



Second Best and Final Offer (BAFO): Implementation and Operations Services for the Arkansas Health Insurance Marketplace Small Business Health Options Program (SHOP) Information Technology Solution

January 30, 2015

Submitted to:

Arkansas Health Insurance Marketplace (AHIM)

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Table of Contents

SECTION 1 Executive Summary	1
Summary of hCentive’s Final BAFO: <i>Committed to No Caveats Pricing</i>	1
SECTION 2 Why hCentive?	3
SECTION 3 Revised Pricing Sheets	6
Price Sheet A: Total Proposal Price	6
Price Sheet B: Design, Development, and Implementation (DDI) Pricing.....	7
Price Sheet C: Maintenance and Operations (M&O) Pricing	8
Price Sheet D: Hourly Rate Sheet by Position and Calendar Year.....	9
SECTION 4 Revised Pricing for Extended Consumer Support Services.....	10
SECTION 5 Third-Party Software and Associated Licenses	11



SECTION 1 Executive Summary

1

No Gimmick Pricing. All Inclusive Costs...Period.

Provided below and on the following pages is our final Best and Final Offer (BAFO) to the Arkansas Health Insurance Marketplace (AHIM).

Summary of hCentive's Final BAFO: *Committed to No Caveats Pricing*

- ✓ All-inclusive price of **\$7,186,919**. No hidden fees.
- ✓ **Includes** 30,000 hours of Modifications/Enhancements effort at no additional cost to AHIM – *absorbing this cost in our Research & Development (R&D) budget.*
- ✓ Insulates AHIM from any other linear/non-linear incremental costs in the future, including a \$0 Per Member Per Month (PMPM), irrespective of actual enrollment volumes.
- ✓ Includes a local call center in Little Rock, AR manned by local Arkansans.
- ✓ Includes broker training and broker community outreach.
- ✓ Includes engagement with local Chambers of Commerce and other business organizations to increase enrollments.
- ✓ Includes all third-party software costs.
- ✓ Will be contractually obligated to deliver all the functionality mentioned in the RFP at the price mentioned above with no future surprises.

hCentive is bringing to you our proven, battled hardened, fully functional, pre-wired, and highly successful WebInsure State Exchange™ solution which is currently operational in 36 states, including Arkansas.

We not only provide the best in class solution at a competitive price, we also *minimize two major risks for the AHIM*. First is the AHIM's data migration risk from your current use of FFM SHOP solution since both the source and target solutions are from hCentive. Second is the AHIM's CMS gate reviews risk. Our *unmatched experience working with CMS*, including our working relationship today with CMS' leadership, will guarantee smooth sailing during all CMS gate reviews.

Additionally, there is no element of surprise or dependency on third-party vendors. We continuously invest R&D dollars into our solution and enhance it based on input from our customers. AHIM will have a material say in our product roadmap. All new versions of our solution will be made available to the AHIM at no additional license cost.



All pricing information is presented in U.S. dollars and all required cost information is enclosed. In accordance with the original RFP Section 9.6 Cost or Pricing Data, hCentive certifies that our submitted prices have been arrived at independently and without, for the purpose of restricting competition, any consultation, communication, or agreement with any other bidder, competitor, or conflicted entity relating to those prices, the intention to submit a bid, or the methods or factors used to calculate the prices bid.

Should you need any additional information, please do not hesitate to contact us. Thank you once again for the opportunity to present our final best and final offer to the AHIM. We look forward to our successful, long-term partnership.

Sincerely,

A handwritten signature in blue ink that reads "Sanjay Singh".

Sanjay Singh
Chief Executive Officer
hCentive, Inc.
12355 Sunrise Valley Drive, Suite 310
Reston, VA 20191



SECTION 2 Why hCentive?

2

Local Arkansas Call Center

Employing Local Arkansans to Answer Arkansans Calls

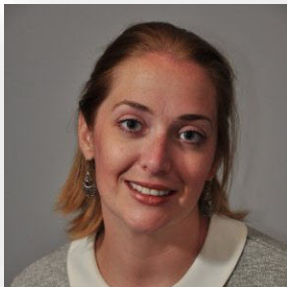
A key component of hCentive's all-inclusive pricing is our local Little Rock, AR call center. Our Little Rock staff will be located in the Forest Heights Office Building at 1405 North Pierce Street¹ – a *one minute walk from AHIM's offices*. Local Arkansans will be hired from the area to serve as **dual-trained** customer support and financial management operations personnel.



By dual training onsite staff, local Arkansans will be able to stop by our office and receive immediate help on any customer service or billing need. In addition, for those calling in, rather than being passed around on the phone to various customer support staff, they will be immediately routed to our local, highly trained staff to provide the swift help Arkansans need.

Onsite & Ongoing Broker Training, Documentation & Support

Training Delivered by Southerners for Southerners



All of AHIM's training will be overseen by Jennifer Hamaker, Director of the Training Department. Jennifer is based in Nashville, TN. She also manages the Proposal Writing and Technical Writing Departments, holding strict standards on the quality of all documentation and training. Our materials provided to date are representative of the high quality you can continue to expect from hCentive.

¹ Subject to availability at the time of contract award. If the building becomes fully occupied, a similar building in the immediate area will be used.



Reporting to Jennifer is Yvette Saunders, Manager – Training & Instructional Design and AHIM’s Training Manager. Yvette leads her department from her home office in Clearwater, FL and often travels onsite to deliver training to brokers, business groups, administrators, and more.

After Yvette’s most recent travel for onsite training to the Insurance Marketing Center (IMC) brokerage firm in Rockville, MD, she is already back in Florida fine tuning her materials for Arkansans’ brokers – ready for initial delivery to Alpha brokers this June. Yvette will travel

onsite and stay in Little Rock, AR until all brokers, associated firms, and additional businesses we will reach out to are fully informed and trained on the SHOP Marketplace.

Included with your provided flash drives at our oral presentation was our *WebInsure State Exchange SHOP eLearning Module* which features Yvette’s voice as she walks you through an overview of our solution. A wide range of additional modules specific to each portal are included with WebInsure State Exchange, providing your brokers with additional learning once onsite training is complete. Furthermore, we schedule quarterly follow-ups with trainees to ensure full knowledge of any new features and enhancements that have been added since initial training.

Distinctive Advantages

- ✓ Local Call Center
- ✓ Onsite & Ongoing Broker Training and Support
- ✓ Financial Sustainability



*hCentive: Moving
Arkansas in the Right
Direction*

Ensuring Long-term Financial Sustainability

Increased Awareness = Long-term Success

By ensuring that all brokers, associated firms, and businesses, such as the Chambers of Commerce, the Better Business Bureau, and the Small Business Administration, are fully knowledgeable of the SHOP Marketplace and the benefit it provides to local businesses in Arkansas, AHIM will be ensuring the long-term, financial sustainability of the Marketplace.



Alpha brokers and carriers will be brought in during Wave 2 of our implementation, during which they will have access to our fully setup training environment, receiving top quality training and education about the Marketplace very early on. From our experience, this leads to broker empowerment and energizes brokers, associated firms, and businesses to spread the word. Knowledge is power, and by ensuring on-the-ground local training, educational awareness, and support, AHIM's SHOP Marketplace will flourish. By keeping local communities engaged, people will be more responsive to signing up, leading to a highly successful launch and long-term future success.

Our Investment in Increasing SHOP Enrollments

Leveraging our Private Exchange Experience

We will work with the AHIM alongside brokers and small businesses in Arkansas to increase the SHOP Marketplace adoption in the state, with the goal of *self-sustenance*. We will leverage our expansive Private Exchange experience and, at the option of the AHIM, **support additional benefit products** such as Vision, Health Reimbursement Accounts, Health Savings Accounts, Flexible Spending Accounts, Short and Long Term Disability, Group Life, and more. Having a full suite of products will likely lead to a **higher adoption rate among brokers and employers** who typically offer a much more comprehensive suite of benefit products to their employees and, therefore, may prefer a *single procurement and enrollment platform*.



SECTION 3 Revised Pricing Sheets

3

Please provide a revised cost proposal with firm and fixed pricing for DDI and M&O using the amended price sheets, attached to this letter.

Reference RFP Section 7.2.2: Four (4) worksheets compose the set of Price Sheets that will be provided to AHIM. The worksheets are:

- *Total Proposed Pricing (Price Sheet A);*
- *Total for Design, Development, and Implementation (DDI) Deliverables (Price Sheet B);*
- *Total for Maintenance and Operations (M&O) Deliverables (Price Sheet C); and,*
- *Hourly Rate Sheet by Position and Calendar Year (mandatory but not evaluated).*

Price Sheet A: Total Proposal Price

Reference RFP Section 7.2.2.1: Bidders must submit the Total Proposal Price on Price Sheet A. The Total Proposed Pricing will include the sum of the following sheets:

- *Total for Design, Development, and Implementation (DDI) Deliverables (Price Sheet B)*
- *Total for Maintenance and Operations (M&O) Deliverables (Price Sheet C)*

PRICE SHEET A: TOTAL PRICING

Description	Base Contract Total
DDI (Price Sheet B)	\$ 2,819,624
M&O (Price Sheet C)	\$ 4,367,295
Total Price	\$ 7,186,919



Price Sheet B: Design, Development, and Implementation (DDI) Pricing

Reference RFP Section 7.2.2.2: On Price Sheet B, Bidders must submit a firm fixed price for sum total of all design, development, and implementation deliverables described in Section 4 of the RFP. Bidders must categorize their pricing for this project phase into the categories shown in the table on Pricing Sheet B. Throughout the DD&I phase, AHIM and the Contractor agree that failure by the Contractor to produce deliverables within established timelines results in a loss to AHIM. If the Contractor fails to meet the timelines identified and agreed upon in the Contract resulting from this RFP, the Contractor is required to provide a corrective action plan, no later than three (3) days after the missed timeline. AHIM may invoke its rights under Section 9.5: Performance Standards and Associated Liquidated Damages.

PRICE SHEET B: DESIGN, DEVELOPMENT, AND IMPLEMENTATION (DDI)

Description	Price
Personnel and Labor	\$ 2,498,276
Hardware	\$ -
Software	\$ -
IT Infrastructure Development	\$ 129,898
Travel	\$ 115,200
Office Space	\$ 56,250
Payment Processor Setup	\$ 20,000
Other Items (Please Explain)	\$ -
Total	\$ 2,819,624



Price Sheet C: Maintenance and Operations (M&O) Pricing

Reference RFP Section 7.2.2.3: On Price Sheet C, Bidders must submit a firm fixed price for the sum total of all maintenance and operations deliverables described in Section 4 of this RFP per contract year. Bidders must categorize their pricing for this project phase into the categories shown in the table on Pricing Sheet C. The Marketplace’s Maintenance and Operations Price includes the core services for maintenance and operation of the Solution as defined in Section 4: Scope of Work.

PRICE SHEET C: MAINTENANCE AND OPERATIONS (M&O)

Description	M&O Year 1 10/2015 - 02/2016	M&O Year 2 03/2016 - 02/2017	M&O Year 3 03/2017 - 02/2018	Optional M&O Year 4 03/2018 - 03/2019	Optional M&O Year 5 03/2019 - 02/2020	Optional M&O Year 6 03/2020 - 02/2021	Total
Personnel and Labor (Base M&O Hours)	\$ 216,320	\$ 519,168	\$ 519,168	\$ 534,743	\$ 550,785	\$ 567,309	\$ 2,907,493
Personnel and Labor (Pre-Paid Modification/Enhancements – 30,000 hrs.)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hosting Services	\$ 72,166	\$ 173,197	\$ 173,197	\$ 178,393	\$ 183,745	\$ 189,258	\$ 969,957
Hardware	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Software License Fee	\$ 177,083	\$ 425,000	\$ 425,000	\$ 437,750	\$ 450,883	\$ 464,409	\$ 2,380,125
Interface Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	\$ 25,000	\$ 60,000	\$ 60,000	\$ 61,800	\$ 63,654	\$ 65,564	\$ 336,018
Consumer Support Center	\$ 288,438	\$ 193,246	\$ 195,895	\$ 198,537	\$ 201,311	\$ 204,140	\$ 1,281,566
Financial Management	\$ 116,614	\$ 224,525	\$ 227,776	\$ 231,019	\$ 234,246	\$ 237,539	\$ 1,271,720
Office Space	\$ 25,000	\$ 60,000	\$ 60,000	\$ 61,800	\$ 63,654	\$ 65,564	\$ 336,018
Payment Processing, Audits, Postal Validation	\$ 22,500	\$ 54,000	\$ 54,000	\$ 55,620	\$ 57,289	\$ 59,007	\$ 302,416
Total	\$ 943,121.16	\$1,709,136.50	\$1,715,036.90	\$1,759,662.06	\$1,805,566.46	\$1,852,789.15	\$ 9,785,312.22



Price Sheet D: Hourly Rate Sheet by Position and Calendar Year

Reference RFP Section 7.2.2.4: On Price Sheet D, Bidders must submit a rate card for key personnel positions as well as any other positions the bidder wishes to define for future enhancement work.

PRICE SHEET D: HOURLY RATE SHEET BY POSITION AND CALENDAR YEAR

This section will not be scored as part of the evaluation.

Project Title	CY 2015	CY 2016	CY 2017	CY 2018	CY 2019	CY 2020	CY 2021
Account Manager	\$196.00	\$201.88	\$207.94	\$214.17	\$220.60	\$227.22	\$234.03
Program Manager	\$196.00	\$201.88	\$207.94	\$214.17	\$220.60	\$227.22	\$234.03
Project Manager	\$196.00	\$201.88	\$207.94	\$214.17	\$220.60	\$227.22	\$234.03
DDI Manager	\$196.00	\$201.88	\$207.94	\$214.17	\$220.60	\$227.22	\$234.03
Test Manager	\$196.00	\$201.88	\$207.94	\$214.17	\$220.60	\$227.22	\$234.03
Operations Manager	\$196.00	\$201.88	\$207.94	\$214.17	\$220.60	\$227.22	\$234.03
Privacy and Security Manager	\$196.00	\$201.88	\$207.94	\$214.17	\$220.60	\$227.22	\$234.03
Training Manager	\$196.00	\$201.88	\$207.94	\$214.17	\$220.60	\$227.22	\$234.03
Developer/Quality/Business Analyst	\$149.00	\$153.47	\$158.07	\$162.82	\$167.70	\$172.73	\$177.91
Development/QA/Business Lead	\$180.00	\$185.40	\$190.96	\$196.69	\$202.59	\$208.67	\$214.93
Offshore Developer/Quality/Business Analyst	\$47.00	\$48.41	\$49.86	\$51.36	\$52.90	\$54.49	\$56.12
Offshore Development/QA/Business Lead	\$60.00	\$61.80	\$63.65	\$65.56	\$67.53	\$69.56	\$71.64
Solutions/Database Architect	\$180.00	\$185.40	\$190.96	\$196.69	\$202.59	\$208.67	\$214.93



SECTION 4 Revised Pricing for Extended Consumer Support Services

4

Reference RFP Section 7.2.3: AHIM anticipates that there may be times where consumer support services, specifically the consumer support center and financial management operations, may need to operate beyond the standard defined hours of operation. Bidders must submit pricing information on what the additional support would cost, which may be used at AHIM's discretion if the need for extended hours arises. Bidders are asked to provide these costs represented as an all-inclusive per hour charge. These costs will not be included within the evaluated price.

There will be a **\$149** all inclusive, per hour charge for any consumer support or financial management operations support needed beyond the standard, defined hours of operation.



SECTION 5 Third-Party Software and Associated Licenses

5

Reference RFP Section 5.4: AHIM requires the Bidder to include its costs for all third-party software and associated licenses in the cost proposal.

Note: These costs to hCentive are included in our pricing. There is no additional charge to AHIM.

Perpetual/Annual Cost ²					
Product Role	Product Name	Unit	Cost	Total	Type
Application Server	JBoss Application Server	2	\$12,000.00	\$24,000.00	Annual
Reporting and Dashboard	Jaspersoft Enterprise Edition	2	\$10,000.00	\$20,000.00	Perpetual
EDI HIPAA Validator	TIBCO Foresight EDISIM	2	\$118,323.00	\$236,646.00	Perpetual
Communication Manager	XSLfast	1	\$1,235.00	\$1,235.00	Perpetual
ESB/SOA	JBoss Fuse 6.1	2	\$29,000.00	\$58,000.00	Annual
Total:				\$339,881.00	

Recurring Monthly Cost ³		
Product Role	Product Name	Cost
HTTP Server	Apache 2.4.x	\$0.00
ORM - Hibernate	LGPL v2.1	\$0.00
JS Framework	jQuery	\$0.00
XLS Library	Apache POI 3.10	\$0.00
Scheduler	Quartz	\$0.00
Logging Framework Logging Reports	Splunk	\$0.00

² hCentive acquires software at volume and shares these licenses across multiple clients in a Software as a Service (SaaS) model. Therefore, these costs are not being charged to AHIM separately.

³ hCentive acquires software at volume and shares these licenses across multiple clients in a SaaS model. Therefore, these costs are not being charged to AHIM separately.



Recurring Monthly Cost ³		
Product Role	Product Name	Cost
Build	Maven	\$0.00
Web Analytics	Google Analytics	\$0.00
SMTP Relay	SocketLabs	\$75.00
OS	Ubuntu, RHEL	\$0.00
Database	Oracle Database - Standard Edition One	\$0.00
Database	PostgreSQL	\$0.00
ESB/SOA	Mule - Community	\$0.00
Total		\$75.00

Thank you for the opportunity to present our best and final offer to the AHIM.



Contact: Peter McCann, Chief Business Development Officer

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