MINISTRY OF HEALTH DECISION BRIEFING NOTE

Cliff # 1099593

PREPARED FOR: Sabine Feulgen, Associate Deputy Minister - FOR DECISION

TITLE: Maximus Health Insurance BC Contract Extension

PURPOSE: Obtain approval to negotiate and execute a contract extension to

March 31, 2021 for provision of Health Insurance BC (HIBC) services.

BACKGROUND:

In November 2004, the Ministry of Health signed a 10 year, \$324 million contract with MAXIMUS to deliver business operations in support of the Province's Medical Services Plan (MSP) and PharmaCare Program, effective April 1, 2005. The contract was renewed in March 2013, and extended for a further 5 years.

The current value of the contract as of October 1, 2017, is \$800.6 million over the 15 year term. The current contract expires on March 31, 2020, with a possible 1 year extension to March 31, 2021. The 1 year extension option was put in place to ensure adequate time to complete the procurement and transition to the new service provider(s).

DISCUSSION:

s.13

s.12; s.13; s.17

s.13; s.17

OPTIONS:

s.13

Option 1 - Negotiate and execute a Contract Extension to March 31, 2021

Key milestones and timelines associated with the proposed extension follow:

January 2018	Merch 2056	August 2018	January 2019	. Jan. 2019. Peb. 2021	1000 CO. C.
Negotiate contract extension	Sign contract extension	Complete business case	TB submission	Procurement and transition	Current Contract End

. s.13; s.17

FINANCIAL IMPLICATIONS:

s.13: s.17 s.13; s.17

The

average annual spend under the current contract is \$45 million.

RECOMMENDATION: Option 1

Sahni Fenge

May 4, 2018

Date Signed

Approved/Not Approved Sabine Feulgen, Associate Deputy Minister

Program ADM/Division:

Corrie Barclay, ADM, HSIMT

Telephone: Program Contact (for content): Bonnie Gunderson

250-952-6202 April 18, 2018

Date:

MINISTRY OF HEALTH DECISION BRIEFING NOTE

Cliff #1112108

PREPARED FOR: Sabine Feulgen, Associate Deputy Minister - FOR DECISION

TITLE: MAXIMUS BC Master Services Agreement: Negotiations Mandate for

Amendment #5

PURPOSE: Obtain approval of a negotiations mandate for Amendment #5 to the

MAXIMUS BC Master Services Agreement

BACKGROUND:

The current MAXIMUS BC Master Services Agreement (the "contract") for the delivery of Health Insurance BC services expires on March 31, 2020. A separate briefing note seeks approval for a one-year extension to the contract.

The service provider, MAXIMUS BC, wants a one-year extension. In anticipation of the approval of a one-year extension, the Business Management Office (BMO) is seeking to leverage the one-year extension to negotiate certain terms and conditions for the remaining three years of the deal as part of a fifth amendment to the contract.

The target date for executing the amendment is September 30, 2018.

DISCUSSION:

Since MAXIMUS BC is motivated to extend the contract as soon as possible, the Ministry of Health (the Ministry) has an opportunity to obtain more value out of the deal for the remainder of the term. The Health Sector IM/IT Division's Business Management Office is seeking approval of a negotiations mandate comprised of the following priorities:

Priority 1 - Secure the one-year extension

Priority 2 - Adjust the base fees so costs are pre-determined and consistent

<u>Priority 3</u> – Incorporate some of the end-of-term recommendations and updates to the MSA

The Ministry's interests and objectives related to the three priorities are attached in an appendix to this briefing note.

OPTIONS:

Option 1 – Leverage the one-year extension to negotiate the above terms and conditions.

s.13

FINANCIAL IMPLICATIONS:

The average annual spend under the current contract is approximately \$45 Million. s.13; s.17

RECOMMENDATION:

s.13

May 4, 2018

Approved/Not Approved

Salini Fenge

Sabine Feulgen, Associate Deputy Minister

Date Signed

Program ADM/Division: Corrie Barclay/ADM-Health Sector IMIT

Telephone: 250-952-6202

Program Contact (for content): Guy Cookson, Executive Director, Business Management Office

Date: May 4, 2018

MINISTRY OF HEALTH DECISION BRIEFING NOTE

Cliff # 1112190

PREPARED FOR: Sabine Feulgen, Associate Deputy Minister - FOR DECISION

TITLE: Maximus Health Insurance BC Contract Extension

PURPOSE: Seek approval of recommended approach for execution of the contract

extension.

BACKGROUND:

In November 2004, the Ministry of Health (the Ministry) signed a 10-year, \$324-million contract with MAXIMUS to deliver business operations in support of the Province's Medical Services Plan and PharmaCare Program, effective April 1, 2005. In 2014, the Province executed the contract renewal, adding 5-years to the term and establishing a new expiry date of March 31, 2020. The terms of the renewal included an option to extend the term for up to 1-year to March 31, 2021.

DISCUSSION:

The 1-year extension of term option was put in place to ensure adequate time to complete the procurement and transition to the new service provider(s). Briefing Note #109953 discusses the requirement to extend for this additional year to enable procurement and transition.

<u>Risk</u>: The 5-year renewal was approved by Treasury Board in 2013 and included the option for the 1-year extension. Based on legal, procurement and branch reviews conducted prior to the extension, s.13; s.14 s.13; s.14

Government procurement lawyers have recently offered an opinion that s.13; s.14 s.13; s.14

s.13	OPTIONS:	
S.	FINANCIAL IMPLICATIONS: 13; s.17	
	RECOMMENDATION: \$.13	
	Salini Feugr	May 4, 2018
	Approved/Not Approved Sabine Feulgen Associate Deputy Minister	Date Signed

Program ADM/Division:

Corrie Barclay, ADM, HSIMT 250-387-1549

Telephone:

Program Contact (for content): Bonnie Gunderson

Date:

MINISTRY OF HEALTH INFORMATION BRIEFING NOTE

Cliff # 1135744

PREPARED FOR: Stephen Brown, Deputy Minister - FOR INFORMATION

TITLE: Health Insurance BC Services

PURPOSE: To review the transformation of Health Insurance BC (HIBC) services under the

proposed procurement and legal advice on key contract considerations

BACKGROUND:

HIBC services include the business and technology operations in support of the Province's Medical Services Plan, PharmaCare Program and Laboratory Services. In November 2004, the Ministry of Health (HLTH) entered into a contract with MAXIMUS BC to deliver these services with a total value of approximately \$886 million for both operational and related project services. The current expiry date of this contract is March 31, 2021.

A thorough assessment of the future requirements for these services has been completed and documented in the draft HIBC Services Business Case (business case). s.13 s.13

DISCUSSION:

s.13



ADVICE:

s.13

Program ADM/Division:

Corrie Barclay, ADM, HSIMT Division 778-698-9143 and 778-974-2696

Telephone:

Program Contact (for content):

Guy Cookson and Bonnie Gunderson

Date:

June 20, 2019

Appendix 1 - Legal Memorandum



1135744 HIBC Services IBN Appendix Page 12 of 62 to/à Page 15 of 62

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s.13; s.14; s.17

MINISTRY OF HEALTH INFORMATION BRIEFING NOTE

Cliff # 1139653

PREPARED FOR: Stephen Brown, Deputy Minister - FOR INFORMATION

TITLE: Health Insurance BC Services

PURPOSE: To review the timing for the Health Insurance BC (HIBC) procurement and

existing contract extension.

BACKGROUND:

HIBC services include the business and technology operations in support of the Province's Medical Services Plan, PharmaCare Program and Laboratory Services. In November 2004, the Ministry of Health (HLTH) entered into a contract with MAXIMUS BC to deliver these services with a total value of approximately \$886 million for both operational and related project services. The current expiry date of this contract is March 31, 2021.

s.13; s.17

DISCUSSION:

s.13; s.17

s.13; s.17

s.13; s.14; s.17

Page 18 of 62 to/à Page 19 of 62

Withheld pursuant to/removed as

s.13; s.14; s.17

ADVICE: s.13; s.14; s.17

Program ADM/Division:

Telephone:

Program Contact (for content):

Date:

Corrie Barclay, ADM, HSIMT Division 778-698-9143 and 778-974-2696

Guy Cookson and Bonnie Gunderson

July 19, 2019

Page 21 of 62

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s.13; s.14; s.17

Page 23 of 62 to/à Page 27 of 62

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s.13; s.14; s.17

MINISTRY OF HEALTH INFORMATION BRIEFING NOTE

Cliff #1107472

PREPARED FOR: Honourable Adrian Dix, Minister of Health

- FOR INFORMATION

TITLE: Health Insurance BC Procurement Update

PURPOSE: Inform the Minister of the plan for procurement of

Health Insurance BC (HIBC) services.

BACKGROUND:

In November 2004, the Ministry of Health (HLTH) signed a 10-year, \$324-million contract with MAXIMUS BC to deliver health insurance business operations for the Province's Medical Services Plan (MSP) and PharmaCare Programs. In 2013, HLTH negotiated a 5-year contract extension to March 31, 2020 and included additional services. See Appendix 1 for a list of services provided under the current contract.

The value of the contract, as of October 1, 2017, is projected to be \$800.6 million over the 15-year term which includes growth in service capacity, \$65 million in new initiatives such as PharmaNet modernization and eDrug, BC Services Card, changes to MSP Premiums, and \$320 million for the 5-year extension. The contract includes a possible 1-year extension to March 31, 2021.s.13; s.17 s.13; s.17

The current service provider, MAXIMUS BC, was incorporated in BC in 2002 and operates in Victoria BC. MAXIMUS BC is a subsidiary of MAXIMUS Canada, which is a subsidiary of the US-based MAXIMUS Inc. founded in 1975. Approximately 200 BC Government Employees Union (BCGEU) members were transitioned to MAXIMUS BC when services commenced in 2005. MAXIMUS BC now employs 470 individuals in Victoria including 270 BCGEU members. The unionized staff remain members of the BCGEU under a separate collective agreement.

DISCUSSION:

HLTH has initiated the planning for the procurement to replace the existing contract prior to expiry. This major procurement is being developed in coordination with the Ministry of Citizens' Services' Strategic Partnership Office, and will incorporate standard procurement best practices.

ADVICE:

Program ADM/Division:

Brad Kocurek, A/ADM, HSIMT

Telephone:

250 356-6202

Program Contact (for content): Bonnie Gunderson Drafter:

Bonnie Gunderson

Date:

February 23, 2018





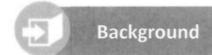
Topic	Slide Number
Meeting Objectives	3
Health Insurance BC (HIBC) Background	4-6
Procurement Project Update	7-11
Approach to Assessment of Options	12-17
Requested Briefing Dates	18-19
Closing	20



Today's Objectives

- Provide an update on HIBC procurement program
- Review and discuss assessment approach
- Discuss upcoming engagements





Background

- November 2004: Ministry of Health (MoH) signed 10-year, \$324M contract with MAXIMUS BC to deliver business operations supporting the Province's Medical Services Plan (MSP) and PharmaCare Programs.
- March 2013: Contract renewed and extended for a further 5 years. The current value of the contract is
 projected to be \$800.6M over the 15-year term that includes growth in service capacity, \$64M in new
 initiatives such as PharmaNet modernization and eDrug, BC Services Card, changes to MSP Premiums and
 \$320.0M for the 5-year extension.
- Contract expires on March 31, 2020, with a possible 1-year extension to March 31, 2021. The 1-year
 extension clause was put in place to ensure adequate time to complete procurement and transition to new
 service provider(s).

Current Service Provider, MAXIMUS BO

- Incorporated in BC in 2002, subsidiary of MAXIMUS Canada, subsidiary of US-based MAXIMUS Inc. (founded in 1975)
- Operates in Victoria, BC
- Approximately 200 BCGEU members transitioned upon commencement of services in 2005
- Currently employ 270 BCGEU members plus 200 excluded (total 470)
- BCGEU members operate under a separate collective agreement





s.13; s.17

HIBC 1.0: Performance - Services to Citizens

- 4.7 Million people (i.e., 2.8 Million families) registered with MSP
- 1.3 Million families registered with Fair PharmaCare
- 10,955 physicians
- 5,685 other health care practitioners
- 5,789 pharmacists
- 1,341 pharmacies
- · 3 Million phone calls annually
- 1.07 Million documents, client emails & manual transactions processed annually
- 112 Million MSP and PharmaCare claims processed annually
- 228 MSP claims and 15 PharmaNet software vendors supported
- 500 standard client letters in use
- 100 interfaces
- 50 diverse stakeholder groups.
- 75 Million+ drug dispenses per year

Source(s):

- 1. 2017 End of Term Report
- 2. 2015-2016 contract year data from BMO.

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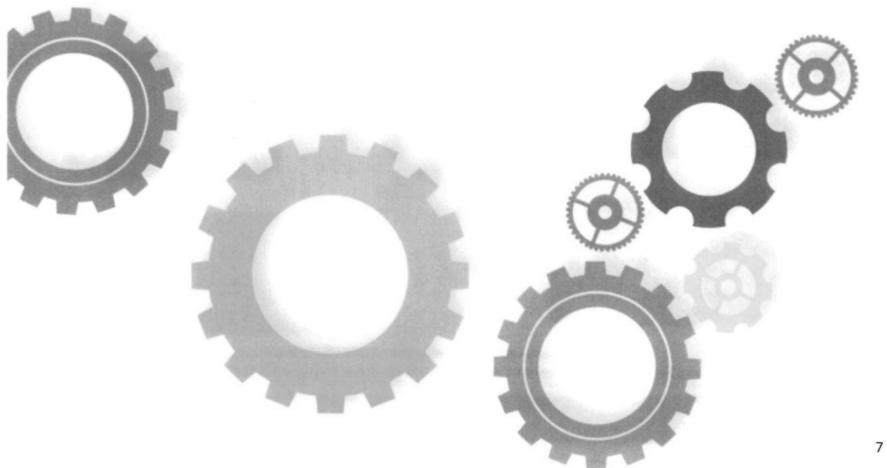
Timeline: s.13; s.17

Sourcing and Scope Assessment

- Evidence-based decision making with use of third-party independent validation (fairness advisor, Industry experts such as Gartner, others as needed depending on subject)
- Assessment frameworks based on industry practices, government direction (Strategic Partnerships Office) and MoH-specific evaluation and ranking criteria.



Procurement Program Update

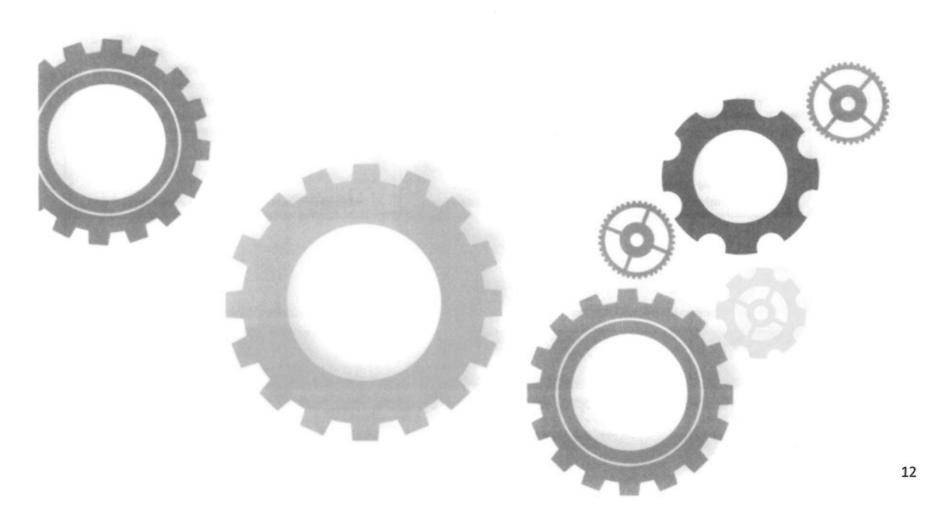


Page 38 of 62 to/à Page 41 of 62

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Assessment of Options

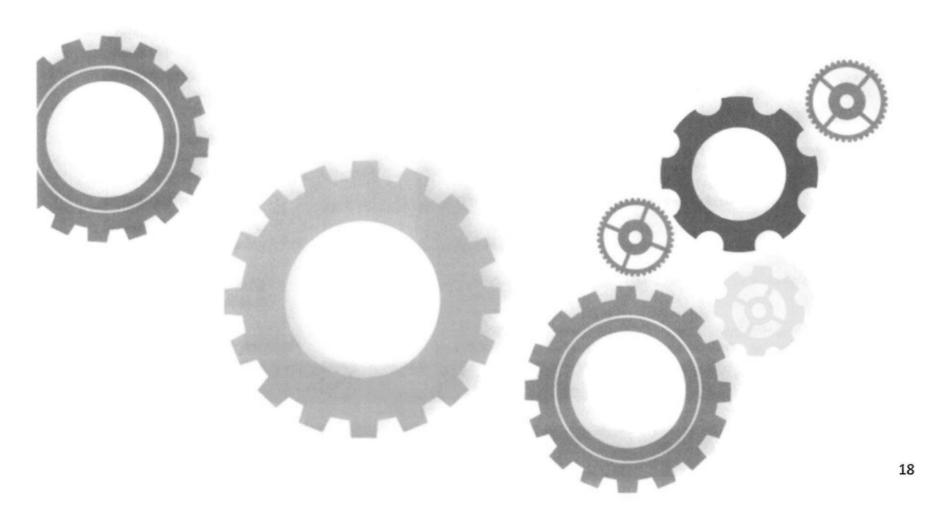


Page 43 of 62 to/à Page 47 of 62

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Requested Briefing Dates

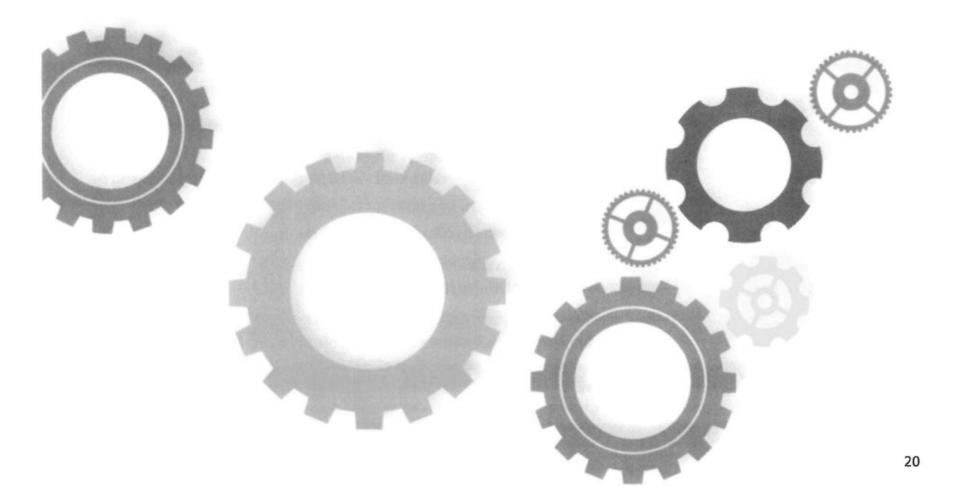


Page 49 of 62

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THANK YOU





MINISTRY OF HEALTH INFORMATION BRIEFING NOTE

Cliff # 1113504

PREPARED FOR: Honourable Adrian Dix, Minister of Health

- FOR INFORMATION

TITLE: Health Insurance BC Procurement Update #2

PURPOSE: Inform the Minister of the plan for issuance of a Request For Information

(RFI) under the Health Insurance BC (HIBC) Procurement Project.

BACKGROUND:

In November 2004, the Ministry of Health (MOH) signed a 10-year, \$324.0 million contract with MAXIMUS to deliver business operations in support of the Province's Medical Services Plan and PharmaCare Program, effective April 1, 2005. The contract was renewed in March 2013, and extended for a further 5-years beyond the original 10-year contract period to the end of March 2015.

The value of the contract, as of October 1, 2017, is projected to be \$800.6 million over the 15-year term which includes growth in service capacity, \$65 million in new initiatives such as PharmaNet modernization and eDrug, BC Services Card, changes to MSP Premiums, and \$320 million for the 5-year extension. The contract includes a possible 1-year extension to March 31, 2021. The 1-year extension provides for additional time if needed to complete the next procurement and transition to the new service provider(s). The Ministry of Health is currently negotiating with MAXIMUS the terms of the 1-year extension option.

DISCUSSION:

s.13; s.17

s.13; s.17 See Appendix 1 for an illustrative diagram of the timeline and major milestones.

Work on the RFI has proceeded in alignment with the Deputy Ministers' Committee on Procurement and Strategic Contracts. Information gathered from respondents through the RFI will be reviewed to inform strategy. The RFI will not signal a procurement strategy but will rather provide an opportunity to shape future service design. There is no commitment to evaluate or shortlist respondents with respect to future procurement. A fairness advisor will be engaged to coach the RFI review team and ensure that the process is fair and does not negatively impact the future procurement.

ADVICE:

s.13

Program ADM/Division:

Corrie Barclay, ADM, HSIMT

Telephone:

778-676-2574

Program Contact (for content): Bonnie Gunderson

Rob Broadbent

Drafter:

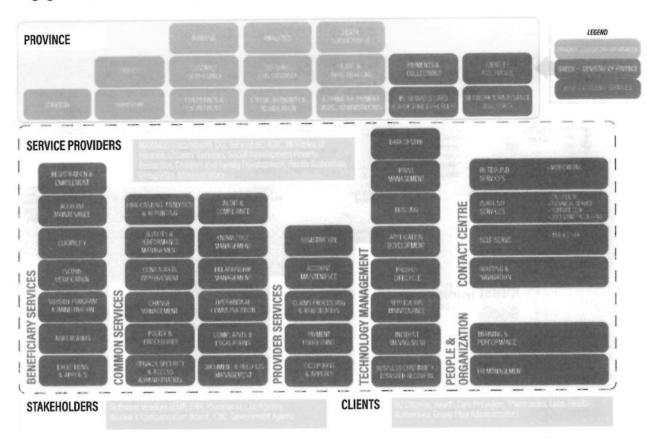
Date:

May 18, 2018

Appendix 1 - Timeline and Major Milestones

Appendix 2 - Services under current HIBC contract

The following outlines the high-level service components of the current agreement. The Ministry retains core functions such as policy, legislation, standards, appeals, stakeholder engagement, audit and compliance



MINISTRY OF HEALTH INFORMATION BRIEFING NOTE

Cliff #1124606

PREPARED FOR: Honourable Adrian Dix, Minister - FOR INFORMATION

TITLE: Health Insurance BC Procurement

PURPOSE: To outline the proposed approach, next steps and timing for the

Health Insurance BC (HIBC) Procurement, and ensure the recommended

option will address government's needs and expectations.

BACKGROUND:

In November 2004, the Ministry of Health (MoH) signed a 10-year contract with Maximus BC to deliver business and technology operations to support the Province's Medical Services Plan (MSP) and PharmaCare Program. The contract was renewed in 2015 for a further five years, and then extended for an additional year to March 31, 2021, for a total of 16 years with a total value of approximately \$886 million for both operational and project services. These HIBC services are essential for the approximately 4.82 million beneficiaries (2.9 million families) registered with MSP, 1.3 million families registered with Fair PharmaCare, and 24,000 health care providers who are compensated for providing health care services via HIBC (including 116 million medical claims and 72 million pharmacy claims processed and paid each year).

MAXIMUS BC employs approximately 350¹ permanent employees in Victoria including approximately 254 included members who are under a separate BCGEU Collective Agreement.

DISCUSSION:

As reported by MAXIMUS BC, June 2018 and Service BC, March 2019. May be subject to change.

Page 56 of 62

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s.13; s.17

ADVICE:

s.13; s.17

Program ADM/Division: Telephone:

Corrie Barclay, ADM, HSIMT Division

1 778 974 2696 Program Contact (for content): Bonnie Gunderson

Date:

April 16, 2019

Appendix 1: Preliminary Analysis of the Sourcing Options

s.13; s.17

s.13; s.17

Page 59 of 62 to/à Page 61 of 62

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s.13; s.17

Summary Findings: s.13; s.17