

# Executive Summary

Actuarial & Underwriting Committee Meeting, December 6, 2022

**Board of Governors Meeting, December 7, 2022**

## Quality Management Solution (QMS)

### Topic

Citizens staff is requesting approval to enter into a contract with J.Lodge, LLC (J. Lodge), a Cognosante Company, for the purchase, implementation and use of MyQuality, a cloud-based Quality Management Solution (QMS). The base term will be five (5) years with three (3) optional one (1) year renewals. Approval is requested for a total contract amount not to exceed \$1,497,325 for software, implementation, and associated support and services through the base term and subsequent renewals.

### History

Citizens Quality Improvement Team monitors, and reviews call and task-based transactions for Underwriting, Consumer & Policy Services, Vendor Management, and Agency and Market Services to provide employee feedback and make recommendations for improved process performance. In addition, the team conducts calibration sessions internally and with vendor partners, addresses scoring reviews, and provides comprehensive dashboard reports monthly and/or quarterly to the business units supported. During the twelve-month period of November 2021 through October 2022, the Citizens team of 12 quality evaluators completed over 36,000 quality reviews. The team uses an internally developed application named QCenter, a solution built using Microsoft Access and requiring 1.25 resources (made up of contingent and Citizens employee) annually to support. The cost of these FTEs is \$207,940, and the annualized cost of the QMS is \$187,166.

Citizens issued Invitation to Negotiate No. 21-0014 to procure a cloud based QMS and received eight (8) vendor responses. Following negotiations with the top four (4) ranked vendors, J.Lodge was selected as the best value solution, offering a SaaS solution called MyQuality. Pricing from J. Lodge was the lowest bid received for a combined call / task quality system including implementation fees, professional services, and single sign on (SSO).

While the primary purpose of this procurement is to replace an internally developed end user computing platform which is experiencing production support issues, MyQuality has several areas of benefit, including system integration, risk reduction, scalability, productivity, functionality, and cost efficiency. It is a SaaS based solution providing a framework of important capabilities and benefits including the ability to track premium changes due to error corrections, reducing internal support risk, legacy-built architecture, offering quality automation and compliance tracking across Citizens, and cost efficiency based on a comparable price point to the current solution.

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## Benefits:

**Cost Efficient:** MyQuality is less expensive to support than continuing with QCenter.

**Increased Productivity:** QCenter has been experiencing slower response time and intermittent errors over the past 6-12 months which is impacting user productivity. Moving to MyQuality, a vendor-supported cloud solution, is expected to yield a 10-15% increase in productivity. This will allow the QI team the ability to conduct additional evaluations and/or the availability to focus on value-add research and analysis for better business-unit insights.

**Enhanced Functionality and Industry Leading Practices:** J. Lodge, an expert in quality management capabilities, routinely adds capabilities and leading practices to their QMS. It is anticipated that the benefits will further enhance the effectiveness and productivity of the Citizens Quality Improvement Team.

**Reduced Risk:** QCenter is an internally built legacy application that is maintained by limited specialized contractor and support staff. MyQuality uses current cloud technology and is supported by J. Lodge.

**Scalable to Citizens:** QCenter was very targeted in its application whereas MyQuality has additional capabilities and features that could be leveraged for expanded uses such as automating manual quality processes within various Citizens teams, thereby improving their effectiveness and productivity.

**Integration with Core System:** QCenter is not integrated with Citizens' PolicyCenter and is unable to track premium changes (savings). MyQuality can be integrated with PolicyCenter or other Citizens applications, providing the ability to aggregate data and identify trends. In addition, this integration will automate reporting, allowing for self-service, by the Citizens Quality Improvement Team's business partners.

The following chart outlines the negotiated pricing:

	QMS (Software and SSO)	Implementation and Professional Services	Total
<b>Base Term (Years 1-5)</b>	\$ 633,436	\$ 165,774	\$ 799,210
<b>Renewal Term (Years 6-8)</b>	\$ 380,062	\$ 68,469	\$ 448,531
<b>Project Contingency</b>			\$ 249,584
<b>Totals</b>	\$ 1,013,498	\$ 234,243	\$ 1,497,325

## Recommendation

The recommendation is listed in the attached Action Item.

## Quality Management Solution

**ACTION ITEM**

**New Contract**

**Contract Amendment**

**Other** \_\_\_\_\_

**CONSENT ITEM**

**Contract Amendment**

**Existing Contract Extension**

**Existing Contract Additional Spend**

**Previous Board Approval** \_\_\_\_\_

**Other** \_\_\_\_\_

**Action Items:** Items requiring detailed explanation to the Board. When a requested action item is a day-to-day operational item or unanimously passed through committee it may be moved forward to the board on the Consent Index.

**Move forward as Consent:** This Action item is a day-to-day operational item, unanimously passed through committee or qualifies to be moved forward on the Consent Index.

**Consent Items:** Items not requiring detailed explanation to the Board of Governors. Consent items are contract extensions, amendments or additional spending authorities for items previously approved by the Board.

<b>Purpose/Scope</b>	This Action Item seeks Board approval to enter into a contract with J.Lodge, LLC, a Cognosante Company for the purchase and implementation of MyQuality, a cloud-based Quality Management Solution (QMS). The base term will be five (5) years, with three (3) optional one (1) year renewals. Approval is requested for a total contract amount not to exceed \$1,497,325 for software, implementation, and associated support and services through the base term and subsequent renewals.
<b>Contract ID</b>	Name: Quality Management Solution Contract Number: 22-21-0014-00 Vendor: J. Lodge, LLC, a Cognosante Company
<b>Budgeted Item</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  Funding for the purchase, implementation, and use of the products will be included in the 2023 budget request to be submitted to the Board for approval in December 2022. Funding for subsequent years will be budgeted in the appropriate budget year.
<b>Procurement Method</b>	Citizens issued an Invitation to Negotiate No. 21-0014 to procure a cloud-based Quality Management Solution and received eight (8) responses. Four vendors were advanced to demonstrations and negotiations sessions, and J.Lodge, LLC was selected as the best value solution for QMS.

## Quality Management Solution

<b>Contract Amount</b>	\$1,497,325 for the base term and all optional renewal terms (total of eight (8) years), comprised as follows: QMS (Software and single sign on) \$1,013,498 Implementation Fees: \$57,605 Professional Services: \$176,638 Contingency Fees: \$249,584
<b>Contract Terms</b>	The base year will be five (5) years, followed by three (3) optional one (1) year renewal terms.
<b>Committee Recommendation</b>	Staff proposes that the A&U Committee review, and if approved, recommend the Board of Governors: <ul style="list-style-type: none"> <li>a) Authorize the Quality Management Solution contract with J. Lodge, LLC for an initial term of five (5) years, followed by three (3) optional one (1) year renewals for an amount not to exceed \$1,497,325, as set forth in this Action Item; and</li> <li>b) Authorize staff to take any appropriate or necessary action consistent with this Action Item.</li> </ul>
<b>Board Recommendation from Committee</b>	If approved at its December 6, 2022 meeting, the A&U Committee recommends that the Board of Governors: <ul style="list-style-type: none"> <li>a) Authorize the Quality Management Solution contract with J. Lodge, LLC for an initial term of five (5) years, followed by three (3) optional one (1) year renewals for an amount not to exceed \$1,497,325, as set forth in this Action Item; and</li> <li>b) Authorize staff to take any appropriate or necessary action consistent with this Action Item.</li> </ul>
<b>Contacts</b>	Kelly Booten, Chief Operating Officer Stephen Guth, Vice President – Enterprise Services