

Schedule 13
Funding Request for the 2013-14 Budget Cycle

Department: Health Care Policy and Financing

Request Title: Customer Service Technology Improvements

Priority Number: R-12

Dept. Approval by: John Bartholomew *JB* 10/26/12 Date

OSPB Approval by: [Signature] 10/30/12 Date

Decision Item FY 2013-14
 Base Reduction Item FY 2013-14
 Supplemental FY 2012-13
 Budget Amendment FY 2013-14

| Line Item Information | | FY 2012-13 | | FY 2013-14 | | FY 2014-15 |
|---|--------------|-----------------------------|---------------------------------------|----------------------------|--|--------------------------------------|
| | | 1 | 2 | 3 | 4 | 5 |
| | Fund | Appropriation FY 2012-13 | Supplemental Request FY 2012-13 | Base Request FY 2013-14 | Funding Change Request FY 2013-14 | Continuation Amount FY 2014-15 |
| Total of All Line Items | Total | \$5,940,552 | \$0 | \$5,902,552 | \$1,800,000 | \$180,000 |
| | FTE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | GF | \$1,312,418 | \$0 | \$1,262,418 | \$900,000 | \$90,000 |
| | GFE | \$0 | \$0 | \$0 | \$0 | \$0 |
| | CF | \$437,500 | \$0 | \$468,500 | \$0 | \$0 |
| | RF | \$0 | \$0 | \$0 | \$0 | \$0 |
| | FF | \$4,190,634 | \$0 | \$4,171,634 | \$900,000 | \$90,000 |
| (1) Executive Director's Office; (A) General Administration, General Professional Services and Special Projects | Total | \$5,940,552 | \$0 | \$5,902,552 | \$1,800,000 | \$180,000 |
| | FTE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | GF | \$1,312,418 | \$0 | \$1,262,418 | \$900,000 | \$90,000 |
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| | CF | \$437,500 | \$0 | \$468,500 | \$0 | \$0 |
| | RF | \$0 | \$0 | \$0 | \$0 | \$0 |
| | FF | \$4,190,634 | \$0 | \$4,171,634 | \$900,000 | \$90,000 |

Letternote Text Revision Required? Yes: No: If yes, describe the Letternote Text Revision:

Cash or Federal Fund Name and COFRS Fund Number: FF: Title XIX

Reappropriated Funds Source, by Department and Line Item Name: N/A

Approval by OIT? Yes: No: Not Required:

Schedule 13s from Affected Departments:

Other Information:



DEPARTMENT OF HEALTH CARE POLICY AND FINANCING

John W. Hickenlooper
Governor

*FY 2013-14 Funding Request
November 1, 2012*

Susan E. Birch
Executive Director

Signature

10/23/12
Date

*Department Priority: R-12
Customer Service Technology Improvements*

| Summary of Incremental Funding Change for FY 2013-14 | Total Funds | General Fund | FTE |
|---|-------------|--------------|-----|
| Customer Service Technology Improvements | \$1,800,000 | \$900,000 | 0.0 |

Request Summary:

The Department is requesting \$1,800,000, including \$900,000 General Fund, to fund technological improvements for the Department's Customer Contact Center.

Problem or Opportunity:

Medicaid caseload has increased by roughly 60% over the last four years, with no additional investment in the Department's Customer Contact Center. With only 10 full-time equivalent (FTE) representatives, the Department's Customer Contact Center fields nearly 13% more calls than the industry average per employee. This low staffing level combined with technological inadequacies results in poor client experiences as highlighted by low performance scores. For example, between July 2011 and March 2012, approximately 52% of the Department's clients abandoned their calls, while the health care industry's average call abandonment rate is only 4%; the Department's clients waited an average of 19.5 minutes to receive an answer to their inquiry, while the health care industry's average wait time is 33 seconds.

Increased demand for customer services will likely exacerbate these deficiencies as Medicaid caseload continues to grow and the health care

system becomes more complex. With Medicaid caseload expected to continue to increase by more than 150,000 clients over the next two fiscal years and potentially more than 400,000 individuals applying for health insurance through the Colorado Health Benefit Exchange that will be implemented by early 2014 – many of whom will mistakenly call the Department's Customer Contact Center for assistance - the stresses on the Department's Customer Contact Center will continue to compound.

In FY 2011-12, the Customer Contact Center utilized a consultant to provide recommended improvements, which included developing clear performance standards and tailoring staff schedules to match call volumes, as well as upgrading technological capabilities. In April 2012, the Customer Service Center began implementing a series of improvements to its internal processes to address inadequacies. For example, management implemented more concrete performance standards, held additional training sessions, and staggered staff scheduling to coincide with patterns in call volume, resulting in an improved capacity to manage call volume. In July, the Customer Contact Center's call abandonment rate dropped to 30% (an improvement of 22 percentage points) and the

average time spent waiting to receive an answer dropped to 8.6 minutes (a 56% improvement).

Despite these improvements, the Customer Contact Center's performance scores still remain well below industry standards. The Center lacks the technology to route calls, directly monitor call quality, or enable self-service for callers. This technological functionality was presented by the Department's consultant as an industry norm to improve performance measures and the callers' experiences.

One of the Customer Contact Center's central deficiencies is the inability to transfer clients to outside organizations, such as regional care collaborative organizations, county departments of human/social services, or transportation vendors. When the Customer Contact Center is unable to directly assist a caller, they can only provide the correct party's phone number, rather than directly transferring the caller to that entity. If a client needs assistance with more than one issue, they will likely need to call the Customer Contact Center numerous times to obtain the phone numbers of all of the parties who can assist them.

The Customer Contact Center also lacks technology to track and log information regarding individual calls and produce summarized statistics, such as the top reasons for client calls. This information would assist the Customer Contact Center in tailoring training, adding additional information to the Department's website, or provide frequently requested information that could be played during hold times, similar to techniques used in private industry.

Brief Background:

The Department's Customer Contact Center acts as a major focal point for callers who require assistance with questions about eligibility, benefits, and enrollment, or who need help in navigating the Department's programs. While the intent of the Department's Customer Contact Center is to be a resource to individuals and

families who are applying for or are enrolled in Medicaid, it also receives inquiries during the application process that need to be referred to outside agencies or parties, such as questions regarding programs that are managed by other state departments. The Department's Customer Contact Center currently has 10 FTE representatives that handle more than 110,000 calls per year, or an average of over 11,000 calls per FTE. This compares to an average call volume of approximately 9,500 in the health care industry.

The Department's Customer Contact Center currently limits correspondence with clients to telephone and email, with no web-based assistance offered. The Customer Contact Center currently utilizes an antiquated database to track call history and a hyperlinked Word document to provide Representatives with operating procedures for various situations. These resources are slow to operate, cumbersome to navigate, and cannot be integrated with other programs. The multiple programs that provide information to assist in answering client inquiries – such as the Medicaid Management Information System (MMIS) and the Colorado Benefits Management System (CBMS) – operate independently of either the database or the Word document, resulting in longer call times as Representatives gather relevant information from each source and manually integrate it to form a complete response.

Proposed Solution:

The Department is requesting funding to expand the role that the phone system plays in providing high-quality customer service. Phone system automation, initiated by both voice and data input recognition, would allow a greater range of flexibility to callers and allow more data to be gained accurately in the event that a caller wants to speak with a Representative. By automating a response based on the input of a caller's zip code, Customer Contact Center staff could offer the phone numbers for local services, such as the county department of human/social services, regional care collaborative organization, and

transportation vendors. Interactive Voice Response (IVR) would provide the ability to obtain a greater level of details from clients about their needs so that calls can be routed to the correct party immediately. In the event that a client needs to be transferred to an outside organization, the requested technology would enable a Customer Contact Center Representative to contact that outside organization directly, introduce the client and explain their situation, and then transfer the client, all while the client remains on the line. This process ensures more efficient problem resolution and greater client satisfaction compared to the Customer Contact Center's current procedure of verbally providing the client with the outside organization's phone number and then ending the call. The Department will also add automated services to allow clients to request medical ID card replacements and provide connections to appropriate vendors. Call trigger functionality would also help seamlessly transfer clients to the Colorado Health Benefits Exchange and PEAK Help Desks in an "any door is the right door" fashion.

The Department is also requesting funding to establish a website dedicated solely to the needs of Colorado Medicaid clients, which will be overseen by the Customer Contact Center. This would increase client exposure to relevant information and provide quick access to new content as well as to content already available on the Department's website. Live chat functionality would be available from this website, giving clients another avenue to reach Medicaid customer service and potentially reducing the Center's call volume. The Department is investigating the addition of features like functional links to vendors for services such as non-emergent medical transportation (offering the ability to schedule or cancel transportation appointments) or the ability to request replacement medical ID cards, which would further reduce the call volume at the Customer Contact Center and lead to improved client satisfaction and self-sufficiency.

As part of this request, the Department would also implement a customer relations management (CRM) system that would allow for the integration of existing silos of information (MMIS, CBMS, Contact Tracking Database, and possibly others) and bring the data together in one accessible format, helping ensure that complete and accurate information is conveyed to clients upon initial contact. CRM software encompasses every aspect of customer interaction with the Customer Contact Center and is a widely implemented model for managing interactions with clients. Such software helps to direct clients to the individual who can best help them with their current problem, and is an effective method to increase accountability and efficiency within the Department.

Based on industry research, the Department has estimated that these technological improvements will cost approximately \$1,800,000. The Department is committed to procuring these services for the lowest possible cost, but based on industry research, this request represents the upper bound estimate. If the contract is procured for less, the Department will work with the Office of State Planning and Budgeting through the normal budgetary process to submit a negative supplemental and revert any unused funds.

Alternatives:

If this request is not funded, the Customer Contact Center will continue to make non-technological management and training improvements to achieve higher quality customer service, but these improvements are limited in scope and effectiveness. To ensure that the Customer Contact Center has the capacity to handle the influx of calls that the implementation of the Colorado Health Benefit Exchange will likely produce in 2014, the Customer Contact Center must upgrade its technological capacities.

Anticipated Outcomes:

The Department anticipates that these improvements will result in lower call volume per FTE, shorter hold times, lower call abandonment rates, and clients obtaining assistance from

outside organizations in a more timely and efficient manner. All of these components will be critical to the Customer Contact Center's ability to manage the influx of applicants and clients in 2014.

Assumptions for Calculations:

Based on research of industry standards and costs, the Department is requesting total funds of \$1,800,000 to implement the improvements outlined, with anticipated on-going maintenance and support costs of approximately \$180,000 annually. The Department will procure these services through a competitive bidding process by issuing Requests for Proposals (RFPs). The Department is not providing detailed cost estimates for each of the improvements outlined above so as not to influence the competitive process. The Department is requesting this funding assuming the regular 50% Federal Financial Participation (FFP) for Medicaid

administration. However, some of this funding may qualify for 75% FFP as commercial off-the-shelf software or 90% FFP for custom modifications under the State's Eligibility Determination System Implementation Advanced Planning Document that was recently submitted to the Centers for Medicare and Medicaid Services (CMS) for approval.

Consequences if not Funded:

Clients continue to receive insufficient customer service if these problems are not addressed. Annual double-digit caseload growth in Medicaid and the implementation of the Colorado Health Benefit Exchange in 2014 will likely exacerbate these deficiencies as Medicaid caseload continues to grow and the health care system becomes more complex.