



**Contra  
Costa  
County**

To: Board of Supervisors

From: Kathy Gallagher, Employment & Human Services Director

Date: August 16, 2016

Subject: California Health Benefit Exchange Contract

### **RECOMMENDATION(S):**

1. APPROVE termination of the call center contract between the County and the Health Benefit Exchange (HBEX), effective December 31, 2016, and AUTHORIZE the Chair of the Board of Supervisors to issue a ninety-day termination notice to the State.
2. ACKNOWLEDGE that the State's actions to reduce the FY 2016/17 HBEX budget by over \$10 million may result in layoffs of County staff;
3. ACKNOWLEDGE and REAFFIRM the Board of Supervisors' policy prohibiting the use of County General Purpose Revenue to back-fill State revenue cuts;
4. DIRECT the Employment and Human Services Department to work closely with Human Resources and our Union labor partners to transition affected employees to alternative County employment;
5. DIRECT the Employment and Human Services Department to prepare for consideration by the Board of Supervisors on September 13, 2016, a lay-off resolution necessary to carryout Board action on the Health Benefit Exchange Call Center contract; and
6. ACKNOWLEDGE Resolution No. 2008/299 adopted May 6, 2008, authorizing the Human Resources Department to implement the Tactical Employment Team Program (TETP), whose objective is to mitigate the negative impact that anticipated layoffs will have on County employees.

### **FISCAL IMPACT:**

The Health Benefits Exchange contract is 100% State reimbursable, via Federal funds as

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY  
ADMINISTRATOR

☐ RECOMMENDATION OF BOARD  
COMMITTEE

Action of Board On: **08/16/2016** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

### **VOTE OF SUPERVISORS**

AYE: John Gioia, District I Supervisor  
Candace Andersen, District II  
Supervisor  
Mary N. Piepho, District III Supervisor  
Karen Mitchoff, District IV Supervisor  
Federal D. Glover, District V Supervisor

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 16, 2016

David Twa, County Administrator and Clerk of the Board of Supervisors

Contact: Kathy Gallagher, Employment and  
Human Services Director (925) 313-1579

By: June McHuen, Deputy

authorized under the Affordable Care Act. The FY 2016/17 original budget amount for this contract was up to \$14,411,972. The State has reduced the contract to a maximum of \$4 million for FY 16/17 (a 72% reduction from the originally approved budget). The \$4 million revenue is projected to be sufficient to continue operations through November 30, 2016, followed by the closure of the facility and termination of the contract with Health Benefit Exchange effective December 31, 2016. The Board's approval to terminate the contract effective December 31, 2016 will support the department's efforts to prevent impacts to other departmental budgets and the County's general fund.

## BACKGROUND:

On September 18, 2012, the Board of Supervisor's authorized the Employment and Human Services Interim Director to discuss the parameters of a partnership with the Health Care Exchange Board to establish a Call Center to provide enrollment and eligibility services to consumers, and to bring information gathered back to the Board.

On December 4, 2012, the Board of Supervisors accepted an update on the progress made and authorized the Employment and Human Services Interim Director to determine whether to submit a proposal to the State of California for operation of a Health Benefit Exchange (HBEX) Call Center and, if competitive, submit the proposal by the due date. All costs of the program were to be reimbursed by the State of California.

On December 7, 2012, the Employment and Human Services Department (EHSD) submitted a proposal to the State of California's Request for Offers (RFO) to operate a Health Benefit Exchange Call Center within Contra Costa County.

On January 18, 2013, the Health Benefit Exchange/Covered California announced their decision to partner with Contra Costa County to operate a County-run Call Center.

On March 15, 2013, the Board of Supervisors authorized the Employment and Human Services Director to execute a contract with the State of California for call center services through January 31, 2015. The fiscal impact statement affirmed that 100% of the cost of the Health Benefit Exchange Call Center were to be covered by the State of California, via Federal Funds, authorized under the Affordable Care Act. No County general purpose revenue would be used to support the Call Center.

On January 13, 2015, the Board of Supervisors authorized the Chair of the Board of Supervisors to execute a contract with the State of California to continue the providing call center services through June 30, 2017. The following contract payment limits were established in this contract for the following terms:

- February 1, 2015 through June 30, 2015 - \$5,575,464
- July 1, 2015 through June 30, 2016 - \$13,766,962
- July 1, 2016 through June 30, 2017 - \$14,411,999

EHSD has continuously and successfully operated the Call Center, following the contract's budget detail and payment provisions to ensure no outlay of County general funds.

On May 5, 2016 EHSD was notified by Covered California that the call center contract would not be renewed past the June 30, 2017 termination date. At that time, EHSD implemented a "ramp-down" plan, including a transition plan for staff, in collaboration with the Human Resources Department (HR), Workforce Development Board, and State

of California Personnel Department. Workshops on “Finding Employment with the State of California”, “Résumé Building”, “Interview Skills and Techniques”, “Networking”, “Tech Tools” have been offered to staff as part of this transition plan. Additional workshops on “Transfers and Promotions” and “Comparable Classifications and Transfers” are scheduled in August.

On July 29, 2016 the Employment and Human Services Department received notification from Covered California that the contracted budget amount for this contract will be reduced to a maximum of \$4 million for FY 16/17, a 72% reduction from the approved budget of \$14,411,972. The reduced revenue is projected to be insufficient to continue operations through June 30, 2017. Therefore, the contract must be terminated early under the Termination Without Cause clause of the contract (Exhibit D, Section B), with at least 90 days written notice.

Due to the state’s short notice of the contract’s budget reduction the County will need to deploy an expedited “ramp down” plan, which will result in greater staff impacts than previously anticipated with the June 30, 2017 termination date. Although the staff transition plan efforts have already supported transfers within the County and employment opportunities with the State and private employers, many permanent positions are still filled. The County is committed to continue supporting permanent employees impacted by the early termination of the contract, but also recognize the challenges of an expedited “ramp down” and anticipate layoffs may be necessary. The list below specifies the number of affected positions within each classification and labor union.

Professional and Technical Engineers, IFPTE, Local 21  
Employment and Human Services Division Manager - 2

AFSCME Local 512, Professional and Technical Employees  
Exchange Customer Service Supervisor – 12  
Social Service Staff Development Specialist – 1  
Social Service Staff Development Specialist Project – 1  
Clerical Supervisor – 1

SEIU Local 1021, Rank and File Unit and Service Line Supervisors Unit  
Exchange Call Center Quality Assurance Monitor – 1  
Exchange Customer Service Agent I – 150  
Exchange Customer Service Agent II – 29

AFSCME Local 2700, United Clerical, Technical and Specialized Employees  
Clerk - Experienced Level – 3  
Secretary - Journey Level – 1

Unrepresented Management  
Personnel Services Assistant III – 1

Tactical Employment Team Program (TETP) - Attached for reference is a copy of Resolution No. 2008/299, adopted May 6, 2008, which authorized implementation of the Tactical Employment Team Program. The TETP was reinstated in 2008 and is still in operation. The objective of this program is to mitigate the negative impact that anticipated layoffs will have on the County's workforce. The team is up and running and will continue to work towards finding employment for as many laid-off individuals as possible.

CONSEQUENCE OF NEGATIVE ACTION:

If the Letter of Notification to the California Health Benefits Exchange of the County's intent to terminate the contract is not issued timely, the County's general fund could be negatively impacted by expenses of over \$10 million with no offsetting revenue.

CHILDREN'S IMPACT STATEMENT:

The California Health Benefits Exchange contract supports all five of the community outcomes established in the Children's Report Card: 1) "Children Ready for and Succeeding in School"; 2) "Children and Youth Healthy and Preparing for Productive Adulthood", 3) "Families that are Economically Self Sufficient"; 4) "Families that are Safe, Stable and Nurturing"; and, "Communities that are Safe and Provide a High Quality of Life for Children and Families" by providing the opportunity for children and families to obtain and retain health care coverage.

ATTACHMENTS

CCC Covered California Budget Reduction Letter from State  
Resolution No. 2008/299 - Tactical Employment Team Program