



24-4786

DATE: May 7, 2024 (Item No. {{item.number}})
TO: Board of Supervisors
FROM: Laura Rosas, Chief Executive Officer - VHP
SUBJECT: Amendment to the Cognizant TriZetto Agreement

RECOMMENDED ACTION

Consider recommendations relating to the Cognizant TriZetto Agreement. (LA-1)

Possible action:

- a. Approve Amendment to Agreement with Cognizant TriZetto Software Group, Inc., relating to the QNXT core claims administration system, increasing the maximum contract amount by \$2,000,000 from \$66,878,122 to \$68,878,122, and extending the Agreement for a seven-month period through December 30, 2024, that has been reviewed and approved by County Counsel as to form and legality. An exception to Board of Supervisors Policy 5.4.5.4, Length of Term of Contracts, has been approved by the Office of Countywide Contracting Management.
- b. Approve delegation of authority to the County Executive, or designee, to negotiate, execute, amend, or terminate the license and support Agreements with Cognizant relating to the QNXT Core Claims Administration System in an amount not to exceed \$2,000,000 for period June 1, 2024 through December 30, 2024, following approval by County Counsel as to form and legality, and approval by the Office of the County Executive. Delegation of authority shall expire on December 30, 2024.

FISCAL IMPLICATIONS

There will be no impact to the County General Fund as a result of this action. Funds to support the recommended action are available within the Valley Health Plan Fiscal Year (FY) 2024-2025 operational budget. This action is part of the operational funding available in the VHP budget to support ongoing operational functions with the Plan. VHP is an enterprise fund fully supported by revenues earned from membership premiums and does not receive a subsidy from the General Fund.

CONTRACT HISTORY

On August 27, 2013, the Board of Supervisors (Board) approved an agreement with TriZetto relating to the QNXT Core Claims Administration System for a maximum financial

obligation of \$22,000,000 for the five (5) year term from August 30, 2013 through August 30, 2018.

On September 9, 2014, the Board approved five amendments to Agreement with TriZetto relating to providing a core claims system increasing the contract amount by \$8,100,000 to an amount not to exceed \$30,100,000 for period September 9, 2014 through August 30, 2018.

On April 12, 2016, the Board approved two amendments to Agreement with TriZetto, which increased the maximum contract amount by \$1,478,122 to \$31,578,122, for a new Statement of Work for TriZetto Developed Code Services for the Optimization Phase of the system implementation and a licensing agreement for the TriZetto Training Curriculum for period through August 30, 2018.

On October 18, 2016, the Board approved a Delegation of Authority (DOA) to authorize VHP's Chief Executive Officer, or designee, to be the Owner's Authorized Representative to negotiate, execute, amend, terminate, and take any and all necessary or advisable actions relating to the issuance of Statements of Work during the term of the Agreement with TriZetto, in an amount not to exceed \$2,000,000, increasing the contract amount from \$31,587,122 to \$33,587,122 with no change to the term of the agreement. The DOA expired on August 30, 2018.

On June 6, 2017, the Board approved one amendment to Agreement with Cognizant TriZetto Software Group, Inc., previously known as TriZetto Corporation, related to providing software licenses and expanding the original Ethernet connection between VHP and Trizetto hosting services increasing the maximum contract amount by \$300,000 from \$33,587,122 to \$33,878,122, with no change to the term of the agreement.

On February 27, 2018, the Board approved an Amended DOA to the County Executive, or designee, to negotiate, execute, amend, or terminate Statements of Work under the Agreement with Cognizant TriZetto relating to providing professional Information System consulting services for the VHP Core Claims and Administration System and other purposes, increasing the maximum amount by \$700,000 from \$33,878,122 to \$34,578,122 with no change to the term of the Agreement. The DOA expired on August 30, 2018.

On August 28, 2018, the Board approved an amendment to the Agreement with Cognizant increasing the maximum contract amount by \$32,300,000 from \$34,578,122 to \$66,878,122, relating to the QNXT Master Software and Services Agreement, for a five-year period through August 31, 2023. In addition, the Board approved a DOA to the County Executive, or designee, to negotiate, execute, amend, or terminate Agreements with Cognizant relating to QNXT system upgrade services, QNXT system plug-in modules, and professional and technical consulting services, in an amount not to exceed \$15,500,000 and a contract term that starts no earlier than August 31, 2018 and ends no later than August 31, 2023. The DOA would expire on August 31, 2023.

On September 12, 2023, the Board approved an amended delegation of authority to the County Executive, or designee, to negotiate, execute, amend, or terminate the license and support Agreements with Cognizant relating to the QNXT Core Claims Administration System, increasing the maximum delegated amount by \$1,500,000 from \$15,500,000 to

\$17,000,000, and extending the delegated contract term limit through June 1, 2024, following approval by County Counsel as to form and legality, and approval by the Office of the County Executive. Delegation of authority shall expire on June 1, 2024.

REASONS FOR RECOMMENDATION AND BACKGROUND

The Cognizant Agreement is related to QNXT, the core claims administration system solution that enables VHP to conduct its primary business functions. The agreement with Cognizant is composed of a Master Software License and Services Agreement (MSLSA) combined with an Application Hosting SOW. The amendment to the MSLSA with Cognizant extends the perpetual license for TriZetto QNXT Core and TriZetto Communication system as well as the restated application hosting services (AHS) SOW through December 30, 2024.

VHP transitioned to a new core claims administration system (Epic) back in March 2023 and is currently implementing a new symplr integrated credentialing solution that will enhance VHP's ability to capture provider information and will support provider data management, credentialing and contract functions. VHP needs to maintain the QNXT Core system in order to comply with health plan regulations and ensure continuity of core business operations related to provider data management until the new credentialing solution is implemented.

Redaction

Cognizant believes that portions of the scope, pricing, and methods utilized in the services offering to VHP are trade secrets and have redacted the attached amendment. VHP worked closely with Cognizant to limit the redactions and still protect Cognizant's trade secrets from the public domain.

Reason for request for Delegation or Authority

VHP would like to request a delegation of authority to the County Executive, or designee, to negotiate, execute, amend, or terminate the license and support Agreements with Cognizant in an amount not to exceed \$2,000,000 through the contract term. Approval of the recommended action would provide VHP with the flexibility and efficiency to amend existing Agreements with Cognizant to address any project needs related to the support of the QNXT system. The Delegation of Authority will allow VHP to continue to efficiently execute change requests and create short-term statements of work, as needed, to support on-going business operational functions until VHP can formally sunset the QNXT solution.

CHILD IMPACT

The recommended action will have no/neutral impact on children and youth.

SENIOR IMPACT

The recommended action will have no/neutral impact on seniors.

SUSTAINABILITY IMPLICATIONS

The recommended action will have no/neutral sustainability implications.

CONSEQUENCES OF NEGATIVE ACTION

Failure to approve the recommended action will severely and negatively impact VHP's ability to perform the primary functions to operate an HMO health plan in accordance with regulatory requirements.

STEPS FOLLOWING APPROVAL

Notify Gina Costa via email (Gina.Costa@vhp.sccgov.org). Thank you.

ATTACHMENTS:

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