

The Hartford Contract Extension ICI Contract Compliance Audit

Item 7A & 7A1 – Group Insurance Board

Jim Guidry, Director

Benefit Services Bureau



Action Needed

ETF requests the Board approve an amendment to the current administrative services contract with The Hartford to:

- Add one two-year contract extension and
- Extend the contract from Jan. 1, 2020 – Dec. 31, 2021





ICI Contract Compliance Audit

ICI Contract Compliance Audit

- Performed by Wipfli, LLP
- Period: 2015-2017
- AUP audit of Enrollment, Claim Approvals/Denials, Monthly Claim Funding reports
- Consulting Report on Internal Controls of Work From Home (WFH) policy and Overpayment-Underpayment Processes



Results

- No exceptions in Enrollments
- 4 instances of missing letters
 - No benefits payments affected
- Funding report variances
- WFH oversight
- OP/UP procedure updates/non-complex reviews



Recommendations

Determine additional steps to ensure letters are sent to claimants and scanned into ETF systems

- The Hartford updating procedures for letter verification to ensure required communications take place

Periodic reconciliation of funding reports

- Disability staff working with The Hartford to perform more frequent funding reconciliations

No recommendations related to internal control reviews

- Aetna staff moving to The Hartford's Remote Worker Agreement
- The Hartford updating OP/UP procedures



The Hartford Contract Extension

The Hartford Contract

Background

- Contract extended through 2019 by GIB in 2017
- ICI redesign changes effective 2019 or 2020
- Assumed ICI statute changes in 2017-2018 legislative session
- LTDI successfully closed

Current State

- Unable to secure ICI statute changes before adjournment
- ICI in current budget request
- Shift in targeted effective date to January 2021

Contract Extension

+ Advantages

- Staff focus
- Consistent benefit administration
- Experienced customer service
- Preserving contract savings
 - Closing LTDI = \$864,000/year admin fee savings

— Disadvantages

- Additional savings may be obtained through an RFP in 2019
 - Not guaranteed
 - Savings may be mitigated by ICI redesign changes

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Questions?

Thank you



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