

SUBJECT: SIMS Members' Claim System Payment Options

ACTION FOR CONSIDERATION:

Approve the recommendation of the SIMS Member payment options, as presented.

BACKGROUND:

In 2002, after the Technology Committee approved the purchase of the iVOS claims system, members showed an interest in purchasing iVOS as their primary claims management system. Staff was successful in negotiating a discounted rate for members to use iVOS under the EIA's contract; however, given the budget limitations of most small members, a payment plan was devised.

In 2003, the Technology Committee approved the recommended price structure for member usage of iVOS. Currently, members pay conversion and implementation costs, as quoted by Aon. Staff calculated an annual flat fee that covers the cost of license fees and training (which are one-time fees), annual maintenance and ASP hosting fees, of which after 5 years the cost is offset. The gain is reciprocated back into the EIA's General Fund and pays for staff iVOS support. The flat fee allows members to budget the same amount each year without any annual fee increases.

During contract negotiations with Systema, staff was able to negotiate a discounted rate for members to purchase the SIMS claim system through the EIA. These costs are greater than what members currently pay for iVOS. In order to make SIMS more affordable, staff is proposing 3 different payment options:

- The Pass Through payment plan allows members to pay all fees, as charged by Systema. An annual \$1,000 EIA Administration fee has been incorporated to compensate for staff providing claims system support.
- The Level Payment – Break Even payment plan allows members to pay a flat annual fee that will break even with the cost of SIMS after 7 years. As the level payments continue, the gain will be placed in the EIA General Fund. The EIA Administration fee has been waived, since support service fees will be compensated for after the break even year.
- The Inter Fund Borrowing payment plan allows members to finance the one-time fees for SIMS for a period not-to-exceed 7 years, subject to an annual finance charge (in our payment model we show a 5 year finance period.). Annual fees

are paid as a pass through, and include an annual \$1,000 EIA Administration fee to compensate for staff providing claims system support.

The following spreadsheets show what members are currently billed annually for iVOS, the actual cost for the SIMS system for each member, according to our contract with Systema, and the payment plan models as listed above. Fresno County was used for illustration purposes.

FISCAL IMPACT:

To compensate for our support services, the EIA will collect an Administration fee in the Pass Through and Inter Fund Borrowing models. No Administration fee will be collected with the Level Payment – Break Even model, since after the break even year the Administration fee will be offset.

RECOMMENDATION:

Staff recommends approving all 3 payment models as viable options so that members have the flexibility to fund the SIMS Claims System. The Technology Committee also recommended that the payment options be available to any members wishing to implement the SIMS system who are not currently part of the iVOS user group.

TYPE OF VOTE REQUIRED: Majority vote of the Committee (6)

Annual iVOS Fees Charged to Members

	Fresno	Humboldt	Madera	Mendocino	SMCSIG	Santa Barbara	Santa Cruz	Stanislaus	Tulare	Total
Lines of Business	GL, MM	GL	GL	GL	GL, Prop	GL	GL, Auto	GL, MM	GL, MM	
Concurrent User	2	1	1	2	2	2	2	1	2	15
Annual Fees										
License Annual Maintenance Fee	\$9,500.00	\$4,750.00	\$4,750.00	\$9,500.00	\$9,500.00	\$9,500.00	\$9,500.00	\$4,750.00	\$9,500.00	\$71,250.00
Check Issuance Module Maintenance Fee	Waived ²	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
CMS Module Annual Maintenance Fee ¹	\$0.00	\$281.25	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$281.25	\$281.25	\$843.75
Document Image Module Maintenance Fee	\$0.00	\$0.00	Waived	\$0.00	\$0.00	\$0.00	Waived	Waived	Waived	\$0.00
Total Annual Fees	\$9,500.00	\$5,031.25	\$4,750.00	\$9,500.00	\$9,500.00	\$9,500.00	\$9,500.00	\$5,031.25	\$9,781.25	\$72,093.75
Modules Purchased by Members										
Check Issuance Module	X									
CMS Module		X						X	X	
Document Image Module			X				X	X	X	

Notes:

¹ CMS Module Maintenance Fee is a flat fee each year.

² Maintenance Fees paid by the EIA are increased 5% each year by Aon. This increase does not affect the Members.

SIMS Conversion Pricing For Existing Small Members

Lines of Business Concurrent User	Fresno	Humboldt	Madera	Mendocino	SMCSIG	Santa Barbara	Santa Cruz	Stanislaus	Tulare	Total
	GL, MM	GL	GL	GL	GL, Prop	GL	GL, Auto	GL, MM	GL, MM	
Software (one time)	2	1	1	2	2	2	2	1	2	
Component/Site License Fees ¹	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Lines of Business ²	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
User Licenses	\$6,000.00	\$3,000.00	\$3,000.00	\$6,000.00	\$6,000.00	\$6,000.00	\$6,000.00	\$3,000.00	\$6,000.00	\$45,000.00
Optional Modules & Connectors ³	\$2,500.00	\$7,500.00	\$2,500.00	\$0.00	\$0.00	\$0.00	\$5,000.00	\$10,000.00	\$10,000.00	\$37,500.00
Totals	\$8,500.00	\$10,500.00	\$5,500.00	\$6,000.00	\$6,000.00	\$6,000.00	\$11,000.00	\$13,000.00	\$16,000.00	\$82,500.00
Custom Development (one time)										
Totals	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Implementation Services (one time)⁴										
Project Mgmt/Business Analyst	\$6,600.00	\$6,600.00	\$6,600.00	\$6,600.00	\$6,600.00	\$6,600.00	\$6,600.00	\$6,600.00	\$6,600.00	\$59,400.00
Data Conversion ⁵	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00	\$135,000.00
Additional Lines of Insurance ⁶	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Training	\$3,960.00	\$3,960.00	\$3,960.00	\$3,960.00	\$3,960.00	\$3,960.00	\$3,960.00	\$3,960.00	\$3,960.00	\$35,640.00
Totals	\$25,560.00	\$25,560.00	\$25,560.00	\$25,560.00	\$25,560.00	\$25,560.00	\$25,560.00	\$25,560.00	\$25,560.00	\$230,040.00
Post-Implementation Services (every year)										
Annual Maintenance Fee ⁷	\$1,700.00	\$2,100.00	\$1,100.00	\$1,200.00	\$1,200.00	\$1,200.00	\$2,200.00	\$2,600.00	\$3,200.00	\$16,500.00
Annual Fee for SIMS Cloud Hosting ⁸	\$9,000.00	\$9,000.00	\$9,000.00	\$9,000.00	\$9,000.00	\$9,000.00	\$9,000.00	\$9,000.00	\$9,000.00	\$81,000.00
Totals	\$10,700.00	\$11,100.00	\$10,100.00	\$10,200.00	\$10,200.00	\$10,200.00	\$11,200.00	\$11,600.00	\$12,200.00	\$97,500.00
Total One Time Fees By Member	\$34,060.00	\$36,060.00	\$31,060.00	\$31,560.00	\$31,560.00	\$31,560.00	\$36,560.00	\$38,560.00	\$41,560.00	

Total One Time Overall \$312,540.00
Total Annual \$97,500.00

Notes:

¹ SIMS Claims Site License Fee waived.

² Lines of Business Fees waived.

³ Optional Modules & Connectors receive a 50% discount. Existing Members have the following modules/connectors:

Fresno	Humboldt	Madera	Santa Cruz	Stanislaus	Tulare
Check Issuance - \$2,500	CMS Direct Module - \$7,500	Doc Image Module - \$2,500	Doc Image Module - \$2,500	Doc Image Module - \$2,500 CMS Direct Module - \$7,500	Doc Image Module - \$2,500 CMS Direct Module - \$7,500

⁴ Implementation Services for Project Mgmt/Business Analyst are a time & expense rate of \$165/hour starting at the following:

- 5 Days of Implementation Services (Project Mgmt/Business Analyst)
- 3 Days of Training

⁵ Data Conversions are offered at a flat rate with the following parameters:

- Less than 10,000 claims \$15,000.00
- Less than 100,000 claims \$20,000.00

⁶ Some Members track other lines of insurance through their GL module in iVOS, they may want to break out the data in this conversion which would be an additional \$7,500 per line of insurance.

⁷ Annual Maintenance Fee is 20% of all User License Fees + Optional Modules & Connectors.

⁸ SIMS Cloud Hosting Fee (existing Members and new Qualified Small Members) is a \$750 flat rate/month.

All pricing is exclusive of travel expenses.

The Annual Maintenance Fee will increase each year at a price increase guaranteed not to exceed the Consumer Price Index (CPI).

Systema SIMS System Pass Through Model For Existing Small Members

Table 1 Qualified Small Members Pricing Schedule		
	Full Price	Discounted Price
Software License Fees		
SIMS Claims Site License	20,000	No Charge
Lines of Business Licenses (per LOB)	9,000	No Charge
Concurrent User Licenses (per user)	3,000	3,000
Optional Modules and Connectors		
Check Issuance Module	5,000	2,500
Document Image Management Module	5,000	2,500
SIMS CMS Direct Module	15,000	7,500
CMS Connector (Gould & Lamb, Mitchell, ISO, or other vendor)	5,000	2,500
Claim Import Connector (Company Nurse or other vendor)	5,000	2,500
ISO Claim Search Connector	5,000	2,500
Positive Pay Bank Connector	5,000	2,500
Medical Bill Review Connector	10,000	5,000
Accounts Payable Connector	10,000	5,000
Policy Connector to CHSI	10,000	5,000
Pharmacy Connector (Express Scripts, PMSI, or other vendor)	5,000	2,500
E-Billing Connector (Jopari, WorkCompEDI, or other vendor)	10,000	5,000
Employee (HR) Connector	10,000	5,000
Managed Care/Medical Treatment Interface (WorkCare or other vendor)	10,000	5,000
Implementation Services		
5 Days of Implementation Services (Project Mgmt/Business Analyst)		6,600
Data Conversion <10,000 claims from one Line of Insurance		15,000
Data Conversion <100,000 claims from one Line of Insurance		20,000
Conversion for an additional Line of Insurance		7,500
3 Days of Training		3,960
Annual Fees		
EIA Admin Fee		1,000
Maintenance & Support (20% of User Lic Fees + Discounted Opt Modules & Connectors)		
SIMS Cloud Hosting (\$750/month)		9,000

County of Fresno							
Lines of Business: GL, MM							
Concurrent User Licenses ¹ : 2							
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
One-Time Fees							
Software License Fees							
Component/Site License Fee ²	-	-	-	-	-	-	-
Lines of Business ³	-	-	-	-	-	-	-
User Licenses	6,000	-	-	-	-	-	-
Optional Modules & Connectors ⁴	2,500	-	-	-	-	-	-
Implementation Services ⁵							
Project Mgmt/Business Analyst	6,600	-	-	-	-	-	-
Data Conversion	15,000	-	-	-	-	-	-
Additional Lines of Insurance	-	-	-	-	-	-	-
Training	3,960	-	-	-	-	-	-
Total One-Time Fees	34,060	-	-	-	-	-	-
Annual Fees							
EIA Admin ⁶	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Maintenance & Support ⁷	1,700	1,751	1,804	1,858	1,913	1,971	2,030
Cloud Hosting	9,000	9,000	9,000	9,000	9,000	9,000	9,000
Total Annual Fees	11,700	11,751	11,804	11,858	11,913	11,971	12,030
Grand Total⁸	45,760	11,751	11,804	11,858	11,913	11,971	12,030

Notes:

¹ Member must have 5 concurrent licenses or less.

² SIMS Claims Site License Fee waived.

³ Lines of Business Fees waived, however, data must be from a single source.

⁴ Optional Modules & Connectors receive a 50% discount (see Table 1 for pricing).

⁵ Implementation Services for Project Mgmt/Business Analyst are a time & expense rate of \$165/hour.

⁶ The EIA will provide the first line of Support. The EIA Admin fee will compensate for this service.

⁷ The Annual Maintenance Fee will increase each year at a price increase guaranteed not to exceed the Consumer Price Index (CPI). CPI rate varies annually, for pricing purposes an average of 3% was used for illustration purposes.

⁸ All pricing is exclusive of travel expenses.

Systema SIMS System

Level Payment - 7 Year Break Even Model For Existing Small Members

Table 1 Qualified Small Members Pricing Schedule		
	Full Price	Discounted Price
Software License Fees		
SIMS Claims Site License	20,000	No Charge
Lines of Business Licenses (per LOB)	9,000	No Charge
Concurrent User Licenses (per user)	3,000	3,000
Optional Modules and Connectors		
Check Issuance Module	5,000	2,500
Document Image Management Module	5,000	2,500
SIMS CMS Direct Module	15,000	7,500
CMS Connector (Gould & Lamb, Mitchell, ISO, or other vendor)	5,000	2,500
Claim Import Connector (Company Nurse or other vendor)	5,000	2,500
ISO Claim Search Connector	5,000	2,500
Positive Pay Bank Connector	5,000	2,500
Medical Bill Review Connector	10,000	5,000
Accounts Payable Connector	10,000	5,000
Policy Connector to CHSI	10,000	5,000
Pharmacy Connector (Express Scripts, PMSI, or other vendor)	5,000	2,500
E-Billing Connector (Jopari, WorkCompEDI, or other vendor)	10,000	5,000
Employee (HR) Connector	10,000	5,000
Managed Care/Medical Treatment Interface (WorkCare or other vendor)	10,000	5,000
Implementation Services		
5 Days of Implementation Services (Project Mgmt/Business Analyst)		6,600
Data Conversion <10,000 claims from one Line of Insurance		15,000
Data Conversion <100,000 claims from one Line of Insurance		20,000
Conversion for an additional Line of Insurance		7,500
3 Days of Training		3,960
Annual Fees		
Maintenance & Support (20% of User Lic Fees + Discounted Opt Modules & Connectors)		
SIMS Cloud Hosting (\$750/month)		9,000

County of Fresno										
Lines of Business: GL, MM Concurrent User Licenses ¹ : 2										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
One-Time Fees										
Software License Fees										
Component/Site License Fee ²	-	-	-	-	-	-	-	-	-	-
Lines of Business ³	-	-	-	-	-	-	-	-	-	-
User Licenses	6,000	-	-	-	-	-	-	-	-	-
Optional Modules & Connectors ⁴	2,500	-	-	-	-	-	-	-	-	-
Implementation Services ⁵										
Project Mgmt/Business Analyst	6,600	-	-	-	-	-	-	-	-	-
Data Conversion	15,000	-	-	-	-	-	-	-	-	-
Additional Lines of Insurance	-	-	-	-	-	-	-	-	-	-
Training	3,960	-	-	-	-	-	-	-	-	-
Total One-Time Fees	34,060	-	-	-	-	-	-	-	-	-
Cumulative Payments	34,060	34,060	34,060	34,060	34,060	34,060	34,060	34,060	34,060	34,060
Annual Fees										
Maintenance & Support ⁶	1,700	1,751	1,804	1,858	1,913	1,971	2,030	2,091	2,154	2,218
Cloud Hosting	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
Total Annual Fees	10,700	10,751	10,804	10,858	10,913	10,971	11,030	11,091	11,154	11,218
Cumulative Payments	10,700	21,451	32,255	43,112	54,026	64,996	76,026	87,117	98,270	109,489
Grand Total⁷										
Cumulative Payments	44,760	55,511	66,315	77,172	88,086	99,056	110,086	121,177	132,330	143,549
Member Payment	15,727	15,727	15,727	15,727	15,727	15,727	15,727	15,727	15,727	15,727
Member Cumulative Payments	15,727	31,453	47,180	62,906	78,633	94,360	110,086	125,813	141,539	157,266
Cash Flow⁸	(29,033)	(24,058)	(19,135)	(14,266)	(9,453)	(4,697)	-	4,636	9,209	13,717

Notes:

¹ Member must have 5 concurrent licenses or less.

² SIMS Claims Site License Fee waived.

³ Lines of Business Fees waived, however, data must be from a single source.

⁴ Optional Modules & Connectors receive a 50% discount (see Table 1 for pricing).

⁵ Implementation Services for Project Mgmt/Business Analyst are a time & expense rate of \$165/hour.

⁶ The Annual Maintenance Fee will increase each year at a price increase guaranteed not to exceed the Consumer Price Index (CPI).

CPI rate varies annually, for pricing purposes an average of 3% was used for illustration purposes.

⁷ All pricing is exclusive of travel expenses.

⁸ The EIA will provide the first line of Support. The gain after Year 7 will compensate for the EIA Admin Fee.

Systema SIMS System Inter Fund Borrowing Model For Existing Small Members

Table 1 Qualified Small Members Pricing Schedule		
	Full Price	Discounted Price
Software License Fees		
SIMS Claims Site License	20,000	No Charge
Lines of Business Licenses (per LOB)	9,000	No Charge
Concurrent User Licenses (per user)	3,000	3,000
Optional Modules and Connectors		
Check Issuance Module	5,000	2,500
Document Image Management Module	5,000	2,500
SIMS CMS Direct Module	15,000	7,500
CMS Connector (Gould & Lamb, Mitchell, ISO, or other vendor)	5,000	2,500
Claim Import Connector (Company Nurse or other vendor)	5,000	2,500
ISO Claim Search Connector	5,000	2,500
Positive Pay Bank Connector	5,000	2,500
Medical Bill Review Connector	10,000	5,000
Accounts Payable Connector	10,000	5,000
Policy Connector to CHSI	10,000	5,000
Pharmacy Connector (Express Scripts, PMSI, or other vendor)	5,000	2,500
E-Billing Connector (Jopari, WorkCompEDI, or other vendor)	10,000	5,000
Employee (HR) Connector	10,000	5,000
Managed Care/Medical Treatment Interface (WorkCare or other vendor)	10,000	5,000
Implementation Services		
5 Days of Implementation Services (Project Mgmt/Business Analyst)		6,600
Data Conversion <10,000 claims from one Line of Insurance		15,000
Data Conversion <100,000 claims from one Line of Insurance		20,000
Conversion for an additional Line of Insurance		7,500
3 Days of Training		3,960
Annual Fees		
EIA Admin Fee		1,000
Maintenance & Support (20% of User Lic Fees + Discounted Opt Modules & Connectors)		
SIMS Cloud Hosting (\$750/month)		9,000

County of Fresno								
Lines of Business: GL, MM								
Concurrent User Licenses ¹ : 2								
Fiscal Year	Year 1 13/14	Year 2 14/15	Year 3 15/16	Year 4 16/17	Year 5 17/18	Year 6 18/19	Year 7 19/20	
Finance Charge Rate ²	0.7%	0.7%	1.0%	1.5%	2.0%	N/A	N/A	
One-Time Fees								
Software License Fees								
Component/Site License Fee ³	-	-	-	-	-	-	-	-
Lines of Business ⁴	-	-	-	-	-	-	-	-
User Licenses	6,000	-	-	-	-	-	-	-
Optional Modules & Connectors ⁵	2,500	-	-	-	-	-	-	-
Implementation Services ⁶								
Project Mgmt/Business Analyst	6,600	-	-	-	-	-	-	-
Data Conversion	15,000	-	-	-	-	-	-	-
Additional Lines of Insurance	-	-	-	-	-	-	-	-
Training	3,960	-	-	-	-	-	-	-
Total One-Time Fees	34,060	-	-	-	-	-	-	-
One-Time Fees Financing Plan								
Annual Payment	(6,926)	(6,926)	(6,926)	(6,926)	(6,926)	-	-	-
Running Balance	27,134	20,397	13,614	6,824	(0)	-	-	-
Annual Finance Charge	190	143	136	102	(0)	-	-	-
Annual Financing Plan Payment	7,116	7,069	7,062	7,029	6,926	-	-	-
Annual Fees								
EIA Admin ⁷	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Maintenance & Support ⁸	1,700	1,751	1,804	1,858	1,913	1,971	2,030	2,030
Cloud Hosting	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
Total Annual Fees	11,700	11,751	11,804	11,858	11,913	11,971	12,030	12,030
Grand Total⁹	18,816	18,820	18,866	18,886	18,840	11,971	12,030	12,030

Notes:

- ¹ Member must have 5 concurrent licenses or less.
- ² Rates shown are illustration purposes, actual rates are set annually by the Board.
- ³ SIMS Claims Site License Fee waived.
- ⁴ Lines of Business Fees waived, however, data must be from a single source.
- ⁵ Optional Modules & Connectors receive a 50% discount (see Table 1 for pricing).
- ⁶ Implementation Services for Project Mgmt/Business Analyst are a time & expense rate of \$165/hour.
- ⁷ The EIA will provide the first line of Support. The EIA Admin fee will compensate for this service.
- ⁸ The Annual Maintenance Fee will increase each year at a price increase guaranteed not to exceed the Consumer Price Index (CPI). CPI rate varies annually, for pricing purposes an average of 3% was used for illustration purposes.
- ⁹ All pricing is exclusive of travel expenses.