

AMENDMENT

It is agreed by and between the State of Vermont, Office of Vermont Health Access (hereinafter called "State") and MAXIMUS with their principal place of business at 11419 Sunset Hills Road, Reston, Virginia (hereinafter called "Contractor") that the contract originally entered into on July 1, 2005, dated July 1, 2005 through June 30, 2007 is hereby amended effective September 1, 2006 as follows:

By deleting on page 1 of 37, Section 3 and substituting in lieu thereof the following Section 3:

3. Maximum Amount. In consideration of the services to be performed by Contractor, the State agrees to pay Contractor, in accordance with the payment provisions specified in Attachment B, a sum not to exceed \$4,682,949.00.

By adding on Page 1 of 37, Section 8 Attachments the following:

H Part II – MAXIMUS Proposal, June 23, 2006 (6 pages Letter and Cost Proposal).

By deleting on Attachment B, Section 1 \$4,282,787.00 and substituting in lieu thereof the following:

“\$4,682,949.00”

By deleting on page 14 of 37, Attachment B, Section 2 and substituting in lieu thereof, the following Section 2:

2. In lieu of the Performance Bond as outlined in the State's Request for Proposal dated January 31, 2005, the Contractor agrees to a 6% retainage of the total contract for the duration of the contract. Such retainage will be withheld from each monthly payment. The Contractor can submit a bill to the State for the retainage at the end of each contract year.

For all services provided under this contract, the State agrees to pay the Contractor in the following manner:

- \$177,365.33 monthly less the 6% retainage for the period July 1, 2005 through May 31, 2006.
- \$186,061.37 monthly less the 6% retainage for the month of June 2006.
- \$178,808.92 per month less 6% retainage for the period July 1, 2006 through August 31, 2006.
- \$218,825.12 per month less 6% retainage for the period September 1, 2006 through June 30, 2007.

By deleting the on page 15 of 37, Attachment B, Section 6 and substituting in lieu thereof, the following Section 6.

6. Budget for Enrollment Counseling and Member Services Functions:

Revised Amendment 2 Budget for the Period 7/1/2005 through 6/30/2007

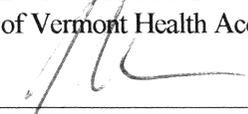
Category	Number FTEs	Amendment 1 Costs Year 1	Revised Number of FTEs	Amendment 1 Costs Year 2	Additional Costs Year 2	Amendment 2 Costs Year 2	Total Amendment 2 Costs Year 1 & 2
Personnel (Includes Fringe)							
Administrative	6.41	\$ 396,524	6.41	\$ 406,870	\$ -	\$ 406,870	\$ 803,394
Direct Staff	21.00	\$ 793,826	21.00	\$ 815,553	\$ 52,166	\$ 867,719	\$ 1,661,545
Direct Staff MSR Expansion		\$ -	4.00	\$ -	\$ 184,184	\$ 184,184	\$ 184,184
Total Personnel Costs	27.41	\$ 1,190,350	31.41	\$ 1,222,423	\$ 236,350	\$ 1,458,773	\$ 2,649,123
Administrative/Other Costs:							
Rent and Utilities		\$ 117,781		\$ 120,726	\$ -	\$ 120,726	\$ 238,507
Telephone/Communications		\$ 78,426		\$ 79,885	\$ 3,570	\$ 83,455	\$ 161,881
Information Systems		\$ 53,610		\$ 20,808	\$ 7,870	\$ 28,678	\$ 82,288
Travel		\$ 35,129		\$ 34,526	\$ -	\$ 34,526	\$ 69,655
Other:							
Repair/Maintenance		\$ 14,200		\$ 14,555	\$ -	\$ 14,555	\$ 28,755
Furniture and Equipment		\$ 7,402		\$ 6,150	\$ 15,000	\$ 21,150	\$ 28,552
Office Supplies		\$ 11,988		\$ 12,271	\$ -	\$ 12,271	\$ 24,259
Training Unit		\$ -		\$ -	\$ 60,900	\$ 60,900	\$ 60,900
Miscellaneous		\$ 21,674		\$ 21,240	\$ -	\$ 21,240	\$ 42,914
Total Other		\$ 55,263		\$ 54,215	\$ 75,900	\$ 130,115	\$ 185,378
Total Administrative/Other Costs		\$ 340,209		\$ 310,161	\$ 87,340	\$ 397,501	\$ 737,710
Material Production & Printing							
Enrollment and Member Services Materials		\$ 35,635		\$ 36,526	\$ -	\$ 36,526	\$ 72,161
Notices		\$ 823		\$ 844	\$ -	\$ 844	\$ 1,667
Postage		\$ 199,856		\$ 204,852	\$ -	\$ 204,852	\$ 404,708
Total Material Production & Printing Costs		\$ 236,314		\$ 242,222	\$ -	\$ 242,222	\$ 478,536
Total Direct Costs		\$ 1,766,873		\$ 1,774,806	\$ 323,690	\$ 2,098,496	\$ 3,865,368
G & A 15% on all costs except postage		\$ 235,052		\$ 235,493	\$ 48,554	\$ 284,047	\$ 519,099
Earnings Factor @ 7.5% on all costs except postage		\$ 135,155		\$ 135,408	\$ 27,918	\$ 163,327	\$ 298,482
Total Costs (Direct, Indirect, and Pass through)		\$ 2,137,080		\$ 2,145,707	\$ 400,162	\$ 2,545,869	\$ 4,682,949

This amendment consists of 9 pages. Except as modified by the above amendment, all provisions of the original contract as previously amended shall remain unchanged and in full force and effect.

APPROVED AS TO FORM:



Attorney General's Office
Date: 7/25/06

STATE OF VERMONT:
Office of Vermont Health Access
By: 

Joshua Slen, Director
Date: 8-14-2006

CONTRACTOR: MAXIMUS, Inc.
By: Bruce L. Corwell
Title: President & GM, Operations
Date: August 8, 2006



Attachment H – Part 11 Maximus Proposal

June 23, 2006

Ms. Esther Perelman
Director of Policy and Reports
Office of Vermont Health Access
Hurricane Lane
Williston, Vermont 05495

In accordance with your request, MAXIMUS has prepared a proposal for addressing the recent declines in Call Center performance levels at the Vermont Health Access Member Services project. Our understanding of the root causes contributing to this decline, and proposed steps to address these issues are described for you below.

BACKGROUND

MAXIMUS has a 10 year history with the Office of Vermont Health Access, and for the majority of that tenure, has provided superior levels of customer service to beneficiaries of Vermont state-funded health care programs. Due to recent and continued escalation of call volume and overall workload, call center performance has declined.

In exploring the reasons behind the recent escalation in volume and subsequent decline in service levels, Project Management have identified four primary drivers of this over the past year or so, higher than expected incoming call volume, increasing complexity in the nature of calls, greater requirements for follow up leading to additional call wrap up time, and staff recruitment and turnover. These items are discussed in more detail below.

Increased Call Volume

In accordance with volume estimates outlined in the Contract, the Call Center is currently staffed to handle up to 1,200 calls per day within contract standards. During the re-procurement in early 2005, the OVHA anticipated that this call volume would remain steady, or even decrease over time. Other than an initial up tick in calls during the conversion effort, the Call Center was not expected to experience sustained increases in call volume as the result of Medicare Part D. Contrary to these projections call volume has remained consistently high and has exceeded 1,200 calls per day on 75 percent of all days since January 1, 2006. On certain days each month calls exceed the 1,200 call standard by more 50 percent, and on some days overall volume exceeds 2,000 calls. This represents a significant increase as compared to the volume experienced in 2004 and 2005.

MAXIMUS performance on days at or below 1,200 calls received almost always exceeded the performance standards established in the Contract. During the first five months of 2006, on days



where 1,200 or fewer calls are received, MAXIMUS has answered 99.2 percent of calls within four minutes and 94.7 percent of calls within 2 minutes, with an average abandonment rate of seven percent. When incoming call volume exceeds contractual levels, Call Center performance typically does not meet all standards. The primary cause of the increased demand is the continued high volume of Medicare Part D calls. While OVHA did not project the need to increase MSR staffing levels to support Medicare Part D, 20 percent of our current call volume is related to Medicare Part D issues. While this volume may fluctuate or even decline at some point, MAXIMUS anticipates that we will continue to handle problem cases and referrals for the foreseeable future. We also anticipate marked increases in call volume during the re-enrollment periods in November and December, the implementation of new choices in January, and during the pharmacy review period in June.

Another strain on our overall performance is the decision to increase our telephone capacity by adding new telephone lines without a corresponding increase in staff to handle the calls. The net effect of this change are fewer busy signals during periods of high volume, longer waiting time in the telephone queue, and increased abandonment rates.

Increased Call Complexity

Over the past several years, the Call Center has been tasked with handling additional types of calls and this has led to an overall increase in call complexity. Taken individually, no individual additional call type would significantly impact performance. However, taken together, this has led to greater complexity of calls requiring more critical thinking by the MSRs and Supervisors to ensure that the information disseminated is correct. Examples of increased call complexity include:

- Medicare Part D resolutions, with specialized computer screens for support
- Complex premium processing calls and the addition of several additional computer screens to support this process
- Increased complexity related to the grievance and appeals process.

The increase in call complexity also necessitates more Supervisor assistance and intervention and limits the ability for Supervisors to assist with incoming call volume.

Increased Need for Call Follow Up

Medicare Part D related issues and more complex premium related issues often require advanced research in different computer systems, emails to various stakeholders, and follow up calls to callers. These activities impact MSR availability to take incoming calls but are not reflected in daily telephone statistics.

Staff Recruitment and Turnover

Sustained high call volumes and increased call complexity have led to accelerated job burnout and staff turnover. In addition, MSR salary rates are no longer competitive in the local labor market. The result of this is that after investing significant time and resources in training efforts, many staff



quickly leave for higher paying jobs in other Call Centers, the commercial insurance industry, or for comparable positions with the State of Vermont. While the starting salary for MSRs is \$12 per hour, salary surveys for the local market indicate that, to be competitive, the average salary for MSRs should fall in the range of \$13.00 - \$16 per hour.

PROPOSED SOLUTIONS

Wait Time Thresholds, Messages and Call Backs --Immediate Remedy

Along with increased call volumes in general, the Call Center has experienced greater fluctuation in call volumes from day to day, and from hour to hour. To address surges in call volume without having to greatly increase MSR staffing to accommodate peaks, we propose to establish a wait time threshold at which point designated MSRs triage incoming calls and take messages for a return call later. Calls of an urgent nature can be passed to an MSR for immediate service. Call backs for less urgent calls can be made during slower periods, or outside of normal business hours as required, within a mutually agreed upon timeframe such as same day or next business day for calls received after 3 pm. This is a procedure MAXIMUS utilizes successfully in many of our Call Centers.

Email Communications

We propose to strongly urge advocates such as the Ombudsman and Area Agency on Aging to utilize email, rather than calling the HelpLine, when seeking to obtain information on behalf of beneficiaries during busy call times. Most of these calls are complex and require a good deal of research and follow up, and an immediate resolution via the HelpLine is typically not possible in most instances. Again, this research and the return calls can be conducted during slower times or outside of normal business hours as needed.

Increase Staff by 4 FTEs

While some of the temporary volume increases we have experienced, such as annual pharmacy reviews, may abate in time, our core call volume has clearly increased. We estimate that a number of abandoned calls are from repeat callers. To increase our capacity to handle up to 1,400 calls per day with high levels of service, we propose to hire four additional MSRs. We are prepared to provide a follow up report in three months and again in six months that reviews call center performance at the new staffing levels, and assesses whether this is right staffing level to support operations on an ongoing basis.

Starting Salary Adjustment

Bring salaries into line with comparable positions within the State of Vermont and the private sector. We anticipate that this will improve our level of success related to staff recruitment and retention efforts. This will also enable us to attract higher caliber staff and enhance the quality and efficiency of our service. We propose the following.



- Increase starting salaries for MSRs to \$13 per hour, with an increase to \$14.00 after six months on the job assuming the MSR has met internal requirements related to productivity and quality. This wage is slightly higher than that provided to Program Services Clerks within the HAEU, but lower than that provide to Benefits Program Specialists.
- Adjust existing MSR salaries across the board by \$1 per hour while staying in the overall range of a minimum of \$13 per hour and a maximum of \$17 per hour.
- Adjust MSR Supervisor salaries from a low end of the range of \$16 per hour and a high end of the range of \$20 per hour. This adjustment brings MAXIMUS supervisory staff salaries more in line with those of Benefit Program Specialists with no supervisory duties.

Establish an Ongoing Training Unit

Given the stress levels involved in serving as an MSR in a busy Call Center, it is necessary to continuously recruit, hire, and train new staff to maintain staffing levels. Traditionally, new staff is not hired until we experience vacancies and the learning curve is such that we are not able to maintain peak MSR productivity. To that end, we propose to establish a training unit, with a dedicated Supervisor. This is a practice MAXIMUS utilizes in most of our Call Centers successfully and is intended to achieve the following results.

- Maintain a training “pipeline” of two to four MSR trainees in additional to our full complement of staff to ensure that vacancies are filled quickly and competently.
- Provide an open “bull pen” environment that is separate from normal Call Center operation with a dedicated Unit Supervisor that offers an increased level of continuous supervision and assistance.
- Allow new staff to transition into the Call Center environment more gradually, upon demonstrated competence via testing on observation, increasing staff confidence levels, improving performance, and decreasing the number of staff that are become overwhelmed and resign quickly with the onset of handling calls.

COST ESTIMATE

The estimated cost associated with the enhancements described above is provided below by category. The completed cost table is provided as an attachment to this document for your review and consideration.

Cost Category – Fully Loaded	Cost Estimate
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MSR Expansion Add 4 MSRs bringing total to 20 MSRs	\$169,000
Salary Adjustment for MSRs and Supervisors Increase salary range for MSRs to \$13-\$17 per hour Increase salary range for MSR Supervisors to \$16-\$20 per hour	\$64,500
Establish Training “Pipeline” Staff training unit of 5 MSRs 1 month in each quarter Hire one Training Unit Supervisor Furniture/Equipment	\$75,500 \$58,500 \$32,662
Total Cost	\$400,162

SUMMARY

MAXIMUS has truly enjoyed serving as your Contractor to provide Member Services Support and Benefits Counseling Services to beneficiaries for the past decade. We look forward to discussing our proposed plan with OVHA at your convenience. Feel free to contact me at (802) 238-3489 at any time if you require additional information related to our proposal.

Sincerely,

Susan Bauer, Vice President

Health Services

PROPOSED COST ESTIMATE
VHAMS Expansion

Category	FY 2006 Budget Year 1
Personnel (includes Fringe)	
Administrative	\$396,524
Additional CSRs	
Additional Supervisor	
Salary Adjustment	
Direct Staff	\$793,826
Total Personnel Costs:	\$1,190,350
Administrative/Other Costs:	
Rent and Utilities	\$117,781
Telephone/Communications	\$78,426
Information systems	\$53,610
Travel	\$35,129
Other:	
Repair/Maintenance	\$14,200
Furniture and Equipment	\$7,402
Office Supplies	\$11,988
Miscellaneous	\$21,674
Training Unit	
Total Other	\$55,264
Total Administrative/Other Costs:	\$340,210
Material Production/Printing Costs:	
Enrollment and Member	
Services Materials	\$35,635
Notices	\$823
Postage	\$199,856
Total Material Production/Printing Costs:	\$236,314
Total Direct Costs:	\$1,766,874
G & A 15% on all costs except postage	\$235,053
Earnings Factor @ 7.5% on all costs except postage	\$135,155
Total Costs (Direct, Indirect, and Pass through)	\$2,137,082

FY 2007 Budget Year 2	Adjustment to FY 07	Revised FY 07 Year 2
\$406,870	\$136,822	\$406,870
	\$47,362	
	\$52,166	
\$815,553	\$236,350	\$1,051,903
\$1,222,423	\$236,350	\$1,458,773
\$120,726		\$120,726
\$79,855	\$3,570	\$83,425
\$20,808	\$7,870	\$28,678
\$34,526		\$34,526
\$14,555		\$14,555
\$6,150	\$15,000	\$21,150
\$12,271		\$12,271
\$21,240		\$21,240
	\$60,900	\$60,900
\$54,216	\$87,340	\$141,556
\$310,161	\$87,340	\$397,501
\$36,526		\$36,526
\$844		\$844
\$204,852		\$204,852
\$242,222		\$242,222
\$1,774,806	\$323,690	\$2,098,496
\$235,493	\$48,554	\$284,047
\$135,409	\$27,918	\$163,327
\$2,145,708	\$400,162	\$2,545,870

Budget	Amendment	Revised Budget
\$803,394		\$803,394
	\$136,822	
	\$47,362	
	\$52,166	
\$1,609,379	\$236,350	\$1,845,729
\$2,412,773	\$236,350	\$2,649,123
\$238,507		\$238,507
\$158,311	\$3,570	\$161,881
\$74,418	\$7,870	\$82,288
\$69,655		\$69,655
		0
\$28,755		\$28,755
\$13,552	\$15,000	\$28,552
\$24,259		\$24,259
\$42,914		\$42,914
	\$60,900	\$60,900
\$109,480	\$87,340	\$196,820
\$650,371	\$87,340	\$737,711
\$72,161		\$72,161
\$1,667		\$1,667
\$404,708		\$404,708
\$478,536		\$478,536
\$3,541,680	\$323,690	\$3,865,370
\$470,546	\$48,554	\$519,100
\$270,564	\$27,918	\$298,482
\$4,282,789	\$400,162	\$4,682,952