

IBM Watson Health Contract Renewal

Item 9B – Group Insurance Board

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Action Needed

- ETF requests the Board approve extending the current IBM Watson Health contract from January 1, 2021 through December 31, 2022 and incorporating the contract amendments described

Current Contract

IBM Watson Health provides a data warehouse and business intelligence tools for the Group Health Insurance Program

Original Contract: March 1, 2017 – December 31, 2018

One extension: January 1, 2019 – December 31, 2020

One additional two year extension available

Examples of Current DAISI Uses

- Quarterly Dashboards
- Group Health Benefits Annual Report
- 2020 Uniform Benefits Changes
- Provider Access Analysis
- Preliminary Return on Investment Estimate for the Healthy Wisconsin Program
- Future State: support annual rate-setting process and development of the Board's strategic plan

Contract Extension

Recommend extending the contract for the following reasons:

- ETF Satisfaction
- Audit Findings
- Cost

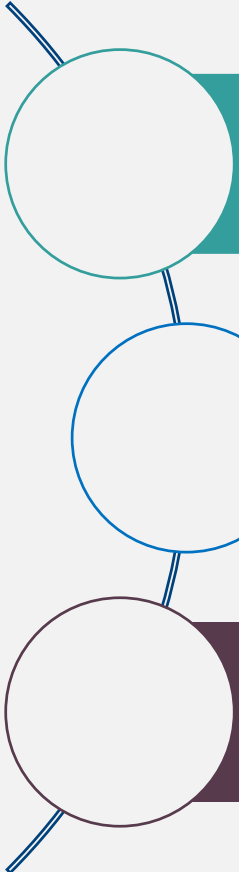
ETF Satisfaction

- IBM's products meet ETF's analytic needs (flexible)
- IBM is an industry leader in providing health care analytic and data warehouse solutions
- IBM's expertise in analytics and data management is valuable in working with data submitters and advising ETF on program solutions
- IBM has an information security program in line with recognized information risk management standards

Satisfactory Audit

- Segal Consulting audit found no critical or high level risks (See Agenda Item 9A)

Cost



Ongoing operational costs are low, relative to implementation costs of onboarding a new vendor

Annual inflationary increases for operational costs in the current contract range from 2.4 – 3.1% through calendar year 2022

ETF incurs relatively small one-time costs when it adds new data elements or sources to the data warehouse

Pending Contract Amendments

- Updated performance standards and penalties
 - Want measurable performance standards and enforceable penalties that reflect ETF priorities
- Technical change allowing IBM to use a different file format if IBM and ETF agree

Recommendation

- ETF requests the Board approve extending the current IBM Watson Health contract from January 1, 2021 through December 31, 2022 and incorporating the described contract amendments.

Next Steps

Finalize contract extension and related amendments



Early 2020, ETF will present purchasing options following the current IBM contract (for 2023)



Questions?

Thank you



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