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Correspondence Memorandum

Date: October 16, 2020

To: Group Insurance Board

From: Rachel Carabell, Senior Health Policy Advisor
 Office of Strategic Health Policy

Joanne Klaas, Contract Specialist
 Bureau of Budget, Contract Administration and Procurement

Subject: IBM Benefits Mentor Proposal

The Department of Employee Trust Funds (ETF) requests the Group Insurance Board (Board) approve an amendment to the current contract with IBM Watson Health to include the Benefits Mentor virtual health benefits counseling tool starting January 1, 2021.

Under this proposal, ETF would replace its current virtual health benefits counseling tool, [ALEX](#), with the IBM Watson Health tool called Benefits Mentor. ETF believes this change will result in a better customer experience and reduce overall administrative costs for a virtual health benefits counseling tool.

Background

ETF currently contracts with Jellyvision, a benefits education software company, for ALEX, an interactive virtual benefits counseling tool. ALEX was first launched in the summer of 2018 prior to the start of the 2019 open enrollment period. ALEX asks members a series of questions and recommends a health plan design option based on the member's answers. While the primary focus of the tool is on health plan design selection, it also provides information on other employee benefits, including supplemental dental and vision benefits; life insurance; wellness; disability; pre-tax savings accounts; and the employee assistance program.

While ALEX is used most during open enrollment, it is also available throughout the year for new employees and members with life events who are considering changing their benefits.

ETF's use of ALEX is designed for State and University of Wisconsin Hospital and Clinics employees and retirees. The University of Wisconsin (UW) Board of Regents

Reviewed and approved by Eileen K Mallow, Director, Office of Strategic Health Policy

Eileen K Mallow Electronically Signed 11/6/20

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contracts directly with Jellyvision for its own employees. ALEX is not available for local government employees.

During the 2019 open enrollment periods, visits to the ETF ALEX webpage exceeded 21,000, not including visits to UW's ALEX tool. During non-open enrollment months, visits to the ETF ALEX web page ranged from approximately 500 to 800 per month. Because the ALEX tool makes recommendations based on which health plan design option is most financially advantageous, it has been credited with a substantial increase in High Deductible Health Plan (HDHP) enrollment. This was a 36% increase for the 12-month period ending February 2020, compared to the prior 12-month period.

ETF's contract with Jellyvision was executed as a subscription included under the UW contract with Jellyvision. The current subscription is set to expire September 15, 2021. If ETF wants to renew its subscription to ALEX for the 2022 open enrollment period, ETF will need to renew its subscription no later than June 30, 2021 to guarantee delivery by September 15, 2021. ETF's current one-year subscription cost for ALEX is approximately \$360,000.

Current Contract with IBM Watson Health

The Board is currently contracted with IBM Watson Health through December 31, 2022, for a data warehouse and business intelligence tools. At the February 2020 Board meeting, the Board approved pursuing a seven-year contract extension with the possibility of one, three-year extension with IBM Watson Health for data warehouse services effective January 1, 2023. ETF and IBM are in the process of negotiating these contract extension terms.

ETF refers to the IBM-administered data warehouse and business intelligence tools as the Data, Analytics and InSights (DAISI) tools. DAISI includes medical, pharmacy, and dental claims data for the State's Group Health Insurance Program (GHIP) and the Wisconsin Public Employer (WPE) program as well as wellness data submitted by the program's wellness administrator, StayWell. This data is submitted directly to IBM from program vendors. In addition, ETF sends member demographic and enrollment data to IBM.

Concerns with ALEX

Given the number of GHIP plan design options for members, a virtual benefits counseling tool is essential for ensuring that members have the best information available when making plan design decisions. As described below, users may not be getting the most useful information from ALEX, and its style and tone are not providing a positive user experience for many users. In addition, ALEX is a relatively high cost tool.

Plan Design Recommendation

ALEX almost universally recommends the HDHP as the most financially advantageous plan design option because it focuses on total plan costs for the year. While this plan

may be financially advantageous for many, the inability to consider other factors and regularly generate a recommendation other than the HDHP has resulted in questions about the credibility of the tool from members, employers, and ETF staff.

Accuracy of Health Care Utilization and Cost Projections

ALEX relies on users to accurately estimate their health care utilization for the next year to develop the most appropriate recommendation. The tool allows members to estimate the number of services and prescriptions expected. Users can let ALEX use national average data to develop recommendations. ALEX does not have the user's actual historical costs and utilization that would support more accurate estimates to develop plan recommendations.

Style

While some members respond well to ALEX's light-hearted style, feedback from members and employers suggests many users don't appreciate the tool's overall tone. Further, the tool's style and overly conversational tone may contribute to the perception that the time required to proceed through the tool is too lengthy.

Cost

ETF's costs for a current one-year subscription to ALEX is approximately \$360,000. In addition, because the UW has its own contract with Jellyvision, it incurs an additional \$225,000 annually for its version of ALEX.

IBM Watson Health's Benefits Mentor

Benefits Mentor is an off-the-shelf benefits counseling tool that is used to educate members about their benefit design options. While the primary purpose for recommending Benefits Mentor is an improved customer experience, ETF is confident that Benefits Mentor will meet other ETF needs, including lower costs, the ability to customize the user experience, data security, and simplified implementation.

User Experience

Benefits Mentor will provide a better user experience than ALEX for the following reasons:

- **Actual Healthcare Utilization Data** – Benefits Mentor is integrated with DAISI eligibility and claims experience so the tool will provide users with their actual utilization experience, providing a better foundation for estimating future utilization than a user's memory or average national data. Out-of-pocket cost estimates will also be based on actual costs for the providers seen by the user, rather than a national average. Benefits Mentor will use costs and utilization based on normative data provided from its MarketScan database for new or future members that do not have data yet in DAISI.

- Best Fit Plan Recommendations – Like ALEX, Benefits Mentor presents a best fit plan design option for the user and their dependents based on the user's inputs. However, Benefits Mentor users can select whether they want the best fit recommendation based on:
 - a) lowest overall cost at the end of the year;
 - b) lower costs at the doctor and pharmacy; or
 - c) lowest premium.

This functionality increases the likelihood of other plan designs than the HDHP to be recommended as the best fit based on the preference selected by the user. ETF believes this functionality will increase employers' and members' confidence in the tool's recommendations.

- Watson's Artificial Intelligence (AI) Integration – IBM's Watson technology is embedded in Benefits Mentor digital chat experience. This feature allows the user to ask questions in natural language. Watson will understand the intent of the question and return an answer. This feature can address some health literacy issues that typically plague the benefit selection process.
- Plan Options Display – Benefits Mentor display is user friendly and the financial comparison feature is easier to understand than ALEX (see attachment). While ALEX also shows a side-by-side comparison option, it is not the default presentation. With ALEX, members need to click for more information to get such a side-by-side comparison.
- Style – Benefits Mentor provides a user-friendly, intuitive tool that doesn't include the cute light-hearted style of ALEX. The Watson chat feature allows users to use natural language to ask questions and get answers. Also, IBM indicates that the typical session on its Benefits Mentor tool takes less than 10 minutes from start to finish.

Cost

Estimated costs for Benefits Mentor are approximately \$250,000 annually, with UW employees included. This is approximately \$110,000 less than ETF currently spends on ALEX, not including UW employees. The actual price for Benefits Mentor will depend on the number of employees eligible to use the tool and the number of plan designs included.

Flexibility and Customization

While the tool is an off-the-shelf product, it is far more customizable than the ALEX tool. ETF will be able to utilize terminology and branding familiar to members and reduce potential confusion with the tool. This has been confirmed by other Benefits Mentor customers.

Data Security

ETF has reviewed IBM's data security standards and processes and is comfortable that IBM is following best practices for data security and user authentication. ETF will continue to monitor its efforts specific to the Benefits Mentor platform.

Simplified Implementation

The implementation of Benefits Mentor will require fewer ETF resources to implement than other products that incorporate actual claims experience since IBM Watson Health already has the claims and eligibility data in DAISI, and the two products will be integrated.

Timeline

With the Board's approval, ETF will begin negotiating with IBM Watson Health on the terms for the amendment to add Benefits Mentor. ETF expects to agree to final terms by December 31, 2020. Negotiations will occur simultaneously with negotiations to extend IBM Watson Health's DAISI contract starting January 1, 2023. The Benefits Mentor services are anticipated to be renewable every other year and would require an active Data Warehouse contract.

ETF expects to begin Benefits Mentor implementation in January 2021 with a soft roll-out of Benefits Mentor scheduled for July 2021. This timeline ensures that Benefits Mentor is operational and fully tested prior to the start of the 2022 open enrollment period.

Prior to the start of implementation, the UW will determine if its employees will use Benefits Mentor in 2021 or continue to use ALEX. If the UW does not elect to use Benefits Mentor in 2021, the opportunity can be revisited in future years.

Proposal

ETF is asking the Board to approve amending the IBM Watson Health contract to add Benefits Mentor for a two-year period starting in 2021 with options to renew this service. Under this proposal, ETF would discontinue its subscription to ALEX as of September 15, 2021 and instead implement Benefits Mentor in July 2021.

Staff will be at the meeting to answer any questions.

Attachment

Examples of Plan Comparisons

ALEX Virtual Benefits Counselor

alex Medical etf

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Plan Design	Total Cost	Network Status
High Deductible Health Plan (HDHP) Design	\$4,436	IN-NETWORK ONLY
IYC Health Plan Design	\$6,364	IN-NETWORK ONLY
Access HDHP Design	\$9,812	STATE OF WISCONSIN CONTRIBUTES \$1,500 TO YOUR HSA
Access Plan Design	\$11,740	

IBM Benefits Mentor

Plan Type	Carrier	Feature	Premium	Estimated Out-of-Pocket Costs	Estimated Total Cost
EPO	Carrier 3	★ Best Match, FSA	\$604 per month	\$1,964 <i>Max out-of-pocket: \$15,100</i>	\$9,214
PPO	Carrier 1	FSA	\$467 per month	\$2,858 <i>Max out-of-pocket: \$8,000</i>	\$8,458
HDHP with HSA	Carrier 2	HSA	\$154 per month	\$4,964 <i>Max out-of-pocket: \$13,200</i>	\$6,814