue time to a customer service representative for providers (except for billing support)
Measure:	Less than 1 minute (during 8:00 am – 4:30 pm) averaged monthly

Attainment:

- This service level was not met in the first 5 months of the contract but has been consistently met since August 2005.
- The fixed price contract drives the vendor to allocate resources in such a way as to attain the monthly ASA with minimum resource usage. This can result in wide fluctuations in the ASA range throughout the month, typically with wider variance at the beginning of the month and less at the end of the month as the vendor adds and reassigns resources to meet the service level. As a result, a significant proportion of callers (on average around 25% of providers) experience a slower speed of answer than the monthly ASA.

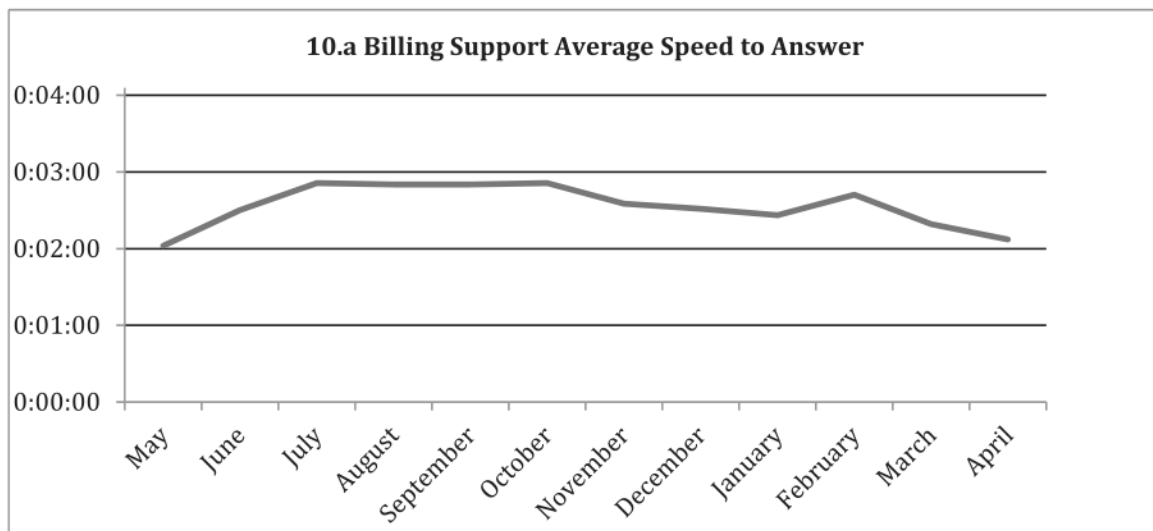
Conclusion:

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SLR 10a: Billing Support Average Speed to Answer

Note: added in April 2011

Service:	Average queue time to a customer service representative for providers (except for billing support)
Measure:	Less than 3 minutes (during 8:00 am – 4:30 pm), averaged monthly
Note:	This is a relatively new measure, added in April 2011, to accommodate a shift of resources away from provider billing support to be focused on reducing a growing backlog of provider claims requiring manual adjudication (see SLR 13 below)

Attainment:

- This service level has been attained since inception.
- The fixed price contract drives the vendor to allocate resources in such a way as to attain the monthly ASA with minimum resource usage. This can result in wide fluctuations in the ASA range throughout the month, sometimes with wider variance at the beginning of the month and less at the end of the month as the vendor adds and reassigns resources to meet the service level. As a result, a significant proportion of callers (on average around 50% of providers seeking billing support) experience a slower speed of answer than the monthly ASA.

Conclusion:

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SLR 11: Busy Rate

Service:	Busy rate experienced by caller to HIBC
Measure:	Less than or equal to 2% (during 8:00 a.m. – 4:30 p.m. averaged monthly)

Attainment:

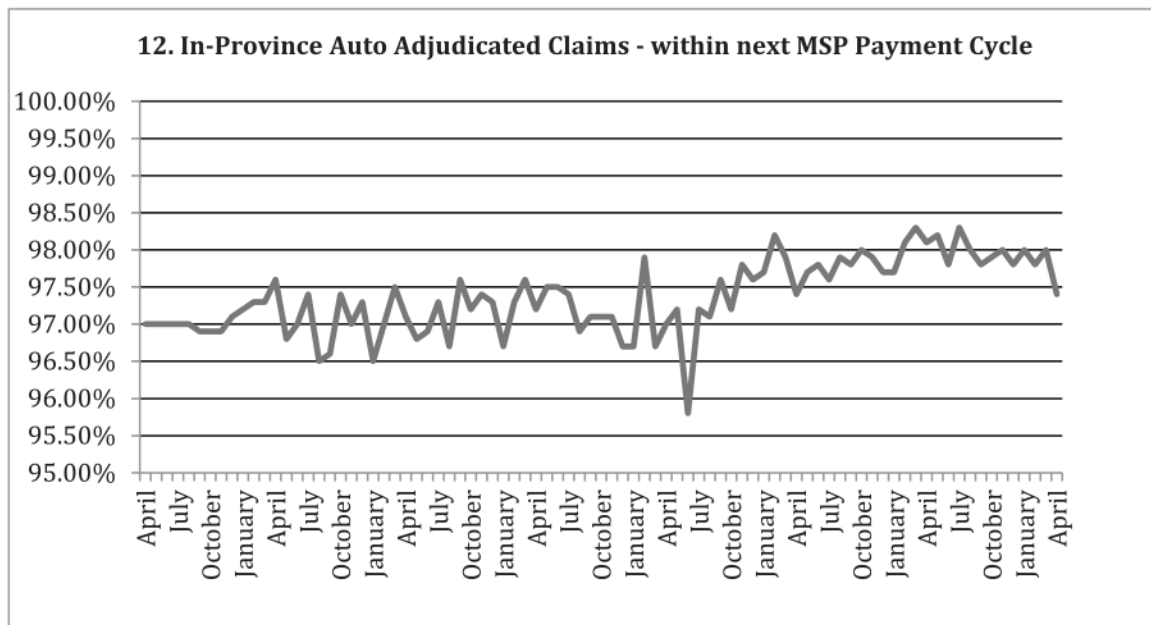
- This service measure has been 0% every month of the contract, i.e., callers have not experienced a busy signal.

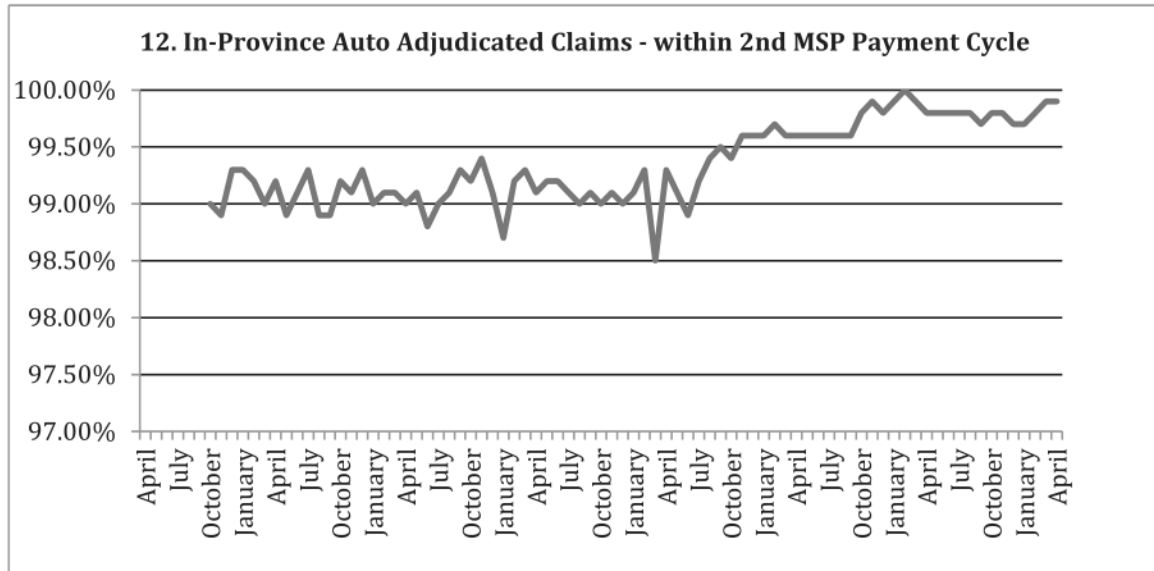
Conclusion:

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SLR 12: In-Province Auto Adjudicated Claims

Service:	Auto adjudication of in-province MSP claims
Measures:	96.5% processed within the next MSP Payment Cycle 98.5% processed within 2 nd MSP Payment Cycle

Attainment:

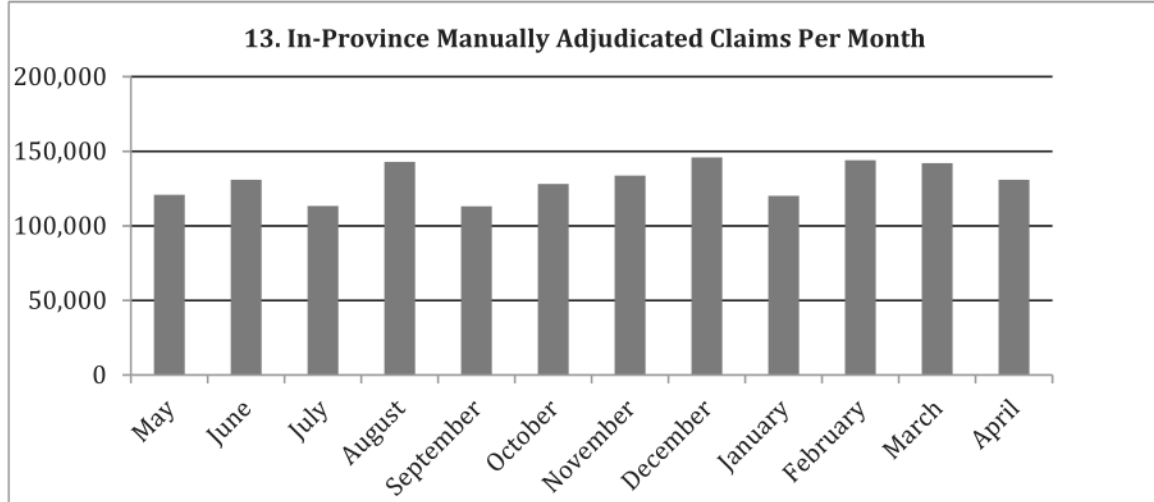


- These service levels have been achieved throughout the duration of the contract with one exception: marginal failure of the first measure in June 2009, which was forgiven by the Ministry.

Conclusion:
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SLR 13: In-Province Manually Adjudicated Claims

Service:	In-province manually adjudicated claims processed
Measures:	50,000 claims processed per month 964,000 claims processed per year
Note:	<p>Prior to July 2008 the service levels for this measure were:</p> <ul style="list-style-type: none"> • 50% within 4 payment periods • 90% within 8 payment periods <p>These service levels were consistently attained but increasing volumes of claims requiring manual adjudication meant that the backlog of aged claims was increasing, such that a significant number of claims were older than 210 days. In July 2008, the Province agreed to put this service level on hold while resources were redirected to reducing the backlog of claims. Following an extensive review of service levels, the parties agreed to continue focusing on reducing the backlog of claims and redirected resources away from provider billing support (see SLR 10 and 10a above) to enable this. The new service levels were implemented in April 2011.</p>

Attainment:

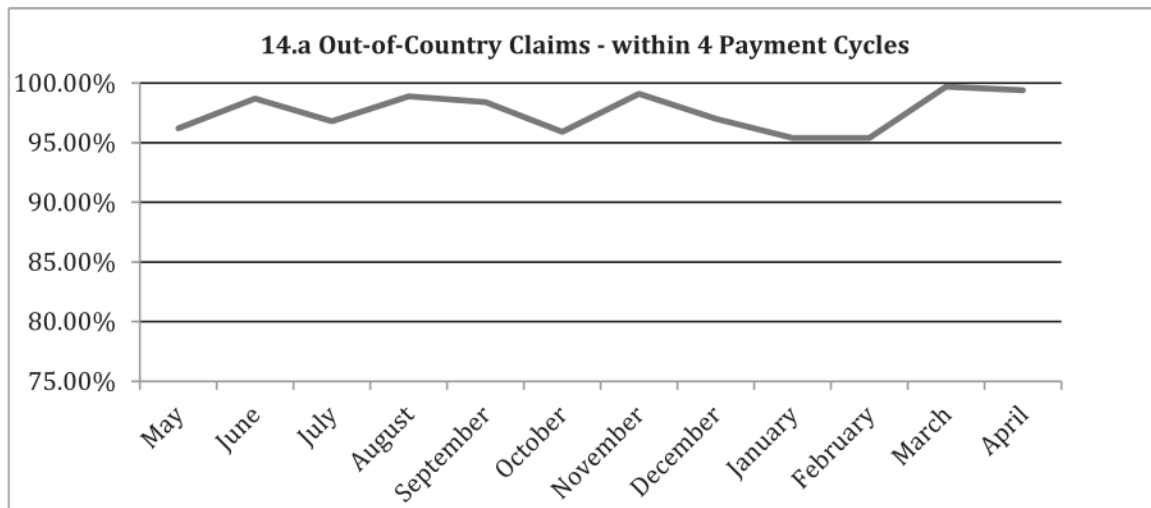
- In Contract Year 7, more than 1.5 million manually adjudicated claims were processed.
- An additional \$323,000 was allocated through Change Order #50 (2011/12) to provide for additional resources to reduce the backlog.

Conclusion:

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SLR 14a: Out-of-Country Claims

Service:	Out of country claims (peak and non-peak) processed
Measures:	80% processed within 4 Payment Cycles 95% processed within 6 Payment Cycles
Note:	<p>In April 2011 this service level replaced two different service levels for peak and non-peak processing:</p> <ul style="list-style-type: none"> SLR 14 Non-Peak: 80% within 4 Payment Periods; 95% within 6 Payment Periods – attained consistently with the exception of September and October 2005 SLR 15 Peak: 70% within 4 Payment Periods; 90% within 6 Payment Periods – failed occasionally; a total of 7 months since the beginning of the term

Attainment:

- Every month since inception, more than 95% of out of country claims have been processed within 4 Payment Cycles, well above the required service level.
- Every month since inception, 100% of out-of-country claims have been processed within 6 Payment Cycles.

Conclusion:

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SLR 16a: MSP Provider Pre-Authorizations

Service:	MSP provider pre-authorizations processed
Measure:	100% processed within 7 business days
Note:	<p>In April 2011 this service level replaced two different service levels for peak and non-peak processing:</p> <ul style="list-style-type: none"> • SLR 16 Routine: within 5 business days – failed in August and September 2005; otherwise consistently met • SLR 17 Complicated: within 10 business days – failed in October 2005; otherwise consistently met

Attainment:

- Every month since inception, 100% of provider pre-authorizations have been processed within 7 business days.

SLR 18: New Care Card Issuance

Service:	New Care Card issuance
Measure:	99% sent prior to eligibility of benefits
Note:	<p>This service level has never been reported “due to the need to further define the requirements for measurement and development of reporting from the new Beneficiary system.”³</p> <p>The Ministry has not raised any concerns with respect to performance of this service.</p> <p>Upon implementation of the BC Services Card in November 2012 this service will no longer be performed by HIBC and the service level will be removed.</p>

³ Monthly Service Level Reports, HIBC

SLR 19: Health Care Practitioner and Pharmacy Payments

Service:	Payments made on time
Measure:	<ul style="list-style-type: none"> • MSP claims payments, mid and end of month: 100% on time issued • Pharmacy claims payments weekly: 100% issued on time

Attainment:

- This service level has been consistently met since the beginning of the contract.

SLR 20: PharmaNet Help Desk

Service:	Availability
Measure:	<p>24/7 99.9% of the Contract Year (i.e. 8.76 hours of downtime permitted per Contract Year) with no single outage > 4 hours after total downtime > .1% during the Contract Year.</p> <p>Note: this is designated an UNINTERRUPTIBLE SERVICE, subject to significant remedies within the contract beyond the available service level credits for non-performance.</p>
Attainment:	This service level has been attained consistently, with a total of 5 outages attributed to MAXIMUS since the beginning of term; none greater than 4 hours.

SLR 21: PharmaNet System

Service:	Availability
Measure:	<p>24/7 - No single outage > 4 hours.</p> <p>Note: this is designated an UNINTERRUPTIBLE SERVICE, subject to significant remedies within the contract beyond the available service level credits for non-performance.</p>
Attainment:	<p>This service level has been attained consistently, with a total of 5 outages since the beginning of term attributed to MAXIMUS; none greater than 4 hours, and none at all since 2008.</p> <p>During review of this service level with the business area it was noted that the system has been down more frequently in recent months and that, as there are multiple stakeholders involved in ensuring that the system is available (e.g., Shared Services BC, HP) it is not always clear when an outage is the fault of MAXIMUS.</p> <p>A review of recent Systems Incident logs reveals that responsibility for PharmaNet outage is typically attributed to Shared Services BC due to network issues</p> <p>Nevertheless, the Ministry should determine clearly the boundaries of</p>

	MAXIMUS' responsibilities in providing system availability and ensure it is accountable for all factors of systems availability under its control, including the performance of direct sub-contractors.
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SLR 22: Teleplan Applications

Service:	Availability to accept claims
Measure:	24/7 - No single outage > 4 hours. Note: this is designated an UNINTERRUPTIBLE SERVICE, subject to significant remedies within the contract beyond the available service level credits for non-performance.
Attainment:	This service level has been attained consistently, with no outages since the beginning of term attributed to MAXIMUS

SLR 23: Fair PharmaCare Web Registration

Service:	Availability
Measure:	24/7 99.5% per Contract Year (i.e. 43.8 hours of downtime permitted per Contract Year) with no outage greater than 4 hours of provided that such 4 hour standard is realized through system recovery testing during Transition, but if not realized upon reasonable commercial efforts made to do the same, then with no outage greater than 8 hours. Note: this is designated an UNINTERRUPTIBLE SERVICE, subject to significant remedies within the contract beyond the available service level credits for non-performance.
Attainment:	This service level has been attained consistently, with no outages since the beginning of term attributed to MAXIMUS.

SLR 24: IVR Travel Assistance Program Application

Service:	Availability
Measure:	24/7 99.5% per Contract Year (i.e. 43.8 hours of downtime permitted per Contract Year) with no outage greater than 4 hours of provided that such 4 hour standard is realized through system recovery testing during Transition, but if not realized upon reasonable commercial efforts made to do the same, then with no outage greater than 8 hours. Note: this is designated an UNINTERRUPTIBLE SERVICE, subject to significant remedies within the contract beyond the available service level credits for non-performance.
Attainment:	No outages attributed to MAXIMUS from the beginning of term to April 2012.

SLR 25: Self service options (web) and other IVR Applications

Service:	Availability
Measure:	24/7 99.5% per Contract Year (i.e. 43.8 hours of downtime permitted per Contract Year) with no outage greater than 8 hours of total downtime.
Attainment:	This service level has been attained consistently throughout the contract. Note that MAXIMUS has been constrained in expanding the self-service options due to the absence of an acceptable identity management solution to authenticate users. It is expected that implementation of BC Services Card will result in greater opportunity to develop more self-serve options.

SLR 26: Quality Adjudication

Service:	Accuracy of claims adjudication (manual in-province, including reciprocal and third party claims, OOC travel claims and provider pre-authorizations).
Measure:	Minimum of 98% accuracy.
Attainment:	This service level has been attained since it started reporting, in September 2005, and has attained 100% every month since September 2008. Reporting against this service level is based on internal review by MAXIMUS supervisors of samples of various claims adjudicated. The Ministry receives a quarterly report of the results of these reviews.

SLR 27: Notification of Critical Items (i.e. information breaches)

Service Measure:	Notification of Critical Items per Principle #9 of Schedule E – “Without limiting the notification provisions otherwise set forth in the Agreement, the Service Provider will immediately alert the Province of any material service complaints or interruption of Services and of any caller threatening to go to the media or senior government officials.”
Service Level:	2 hours (for initial unconfirmed notice).
Attainment:	This service level has been attained since the start of the contract.

2.2 Performance of Service Level Objectives

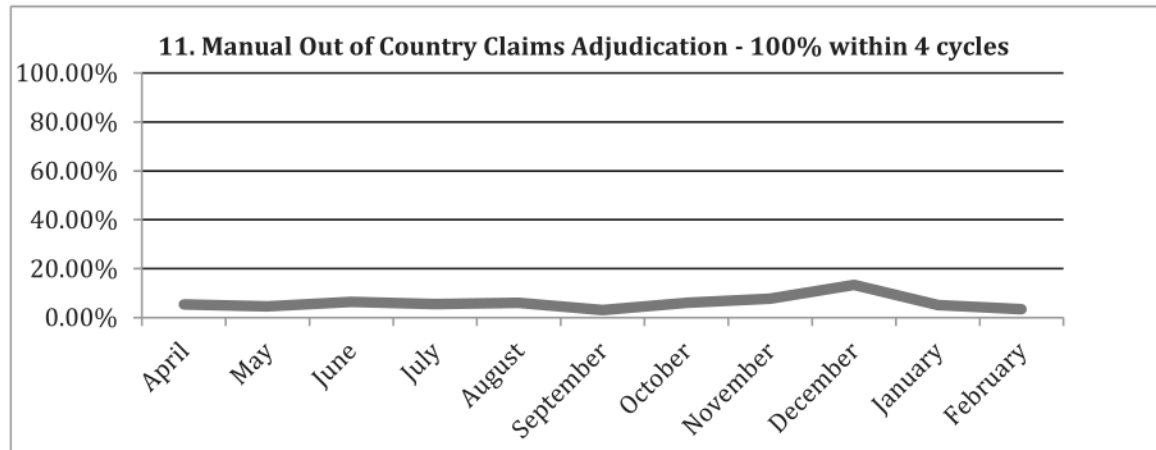
Most SLOs are being achieved consistently, based on the corresponding measures reported against. As such, we focus here on only those SLOs which are experiencing consistent non-attainment, or SLOs where concerns have been raised by the related business area.

SLO 7: MSP Non-Fee for Service Payments

Services:	<p>Payment requests from the Province to Health Authorities and Primary Care sites are processed within one Payment Cycle from date of receipt of correct and complete invoice.</p> <p>Medical Advisor Sessional and travel expenses are paid within one Payment Cycle from date of receipt of correct and complete invoice.</p> <p>100% of rural health correspondence is processed within 30 Business Days.</p>
Note:	These service levels are effective April 2011
Attainment:	<p>Attainment of each of these three service levels is based on complaints received by HIBC. To date, no complaints have been reported by HIBC with respect to any of these service levels. If the business area receives a complaint from a physician regarding late or incorrect payment, for example, the Branch will tend to 'fix' the issue without logging it as a complaint.</p> <p>s.17</p>
Conclusion:	

SLO 11: MSP Provider Manual Out of Country travel claims adjudication

Service Measure:	Reimbursement to Extended Health Insurers
Service Level:	100% processed within 4 Payment Cycles
Note:	This service level is effective April 2011

Attainment:

- Every month since inception, performance has been far below the service level objective.
- Medical Services Branch (MSB) reports that there is a significant and rising backlog of s.17

- MSB has been working with MAXIMUS over the last 18 months to address the backlogs.

Conclusion:

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SLO 23: PharmaCare Automated Claims Submission

Service Measure:	Processing of PharmaCare Automated Claims Submission
Service Level:	Claims transaction response time including TAC TDU (measured from the time the transaction enters PharmaNet to the time the completed transaction is returned to the Network) less than 2.5 seconds 97% of the time.
Note:	This service level is effective April 2011
Attainment:	<p>Average performance since this service level has been measured (May 2011) is less than 2.5 seconds 96.38% of the time, with a range of 94.3% to 98.0%.</p> <p>The business area reports no concerns regarding this level of performance.</p>

SLO 38: Document Inventory

Service Measure:	All applicable documents are archived on schedule per ORCS
Service Level:	<p>100% of all documents/correspondence covered by a Service Level Requirement processed within 30 Business Days</p> <p>100% of the document type 'Research Review' processed within 30 Business Days</p>
Note:	This service level is effective April 2011
Attainment:	This service level has not been achieved since April 2011. Average performance is more than 99.5%. The business areas have not expressed any concern over this level of performance.

APPENDIX 3: PERFORMANCE TRENDS OF HIGHER RISK SERVICE LEVELS AND KEY VOLUME TRENDS

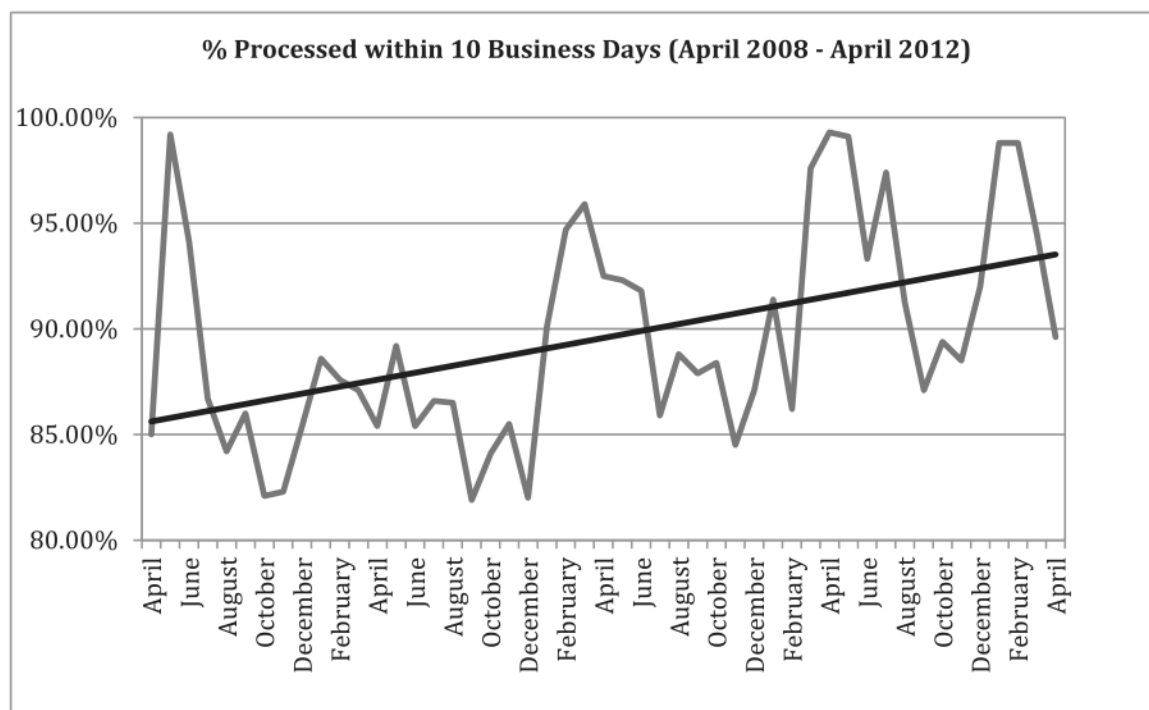
Based on the service level analysis in Appendix 2, seven service levels (out of 33) are at a higher risk of failure within the current economic model:

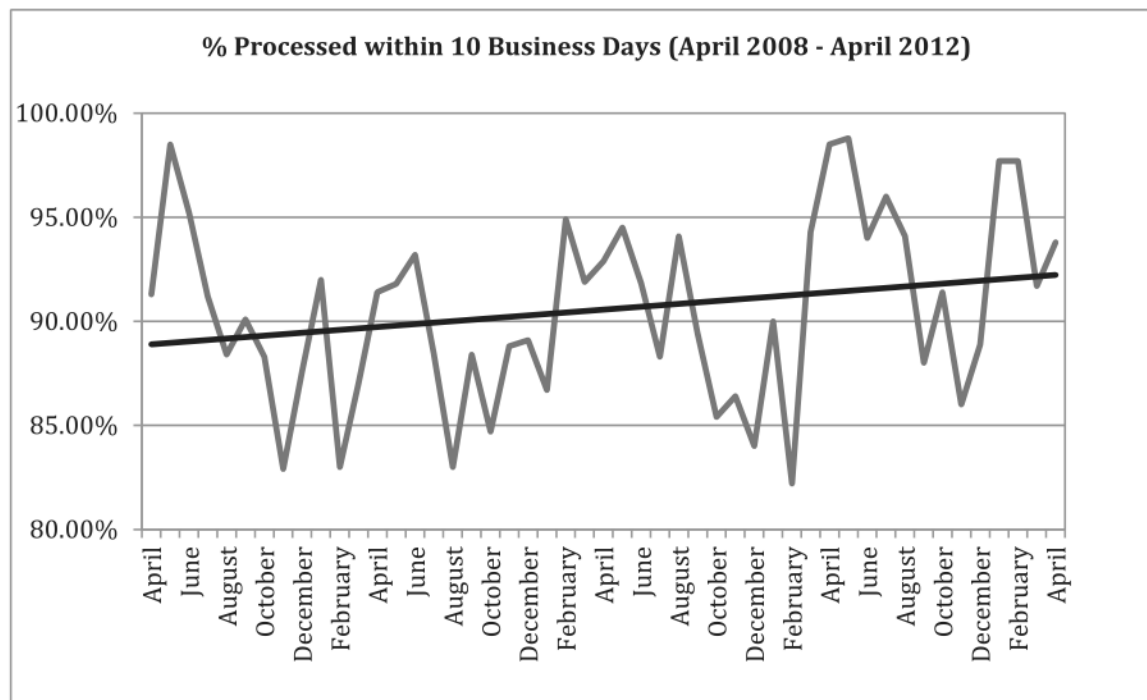
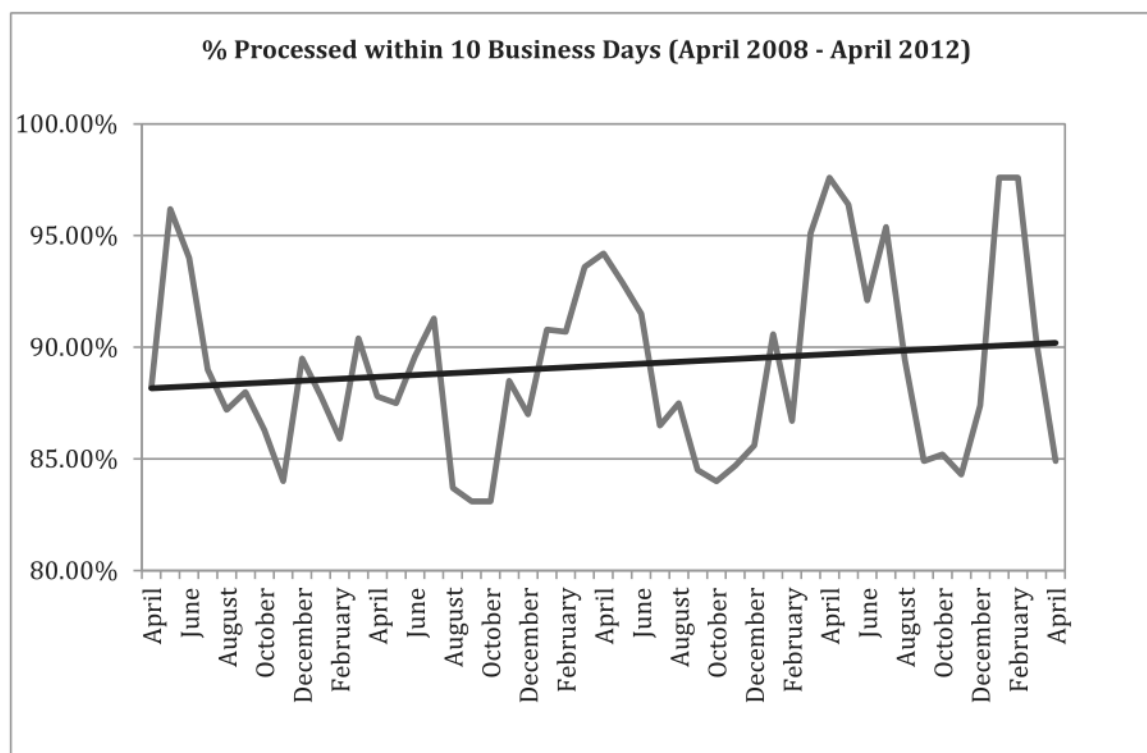
- SLR 3: MSP Enrolment – 80% processed within 10 business days.
- SLR 4: MSP Premium Assistance – 80% processed within 10 business days.
- SLR 6: Beneficiary Account Maintenance – 80% processed within 10 business days.
- SLR 9: Beneficiary Telephone Inquiries – average speed of answer (ASA) less than 3 minutes.
- SLR 10: Provider Telephone Inquiries – ASA less than 1 minute.
- SLR 10a: Provider Telephone Billing Support – ASA less than 3 minutes.
- SLR 12: In-Province Auto Adjudicated Claims – 96.5% processed within the next MSP Payment Cycle.

These SLRs are sensitive to increases in volume inputs (e.g., documents, claims, telephone inquiries).

Performance trends of each of these service levels, over the four-year period from April 2008 to April 2012, are illustrated below. Key volume trends are also presented, for the period over which volume data is available.

SLR 3: MSP Enrolment - 80% processed within 10 business days

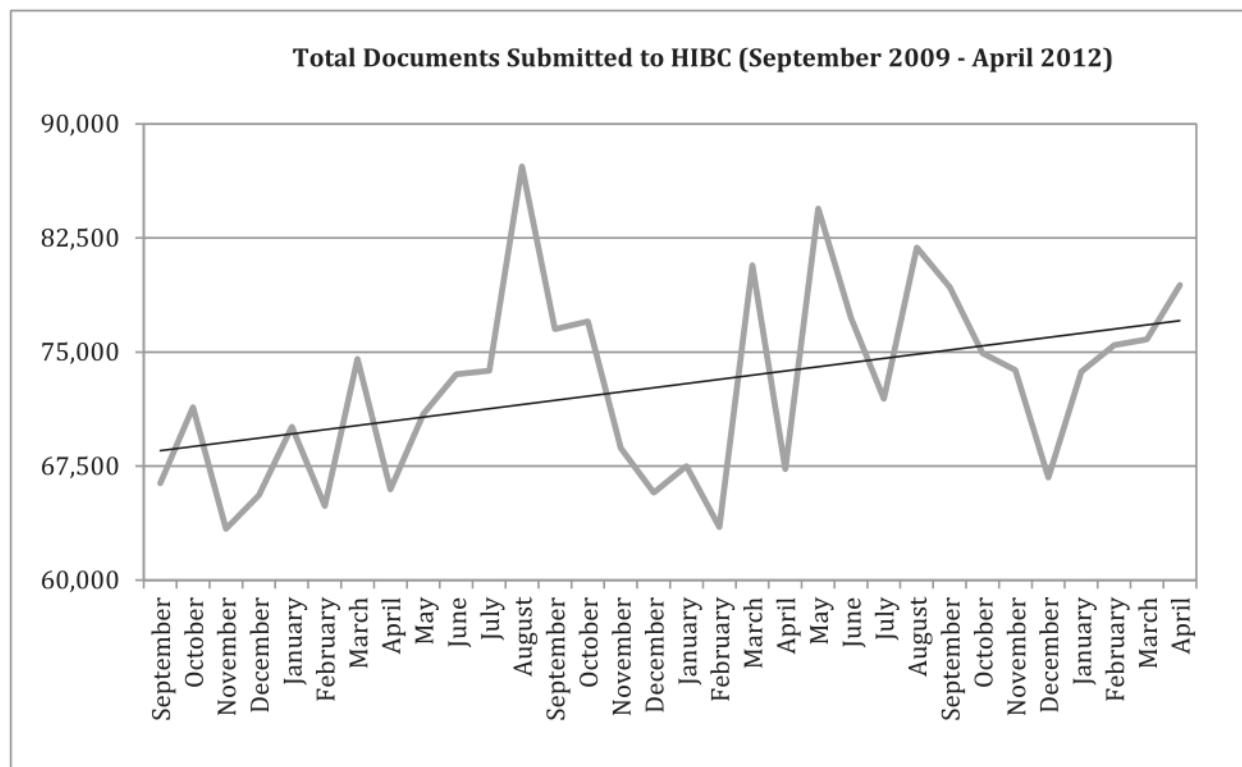


SLR 4: MSP Premium Assistance - 80% processed within 10 business days**SLR 6: Beneficiary Account Maintenance - 80% within 10 Business Days**

Volume Trend: Documents Submitted

The above three services, for which monthly performance is trending upward as illustrated, are largely driven by documents submitted to HIBC, e.g., enrolment applications, Premium Assistance applications.

Total documents submitted to HIBC per month are graphed below, for the last 3 years. As illustrated, the volume of documents submitted is also trending upward.



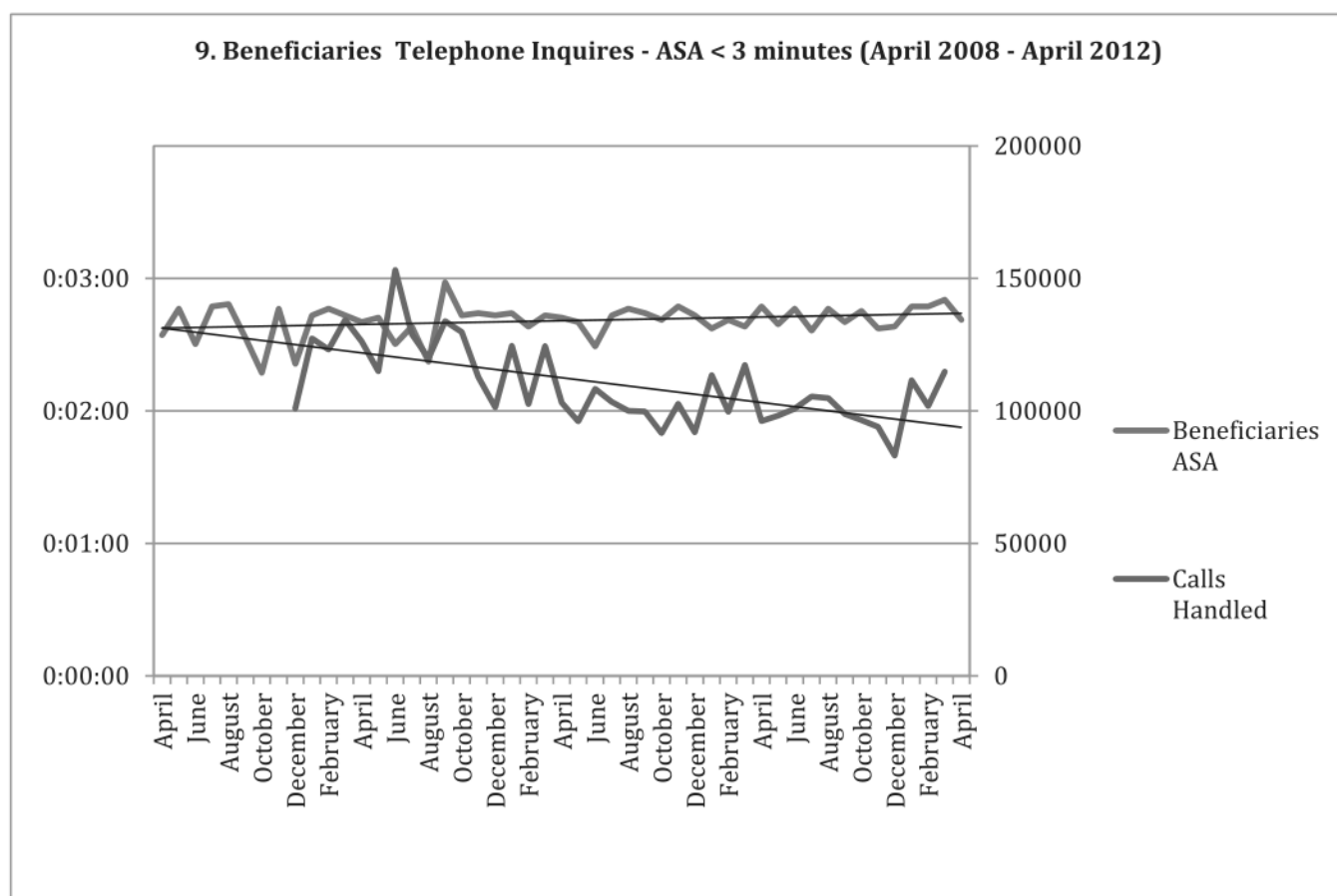
Source: HIBC

SLR 9: Beneficiaries Average Speed to Answer – Less than 3 minutes

The graph below shows that the ASA for beneficiaries telephone inquiries has trended toward a slower ASA over the last four years but performance is still well within the SLR of 3 minutes. This is likely a reflection of MAXIMUS' resource assignment and scheduling capabilities. MAXIMUS' ability to switch resources between tasks and the deployment of resource scheduling optimization software to have enabled it to continuously smooth out fluctuations in the ASA month over month while still achieving the SLR.

However, the graph also shows that the number of beneficiaries' calls handled by a customer services representative is trending downward over the last three years, although this trend is expected to reverse upon implementation and operation of the new BC Services Card.

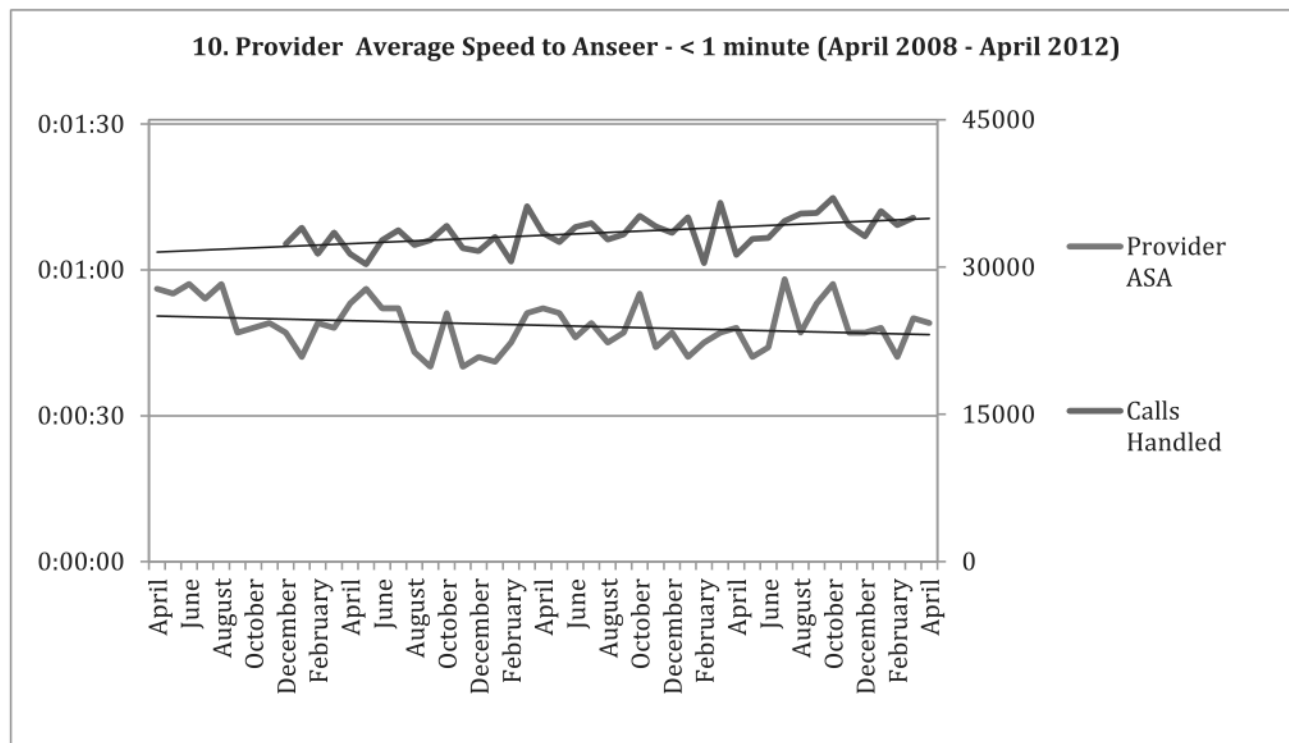
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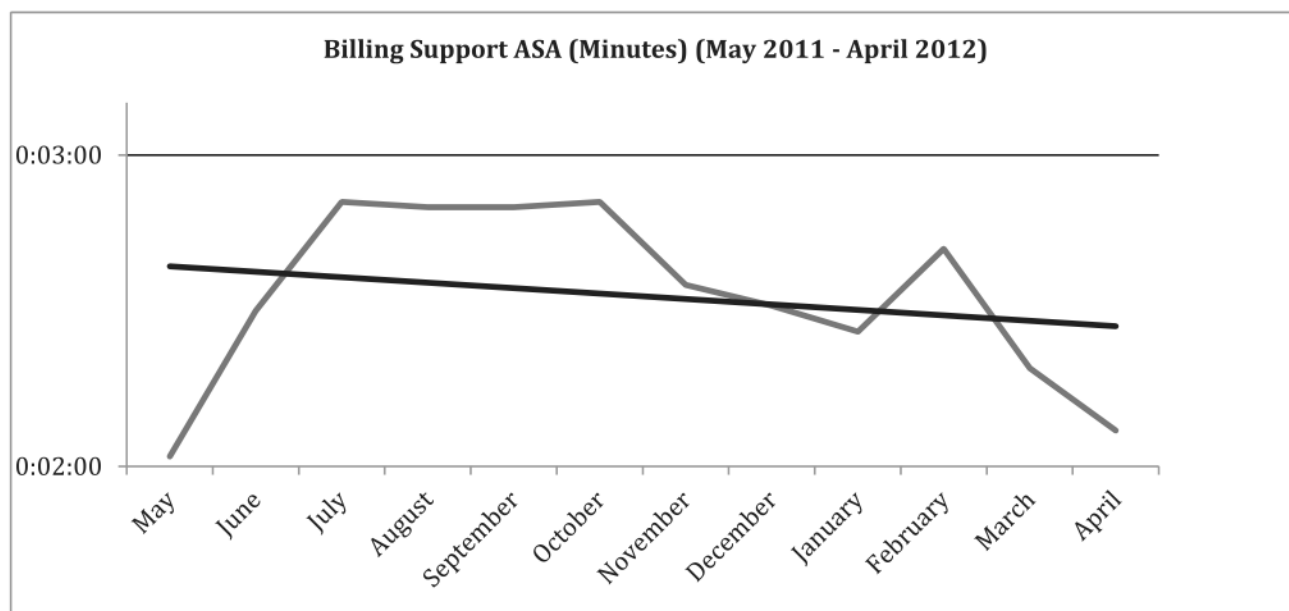
Source: HIBC

SLR 10: Providers Average Speed to Answer – Less than 1 minute

The graph below illustrates that while the volume of provider calls handled by a customer services representative has trended upward, performance has trended toward a faster ASA (Source: HIBC).

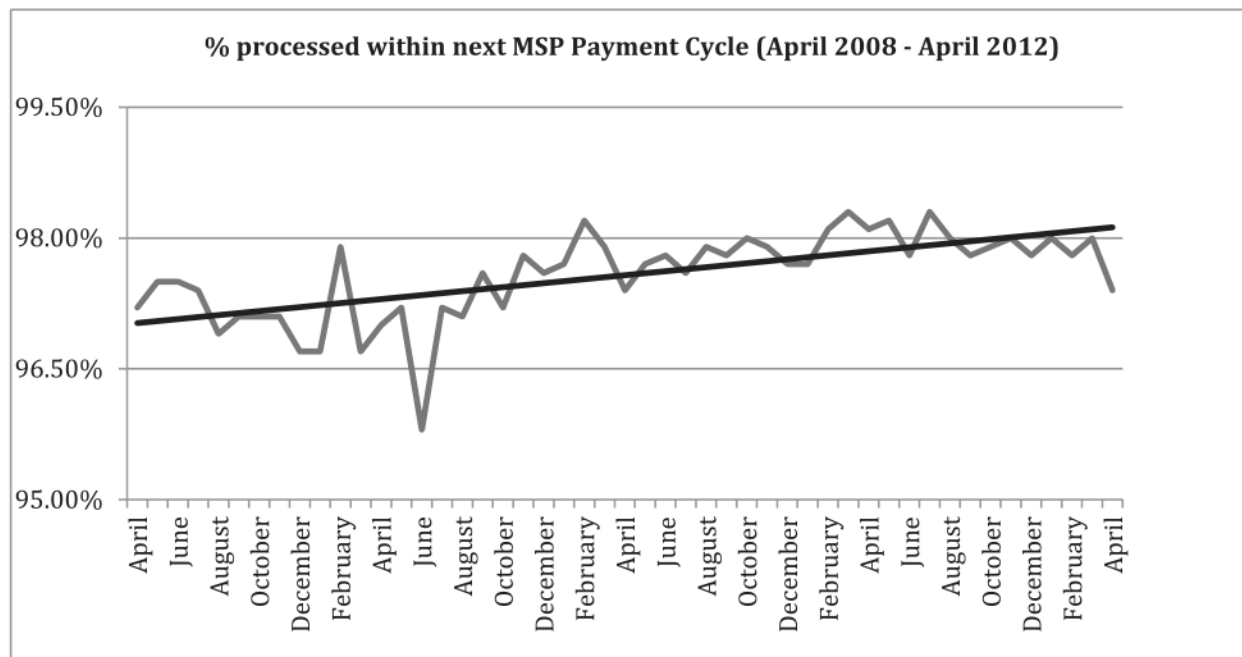
**SLR 10a: Billing Support Average Speed to Answer – Less than 3 minutes**

The graph below demonstrates performance is trending toward a faster ASA. Volume data for the Billing Support queue over this time period was not available at time of writing.

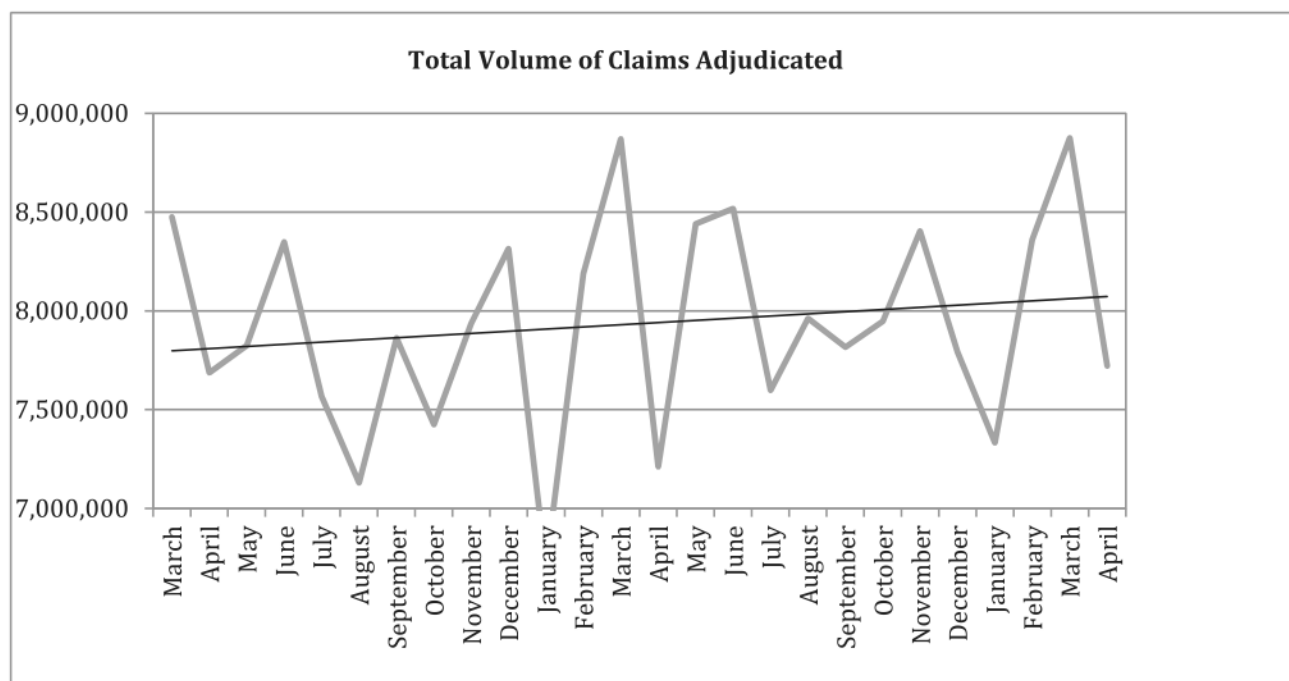


SLR 12a: In-Province Auto Adjudicated Claims – 96.5% processed with the next MSP Payment Cycle

The graph below demonstrates the performance level of this service is trending upward over the last four years.



The total number of claims adjudicated has also trended upward, as demonstrated below with data starting in March 2010.



APPENDIX 4: STAKEHOLDERS CONSULTED

Office of the Chief Operating Officer

John Bethel, Chief Operating Officer

Office of the Chief Administrative Officer

Elaine McKnight, Chief Administrative Officer

Health Services IM/IT Division

Lindsay Kislock, ADM

Darcy Goodwin, Executive Director, Corporate Management & Operations

Paul Shrimpton, Executive Director, Integrated Health IT Branch

Andrew Elderfield, Director, Project Management Office

Mark Mackinnon, Executive Director, Business Development, HealthLinkBC

Bob Bell, Executive Lead, HealthLinkBC

Jack Shewchuck, CEO, Vital Statistics

Anita Malovec, Business Manager, Registries

Medical Services and Health Human Resources Division

Nichola Manning, ADM

Sheila Taylor (former ADM)

Stephanie Power, A/Executive Director, Medical Services Branch

Dianne Kirkpatrick, A/Director, Medical Services Operations & Policy

Yasmeen Hinton, Manager, Beneficiary Services

Karen Clark, Manager, Travel Assistance Program & Issues Management

Marj Hallihan, Senior Policy Advisor, Out-of-Country

Val Johnson, Manager, Business Rules

Laural Blake, Manager, Payment Schedule

Virginia McIntyre, Policy Advisor, Beneficiary Services

John English, Director, Physician Compensation Branch

Sharron Wickens, Rural Analyst, Physician Compensation Branch

Pharmaceutical Services Division

Bob Nakagawa, ADM

Darlene Therrien, Executive Director, Policy Outcome, Evaluation and Research, A/ADM

Mitch Moneo, A/Executive Director, Policy Outcome, Evaluation and Research

Eric Lun, Executive Director, Drug Intelligence

Sorin Pop, Director, PharmaCare Operations and PharmaNet

Suzanne Taylor, Executive Director, Drug Use Optimization

John Capelli, A/Director, Policy and Communications

Susan Healey, Business and Technical Communications

Financial and Corporate Services Division

Manjit Sidhu, ADM

Hilary Woodward, Executive Director/CFO, Finance & Corporate Services

Business Management Office

Carolyn Bell, Executive Director, Services Card Project

Tracee Schmidt, Director, Services Card Project

Jeremy Moss, Director, IT

Catherine Gale, Director, Services Card Project

Jacque Redmond, Director, Operations

Ministry of Labour, Citizens' Services and Open Government

Richard Poutney, Executive Lead, Strategic Vendor Management

Mike Kishimoto, Director, Strategic Vendor Management

Sandra Tanaka, Director, Strategic Vendor Management

Ministry of Finance

Elan Symes, ADM, Revenue Programs

Pat Parkinson, Executive Director, Revenue Solutions