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AGENDA ITEM

☒ For Possible Action

☐ Information Only

Date: February 18, 2025

Item Number: VI

Title: Contract extension of technology platform and call center services from GetInsured

PURPOSE

This item is intended to provide an overview of the terms and proposed structure for the extension of SSHIX's existing contract with GetInsured for technology platform and call center services.

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BACKGROUND

In the Summer of 2018, SSHIX contracted with GetInsured to provide technology platform and call center services for Plan Years 2020—2023. The initial terms included an option to extend the contract end date by two years, and that option was exercised in 2023, extending GetInsured's obligation to provide technology platform and call center services through the end of Plan Year 2025.

During the Summer of 2024, SSHIX worked to complete a Request for Proposal (RFP) for technology platform and call center services, with the goal of releasing the RFP in the late Summer or early Fall. However, a variety

of unforeseen delays prevented the RFP document from being completed until November of 2024. Ultimately Nevada’s State Purchasing Division recommended that SSHIX work with GetInsured to extend the existing contract by one year, which would allow for a more ideal RFP release date in 2025. A one-year extension would also eliminate the risk of a potential vendor change in the months leading up to the launch of Nevada’s Battle Born State Plans, which SSHIX is required to offer through the Nevada Health Link marketplace for Plan Year 2026 as part of Nevada’s Market Stabilization Program. SSHIX worked with GetInsured throughout January of 2025 to negotiate the terms of this contract extension, and these terms are provided in the following sections for consideration by the Board.

DURATION OF THE CONTRACT EXTENSION

Initially SSHIX sought a one-year extension of the existing contract with GetInsured, per the previous recommendation from the State Purchasing Division. However, during his State of the State address on January 15th, Governor Lombardo announced the proposed creation of a new entity known as the Nevada Health Authority. As will be described in a subsequent agenda item for today’s meeting, this project would entail the Exchange being placed under the leadership of the Nevada Health Authority, which would be run by Stacie Weeks.

Additional details regarding the proposal were shared on February 6 in a presentation to the Assembly Committee on Ways and Means. In light of the proposed scope of the project, the Exchange’s leadership considered that a two-year extension with GetInsured would provide more flexibility to the state than a one-year extension, while also minimizing any potential risks to business continuity associated with the transition. The exchange proposed this idea to Ms. Weeks and her team, who in turn proposed the idea to the State Purchasing Administrator, and all parties were in favor of seeking a two-year extension. Since that time, the Exchange has been working with GetInsured to revise the terms of their proposal to account for technology platform and call center services through the end of Plan Year 2027.

The existing contract with GetInsured specifies a contract end date of January 31, 2026. Given that IRS forms 1095-A are typically generated in late January, and given also that the Exchange must perform a significant number of 1095-A corrections each year during February and March, a contract end date of January 31 would provide an extremely short wind-down period in the event of a hypothetical vendor change. With that in mind, the Exchange requested that on top of encompassing an additional two Plan Years of service, the new contract end date be extended for an additional *two months*, through March 31, 2028, in order to allow for a more prudent wind-down period. This modification results in a total extended duration of 26 months.

IRS EXHIBIT 7 CONTRACT LANGUAGE

The Executive Director’s Report from the Exchange’s December 17, 2024 Board Meeting included an overview of findings from a recent audit conducted by the IRS, one of which related to the absence of the IRS’ “Exhibit 7” safeguarding language from our existing contract with GetInsured. The Exhibit 7 language, which is included in IRS Publication 1075, specifies contractor responsibilities for safeguarding Federal Tax Information (FTI). To be clear, the Exchange and GetInsured are 100% compliant with all applicable federal regulations regarding the safeguarding of FTI; the finding merely highlighted that the required boilerplate language was not included in the existing contract. The Exchange’s corrective action plan requires us to amend the contract to include the required language, so we’re taking advantage of the opportunity to include this language as part of the proposed contract amendment.

COST OF THE EXTENDED SERVICES

The rate that the Exchange negotiated with GetInsured for technology platform and call center services for Plan Year 2026 represents a 27% increase over the 2025 rate. Obviously, this is a significant increase, so the Exchange would like to provide the Board with an overview of our analysis, which we believe will support our conclusion that the negotiated rate is commensurate with the recent increases to Nevada's enrollment numbers and the increased costs associated with the services GetInsured provides.

When the Exchange's first contract extension with GetInsured was being negotiated in the Spring of 2023, the number of active health enrollees at the conclusion of the previous Open Enrollment Period (OEP) was 96,379. This marked a 5% reduction from the previous year's total of 101,411 health enrollees, which followed the introduction of the expanded APTC subsidies in the summer of 2021 (per the American Rescue Plan Act, or ARPA). In 2023, the Exchange was projecting relatively flat enrollment growth in the coming years, and the negotiated rate for 2024 and 2025 services followed the same trajectory of 3% year-over-year cost increases as had been associated with the first five years of the GetInsured contract. But at the end of the Plan Year 2025 OEP, the Exchange had enrolled 110,687 Nevadans in health coverage, representing a 15% caseload increase over 2023, and an 11.5% increase over 2024.

We also believe it's important to consider the cost of GetInsured's services relative to the "market rate" of the Federally Facilitated Marketplace (FFM) platform (i.e. HealthCare.gov), because achieving a measurable cost savings versus the FFM was one of the primary goals of the Exchange's transition to operation as a State Base Marketplace (SBM). In 2024, the CMS "user fee" for states who utilized the FFM for eligibility, enrollment, and call center services, but who administered their own broker/navigator programs and conducted their own marketing, outreach, and appeals activities—a hybrid model known as a State Based Marketplace using the Federal Platform (SBM-FP)—was 1.8% of marketplace enrollees' gross premiums, per member/per month (PMPM). The Exchange's annual total of enrollee premiums for 2024 was approximately \$589,085,000, and the corresponding PMPM figure for GetInsured's services in 2024 was 0.90% (\$5,310,222), or half of the FFM rate.

For 2025, CMS lowered the SBM-FP user fee to 1.2% PMPM, citing increased revenues from higher-than-projected enrollment numbers in 2024. In Nevada, the projected cost of GetInsured's services for 2025 is anticipated to fall to 0.76% PMPM, or 63% of the FFM rate. And although the negotiated rate for 2026 would represent a 27% increase over the 2025 rate, if we apply the 2026 rate to our projected revenue for 2025, the PMPM would still work out to 0.96%, or 80% of the historic low FFM rate. This figure represents less than one third of the Exchange's Carrier Premium Fee for 2025, which is 2.95% PMPM.

The Exchange also considered the recent cost increases associated with the services which GetInsured provides. In 2023, CMS introduced version 2.2 of the Minimum Acceptable Risk Standards for Exchanges (MARS-E) framework, which significantly increased privacy and security requirements for SBMs vs. the previous MARS-E version 2.0. Among the cost increases associated with this change were the need to perform system vulnerability scanning every 72 hours, rather than the previous requirement of once per month; and the need to bolster redundant disaster recovery services, which required additional hosting resources for platform infrastructure. Licensing and hosting costs for telephony hardware and software, as well as ancillary services like the Sisense business intelligence and reporting platform utilized by the Exchange, have increased significantly since the 2023 contract extension, as have database and application hosting fees from Amazon Web Services.

INCLUSION OF CHANGE REQUEST COSTS

In the Exchange's initial 2018 contract with GetInsured, as well as in the 2023 extension, the Not to Exceed (NTE) amount of the contracts were specified as being exactly equal to the sum of the scheduled payments associated with the technology platform and call center services. The primary function of the NTE amount is to place a ceiling on the Exchange's contract authority with respect to vendor payments, even if the amount in the associated category of the Exchange's agency budget (i.e. our budget authority) exceeds the NTE amount.

Despite the fact that the Exchange's leadership anticipated additional vendor costs in the form of Change Requests (CRs) when negotiating the 2018 contract—for instance, technology changes that would be required to maintain compliance with changing state or federal regulations—estimated CR costs were not factored into the historical NTE amounts. However, based upon recent guidance provided by the Governor's Finance Office and the State Purchasing Division, agencies are advised to build estimated CR costs into their contractual NTE amounts to help ensure that vendor cost obligations do not exceed their contractual spending authority. As a result, the proposed contract amendment includes the base NTE amount from the 2023 contract extension (\$35,184,152.93), with the following additions:

- \$6,365,344.50 to cover the cost of historical CRs from 2020—2024
- \$15,416,530 for the additional 26 months of service
- \$3,327,695.77 for estimated CR costs from 2025—2028

The total addition to the existing NTE amount is \$25,109,570.27, for a new NTE amount of \$60,293,723.20.

COST PROTECTIONS

The proposed contract amendment includes a clause which reduces technology platform costs by 10% and call center costs by 15% for the respective Plan Year if health enrollment totals for 2026 or 2027 decrease by 15%, relative to the 2025 baseline of 110,687. The Exchange believes that this is an appropriate safeguard against the threat of decreased enrollment activity which might occur if the expanded APTC subsidies introduced by ARPA—and later extended by the Inflation Reduction Act—are allowed to expire at the end of 2025.

CONCLUSION

The Exchange believes that the magnitude of the negotiated rate increase reflects a good-faith effort on the part of GetInsured to narrow the gap between Nevada's rate and the rates paid by their other client states, while preserving the mutually supportive and mutually beneficial vendor relationship that the Exchange and GetInsured have enjoyed thus far. If the Board is agreeable to the proposed terms of the contract extension, the Exchange will present the agreed upon contract language to our Deputy Attorney General for review, with the goal of submitting the document for consideration at the April 8, 2025 Board of Examiners meeting.