

IBM Watson Health Contract Options

Item 7: Group Insurance Board

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Action Needed

- ETF requests the Board direct ETF to pursue a 10-year contract extension with IBM Watson Health for data warehouse services effective January 1, 2023.

Current Status

- At the November 2019 meeting, the Board approved extending the IBM contract through December 31, 2022.
- ETF indicated it would bring the Board options for contracting for data warehouse services starting January 1, 2023 at its February 2020 meeting.
- Given the necessary timelines to implement a data warehouse, it is prudent at this time to make a decision about procurement options, if the Board wants to pursue a request-for-proposal.

Current Contract

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

Original Contract Term:

March 1, 2017 – December 31, 2018

Two, two-year extensions:

January 1, 2019 – December 31, 2022

Current Contract Costs

Spending To Date

- \$1.7 million through 2019
- Approximately \$975,000 was for implementation

Future Operational Costs


- 2020: \$386,000
- 2021: \$396,000
- 2022: \$408,000

One-Time Costs

- Examples include:
 - ETF adds a new data source or data submitter
 - File format changes
 - Data submitter has to resubmit data to correct errors

Examples of Current DAISI Uses


Quarterly Dashboards



Group Health Benefits Annual Report



2020 Uniform Benefits Changes



Provider Access Analysis

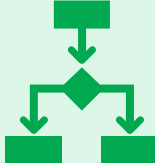


Preliminary Return on Investment



Estimate for the Well Wisconsin Program

Future State:



Support annual rate-setting process and development of the Board's strategic plan

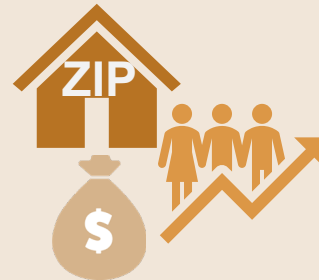
Recent Updates to DAISI

UnitedHealthCare's Medicare Advantage plan



New data submitter

Area Deprivation Index



Socio economic factors based on a member's nine-digit zip code

Wisconsin Health Information Organization (WHIO)



Added additional provider information

Future Updates to DAISI

Wisconsin Immunization Registry data



Additional Programs:



Supplemental Plans



Pre-tax savings

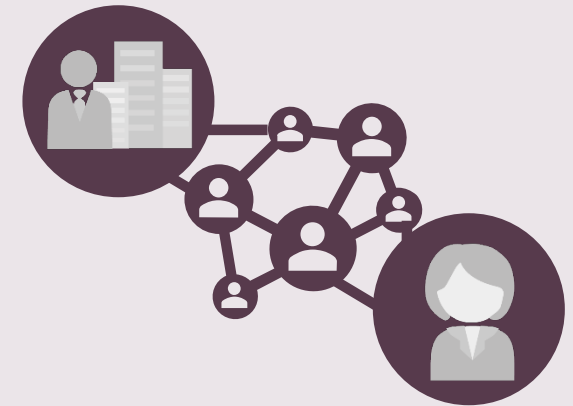


Disability Insurance



Life Insurance

Employer and member demographic data



Procurement Options

For the period starting January 1, 2023, the following procurement options are presented:

- RFP
- Two-year extension
- 10-year extension
- Evergreen contract

RFP Target Dates



- Allows for 18-month implementation period to negotiate data sharing agreements, secure historical data, and fully test new data warehouse.
- Overlapping contract periods are critical to avoid a data dark period.

RFP Risks

If a new vendor is selected:

- Implementation costs and timeline are significant.
- New vendor would have to be significantly lower cost to offset implementation costs.
- Diversion of analytic resources and curtailing analytic maturity.
- ETF is satisfied with IBM's tools.
- No critical or high risk data security or quality issues found with IBM.

Original RFP – only two vendors met ETF's needs and IBM was price competitive

Two-Year Extension

Extend contract another two years through 2024

Financial terms would have to be negotiated

Additional time to determine if an RFP is appropriate

10-Year Extension

Extend the contract through December 31, 2032

Financial terms would have to be negotiated

Reflects the nature of a data warehouse

Appropriate given likely changes in technology and the market

Allows ETF analytic capabilities to continue developing

Evergreen Option

Convert the IBM contract to an evergreen contract

- Automatically renews unless either party notifies the other it intends to terminate
- Annual performance review
- Payments would be contingent on continued satisfaction

ETF has other evergreen contracts

Reflects the nature of a data warehouse

Allows ETF analytic capabilities to continue developing

Does not prevent future reviews of technology and market conditions

Recommendation

Approve ETF pursuing a 10-year contract extension with IBM Watson Health for data warehouse services effective January 1, 2023

- Financial cost of switching to a different vendor is significant.
- Additional cost of diverting ETF analytic resources away from analytic priorities.
- No indication the market has changed significantly since the original RFP.
- Board still has options if IBM's performance deteriorates.



Questions?

Thank you



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