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Correspondence Memorandum

Date: March 22, 2021

To: Group Insurance Board

From: Tim Steiner, Director
Bureau of Budget, Contract Administration and Procurement

David Nispel, General Counsel
Office of Legal Services

Subject: Uniform Dental Benefits Request for Proposal: Investigation into the Procurement Process

This memo is for informational purposes only. No Board action is required.

Summary

On February 24, 2021, the Department of Employee Trust Funds (ETF) received a letter from attorneys for one of the vendors who submitted proposals for the Uniform Dental Benefits (UDB) Request for Proposal (RFP). The letter included concerns about irregularities in the scoring system used to recommend Delta as the UDB provider. On February 24, ETF began an investigation into the UDB procurement process and found errors in the Form H - Cost Proposal Workbook submitted by proposers in response to the UDB Request for Proposal (RFP).

The Form H – Cost Proposal Workbook included formula errors when it was posted on ETF’s website as part of the RFP. The formula errors in Form H resulted in the Excel formula calculating a *monthly* fee instead of the intended annual claims cost and administration fee. Specifically, the cell formulas in Form H, Tab 2 on Line 5 and Line 6 neglected to multiply the proposer-entered amounts by 12. Without multiplying the entered amounts by 12, Tab 2 only displayed one month of the Projected Annual Claims Cost and the Projected Annual Administrative Cost.

Once the errors were found, ETF staff rescored the cost portion of the RFP. While the final scores for each proposer changed after the Form H errors were corrected, the ranking order of the proposers remains unchanged, with Delta scoring the highest total points. Anthem received the second-highest score. MetLife received the third-highest score.

Board	Mtg Date	Item #
GIB	3.29.21	2

In response to finding the Form H errors, the Budget, Contract Administration, and Procurement (BCAP) Director and the Office of Legal Services (OLS) conducted an internal investigation into the UDB procurement file. This investigation verified the scoring accuracy of the general and technical scores and the formulas in the Microsoft Excel Master Scoresheet document. A clerical error was found in Anthem's presentation score, which resulted in Anthem receiving two points less for its presentation score.

This memo addresses the error in RFP Form H – Cost Proposal Workbook, the investigation into the procurement file and findings, and steps to be taken in future RFPs to prevent this from reoccurring.

Form H - Cost Proposal Workbook Overview

The RFP for Third-Party Administration of the State of Wisconsin Employee Trust Funds Uniform Dental Benefits was written and reviewed by ETF staff and issued on April 15, 2020. Prior to April 15, ETF staff drafted the seven appendices and eight forms that comprised the RFP, including Form H, the Excel document titled "Cost Proposal Workbook."

Form H – Cost Proposal Workbook was provided with the RFP to allow proposers to enter and submit cost information as part of their RFP response. Form H consists of three tabs: Tab 1 - Instructions, Tab 2 - Proposer's Financial Proposal Summary, and Tab 3 - Average Reimbursements for Contracted Providers by Zip Code. This memo focuses on Tab 2.

Tab 1 instructs proposers as follows:

"All fees are quoted on a firm, fixed cost-all direct and indirect costs, general and administrative overhead purchasing burden and profit. No other fees or charges may be added to the contract after award, nor will contractor be compensated on any basis other than the quoted per employee per month (PEPM) fees. For purposes of this section, PEPM means a cost for each employee or retiree on a monthly basis."

"Please enter your projected PEPM cost for in-network and out-of-network claims for each of the two contract years beginning January 1, 2022. Ranking is based on the total cumulative cost of the initial two contract years."

As shown in Table 1, Tab 2 provides an Excel-based worksheet for proposers to complete. Proposers were required to enter dollar amounts in the nine highlighted cells for the three columns labeled Contract Year 1 Immature, Contract Year 1 Mature (Illustrative), and Contract Year 2 Mature for the following items: 1A. In-network PEPM, 1B. Out-of-network PEPM, and 2. ASO Fees (PEPM).

Table 1 – UDB Cost Proposal Excerpt (Form H, Tab 2)

11				
12	Projected Total	Contract	Contract	Contract
13	PEPM Cost	Year 1	Year 1	Year 2
14	1. Project Claims (PEPM)	Immature	Mature (Illustrative)	Mature
15	A. In-network			
16	B. Out-of-network			
17	C. Total (1.A. + 1. B.)	\$0.00	\$0.00	\$0.00
18	2. ASO Fees (PEPM)*			
19	3. Total Composite PEPM Cost (1.C. +2)	\$0.00	\$0.00	\$0.00
20	Projected Total Annual Cost			
21	4. Estimated Monthly Enrollment	96,000	96,000	96,000
22	5. Projected Annual Claims Cost (1.C. x 4.)	\$0.00	\$0.00	\$0.00
23	6. Projected Annual Administration Costs (2.x4.)	\$0.00	\$0.00	\$0.00
24	7. Projected Total Annual Plan Cost (5. + 6.)	\$0.00	\$0.00	\$0.00
25	8. Cumulative Cost: Contract Years 1 and 2 (mature)			\$0.00
26	Guarantees			
27	For how many plan years does Proposer agree to guarantee the quoted PEPM ASO Fee?			
28	Is Proposer willing to offer a transition/implementation credit? If so, how much?			
29	What percentage of ASO fees will Proposer place at risk for performance?			
30				

After dollar amounts were entered as described above, the cells for the following items auto-populated using ETF-entered Excel formulas: 3. Total Composite PEPM Cost, 5. Projected Annual Claims Cost, 6. Projected Annual Administration Costs, 7. Projected Total Annual Plan Cost, and 8. Cumulative Cost: Contract Years 1 and 2 (mature).

The final cost scores were based on the dollar amounts in Line 8. Cumulative Cost: Contract Years 1 and 2 (mature). Cost proposals were worth a maximum of 200 points. The lowest cost received 100% of the points, or 200 points. The second- and third-ranked cost proposals were allocated a portion of 200 points, based on the ratio of the lowest cost proposal to their cost proposal. The equations are shown here:

- Lowest cost score = lowest cost/lowest cost = 100% = (100% x 200 = 200 cost points).
- Second-lowest cost score = lowest cost/2nd lowest cost = X% = (X% x 200 = cost points).
- Third-lowest cost score = lowest cost/3rd lowest cost = Y% = (Y% x 200 = cost points)

Form H - Cost Proposal Workbook Errors

As stated briefly in the Summary section of this memo, the formula errors in the Form H - Cost Proposal Workbook resulted in the calculation of a monthly claims cost and administration fee instead of the intended annual fee. This section further explains the cause and actions taken as a result of the error.

On February 24, ETF staff found the errors in the six Projected Annual Claims Cost and Projected Annual Administration Cost cells on Form H, Tab 2. When evaluating the proposer-submitted cost proposals ETF found:

- Two proposers, Anthem and MetLife, corrected the formulas by multiplying each cell by 12 in Lines 5 (Projected Annual Claims Cost) and Line 6 (Projected Annual Administration Cost).
- Delta did not change the formula in the referenced cells, so their annual claims and administration costs only reflected one month's cost.

Upon finding the errors, ETF adjusted the formulas in Delta's cost proposal to appropriately annualize costs. Delta reviewed and confirmed the accuracy of ETF's changes on March 2. All three proposers' best and final offers (BAFO) Form H, Tab 2 can be found in Attachment A of this memo.

As noted, final cost scores were based on the dollar amount in the cell for Line 8. Cumulative Cost: Contract Years 1 and 2 (mature). With the corrected Delta cost proposal, Delta went from having the lowest cost to the highest cost. Table 2 lists the projected costs for each proposer based on a subscriber membership of 96,000. Cost scores were calculated using the dollar amounts in the highlighted column.

Table 2 – Uniform Dental Benefit Cost Information

Proposer	Projected Annual Administration Cost per year	Cumulative Cost Contract Years 1 and 2 Mature	Credits Offered
Anthem	\$2,177,280	\$119,928,000	\$50,000
Delta¹	\$1,267,200	\$129,196,800	\$100,000
MetLife	\$1,036,800	\$109,443,226	\$25,000

¹Corrected based on the noted errors found on February 24, 2021.

Table 3 shows proposers' scores before (initial) and after (revised) the cost proposal score corrections and presentation score correction was made. From lowest to highest cost the proposers were: MetLife, Anthem, and Delta.

Table 3 – Proposer Scores

RFP Score Component	Anthem		Delta		MetLife	
	<u>Initial</u>	<u>Revised</u>	<u>Initial</u>	<u>Revised</u>	<u>Initial</u>	<u>Revised</u>
General Score	201	201	229	229	173	173
Technical Score	410	410	459	459	411	411
Presentation Score	425	423 (-2)	461	461	408	408
Cost Proposal Score	18	183	200	169	20	200
Total Points	1,054	1,217 (+163)	1,349	1,318 (-31)	1,012	1,192 (+180)

Alternative Methods for RFP Error Identification

ETF regrets that the Form H errors were not found during the RFP development process and takes full responsibility for the introduction of the error into the cost proposal form. There were additional mechanisms for identifying the error between the RFP release and the October 1 proposal deadline. Unfortunately, these mechanisms did not result in the identification or reporting of the errors.

RFP Section 1.6 – Clarification of the Specifications and Requirements

RFP Section 1.6 includes the following information about what a proposer should do if they find an error in the RFP: *“If a Proposer discovers any significant ambiguity, error, conflict, discrepancy, omission, or other deficiency in the RFP, the Proposer should immediately notify the individual identified in Section 1.4 Procuring and Contracting Agency, of such error and request modification or clarification of this RFP document.”*

Anthem and MetLife corrected the formula in their BAFO, but it appears they did not notify ETF of the errors found. Delta notified ETF of the error in an October 1, 2020, communication and a follow-up communication with their BAFO submittal on December 3, 2020. Unfortunately, difficulties opening the October email and an oversight with the second email meant that the error was not discovered until February 24, 2021.

RFP Section 1.6 also includes instructions related to the proposer question and answer process. Proposers could submit questions to ETF from April 15, 2020 until June 22, 2020. Questions related to the errors in Form H were not included among the 19 questions submitted by proposers during this time.

RFP Section 2.4.2 – Instructions for Submitting Assumptions and Exceptions

RFP Section 2.4.2 includes instructions on how proposers should submit any assumptions and exceptions with their proposal. ETF confirmed that proposers did not identify errors or corrections to Form H in the assumptions and exceptions sections of their proposals.

Investigation of the ETJ0045 UDB RFP Procurement File

BCAP, in coordination with OLS, conducted an investigation of the Uniform Dental Benefits RFP to determine whether any additional errors, omissions, or ambiguities could be found in the RFP process that would materially impact the outcome. The investigation included a review of:

- evaluation committee proceedings.
- all scoring-related documentation to ensure accuracy in calculations; and
- several significant mandatory RFP elements.

Evaluation Committee Proceedings

The evaluation committee is comprised of five members: including two internal ETF staff and three external members. External members included a Group Insurance Board (GIB) member and two representatives from state and local government with experience administering public employee benefits.

Evaluation committee members were given access to the proposals after a kick-off meeting held on October 6. At the kick-off meeting, the procurement lead briefed members on the evaluation process. Evaluation committee members were instructed to conduct their proposal reviews and scoring independently and limit RFP-related discussions to committee meetings. In total, six committee meetings were held between October and December 2020.

At committee meetings, evaluation committee members whose scores significantly deviated from other members were highlighted and discussed. Evaluation committee members were told that they did not need to adjust their scores. These conversations help ensure that there is consistent interpretation and application of scoring benchmarks.

The practice of discussing scoring variances among evaluation committee members is consistent with statewide procurement procedure. As noted in the Department of Administration's Form DOA-3271 (Request for Proposal Evaluation Committee Checklist): "The procurement lead for the evaluation committee may call a meeting for the purpose of clarifying and discussing an evaluator's score. At this meeting, the evaluation committee may discuss any variations in scoring of the technical criteria points. This does not mean scores will be discarded or changed, only reviewed. Based

upon information/clarification shared during the discussion an evaluator(s) may elect to change his/her scores, however that is at the sole discretion of each evaluator.”

Our investigation also analyzed potential scoring differences between the full evaluation committee and external evaluation committee members. As shown in Table 4, the highest-scoring vendor does not change when isolating and totaling the scores of external evaluation committee members.

Table 4 –Score Comparison between All Evaluators and External Evaluators

Proposer	All Evaluators	External Evaluators	Scoring Differential
Anthem ¹	1,217	1,217	-
Delta ²	1,318	1,310	-8
MetLife ³	1,192	1,244	+52

¹ Anthem lost 4 points overall in their general and technical scores but increased their presentation score by 4 points.

² Delta’s general and technical score decreased by 10 points but their presentation score increased by 2 points.

³ MetLife’s general and technical score increased by 16 points and their presentation score increased by 36 points.

The investigation found that the procurement lead appropriately briefed the Evaluation Committee on the procurement process and conducted committee proceedings in accordance with internal procedures and accepted statewide standards. In addition, there was no indication that significant scoring variances existed between ETF and non-ETF evaluation committee members.

It is worth noting that the subjective opinion of an evaluation committee member is not subject to appeal. This is stated in RFP Section 3.11—Appeals. This language is also consistent with language in general state procurement rules (see DOA Procurement Rule PRO-204).

Review of Scoring-Related Documentation

The BCAP Director and a BCAP Contract Specialist independently reviewed the following scoring documentation: the Master Score Sheet, the Vendor Presentation Score Sheet, and the BAFO Cost Proposal Score Sheets. Collectively, the review verified the accuracy of all 1,500 possible vendor points.

For the general and technical RFP sections, which combined represent 800 points, evaluation committee members independently score proposals according to benchmarks. As shown in Table 5, scores are then compiled in the master scoresheet. Using formula functions in Excel, the entries are subsequently averaged, weighted, and a final score is determined. The final score is calculated by taking the Average Weighted Score, dividing it by the total Possible Available Weighted Points for the

section (i.e. 712 points in the example) and multiplying by the total points for the section (i.e. 500 points in the example).

Question weights are determined by the RFP project team during the RFP development process. Weights ranged between 0.5 and 2.5. Weights were established prior to the RFP being sent to vendors based on the perceived importance of the question to operating and maintaining a successful UDB program.

Table 5 – Master Scoresheet Example (Excerpt - Mock-up Data Only)

Technical (500 pts)			Evaluator Scores									
#	Topic	Max # of Pts. an evaluator can give	E1	E2	E3	E4	E5	Average Score	Weight	Possible Weighted Score (Max # Pts. x Weight)	Average Weighted Score (Average Score x Weight)	Final Score
7.1.2	Program Administration	10	5	4	7	8	9	6.6	1.5	15	9.90	6.94
7.2.1	Claims Processing	10	4	7	8	9	8	7.2	1.5	15	10.80	7.57
7.2.2	Claims Processing	10	6	8	5	8	4	6.2	1.5	15	9.30	6.52
7.2.3	Claims Processing	10	8	9	6	8	10	8.2	1.5	15	12.30	8.63
7.2.4	Claims Processing	10	5	6	8	4	5	5.6	1.5	15	8.40	5.89
7.2.5	Claims Processing	10	2	5	7	8	6	5.6	1	10	5.60	3.93
7.2.6	Claims Processing	10	10	6	5	9	7	7.4	1.5	15	11.10	7.78
7.2.7	Claims Processing	10	9	8	4	8	5	6.8	1.5	15	10.20	7.15
7.2.8	Claims Processing	10	8	9	6	9	5	7.4	1.5	15	11.10	7.78

As shown in Table 6, for each proposer, final scores are subtotaled for the General and Technical sections and linked to a final score table in the master scoresheet. Cost and vendor presentations are independently scored and entered in the summary table in the master scoresheet.

Table 6 – Master Scoresheet Final Score Table (Excerpt)

RFP ETJ0045 Uniform Dental Benefits - FINAL SCORES				
	Anthem	Delta	MetLife	
(A) General Score	201	229	173	Max 300
(B) Technical Score	410	459	411	Max 500
(A+B) Score (w/o Cost)	611	688	584	
(C) Cost Score	183	169	200	Max 200
(A+B+C) Score	794	857	784	
(D) Presentation Score	423	461	408	Max 500
(A+B+C+D) Total Score	1,217	1,318	1,192	

In addition to confirming the accurate and consistent application of formula and cell references in the master scoresheet, we also reconciled all scores in the master scoresheet to source documentation containing individual evaluation committee members' scores. Twelve instances were found in which an evaluation committee member's score differed from the score entered in the master scoresheet. All 12 instances were due to score changes requested by an evaluation committee member that were supported by written requests from the evaluation committee member to the procurement lead.

Cost score and vendor presentation scoresheets were also evaluated. No inconsistencies or errors were noted, except for one previously noted clerical error in the vendor presentation scoresheet that resulted in Anthem's presentation score decreasing from 425 to 423.

Review of Mandatory RFP Elements

The UDB RFP had several mandatory elements, including: mandatory deadlines for RFP question and proposal submission, instructions not to make assumptions or exceptions to key Department Terms and Conditions noted in Table 4 of the RFP ("No Assumptions or Exceptions Allowed [to] Department Terms and Conditions"), and the completion of Form B (Mandatory Proposer Qualifications).

As noted in Table 7 below, each proposal met these mandatory elements of the RFP. Question submissions were confirmed via the timestamp on the submission email. Original proposal submission timestamps were confirmed in Box (the software tool used by ETF to arrange file transfers with external parties).

Table 7 – Proposer Compliance with Mandatory RFP Elements

	Anthem	Delta	MetLife
Met Mandatory Deadlines			
RFP-related Questions (Due June 22, 2020)	✓	✓	✓
Initial Proposals (Due October 1, 2020 by 2:00PM CDT)	✓	✓	✓
No Assumptions or Exceptions to Standard Terms and Conditions in Table 4 of the RFP ¹	✓	✓	✓
Met Mandatory Qualifications in Form B	✓	✓	✓

¹ MetLife initially made assumptions or exceptions to Section 22 (Confidential Information, Privacy, and HIPAA Business Associate Agreement) of Appendix 2 – Department Terms and Conditions. At the Evaluation Committee’s request, MetLife subsequently recanted their proposed changes.

It is worth noting that all three proposers marked at least one mandatory qualification in Form B as “Disagree.” Form B states that “failure to comply with one or more of the Mandatory qualifications *may* disqualify the Proposer.” The two qualifications that most concerned proposers were:

- Item 4.5: “During the past five (5) years, the Proposer has not been in bankruptcy or receivership or been involved in any litigation alleging breach of conduct, fraud, breach of fiduciary duty, or other willful or negligent misconduct.”
- Item 4.6: “Proposer acknowledges that Appendix 5 – Program Agreement can be met as listed in the RFP document.”

In all instances, the proposers addressed in their submitted Assumptions and Exceptions their reasons for selecting “Disagree” for the applicable item in Form B. For example, proposers cited pending or current litigation that they believed did not impair their ability to successfully meet ETF’s needs as outlined in the RFP. Proposers also provided comments related to specific sections of the Appendix 5 Program Agreement. Based on consultation with OLS and the Evaluation Committee during the RFP evaluation stage, the comments made by proposers related to items 4.5 and 4.6 were not considered significant enough to warrant disqualification.

Investigation Conclusions

BCAP and OLS did not find any material errors in our investigation that would call into question the integrity of the RFP process. Evaluation committee proceedings occurred according to internal and statewide standards. Analysis of scoring documentation did not reveal any material errors. Several mandatory elements in the RFP were reviewed for compliance and no notable issues were found.

Future RFP Safeguards

Most GIB related RFP Cost Proposals are created and scored by actuaries. Examples include Group Life Insurance, Wellness and Disease Management, Data Warehouse/Visual Business Intelligence, Pharmacy Benefit Manager, and Income Continuation Insurance. This practice will continue whenever appropriate. ETF determined it was not necessary to hire an actuary for the Uniform Dental Benefits cost proposal.

However, for future RFPs that include ETF-developed cost proposals, ETF will adopt several measures to improve the RFP review process. These new provisions include:

- Locking the cost proposal workbooks to ensure proposers cannot change wording, data, or formulas. Alternatively, where appropriate, ETF may format the cost proposal in MS Word, where the absence of cell calculations removes the possibility of formula errors made by ETF staff.
- Adding wording to RFP Section 8 – Cost Proposal, and to the cost proposal instructions, specifying that proposers cannot modify the cost proposal workbook and that doing so may remove their proposal from consideration.
- Formalizing and enhancing quality assurance checks to prevent errors of this nature by assigning an ETF staff person who is external to the RFP project team to review the cost proposal for clarity, consistency, and accuracy. Reviews would occur at two critical stages: before RFP release and after the RFP evaluation committee has chosen the winning vendor but before the RFP results and recommendation are presented to the Board.

Despite reviewing Form H multiple times, before and after RFP release, ETF staff overlooked the formula errors. ETF staff regrets the errors made and wants to reassure the Board that this error was unintentional and atypical. In the future, ETF will take the steps noted above to minimize the risk of these errors reoccurring, which will further enhance the integrity of our RFPs.

Staff will be available at the meeting to answer any questions.

Attachment A - Tab 2, UDB RFP Form H Cost Proposal Worksheet (Anthem)

Request for Dental Administration Proposals for the State of Wisconsin
Form H-2: Financial Proposal Summary (Self-Funded Dental)

Solicitation No. ETJ0045

Representations made by the Proposer in this proposal become contractual obligations that must be met for the duration of the contract term.

Provide a firm, all-inclusive, Per-Employee-PerMonth (PEPM) Administrative Services Only (ASO) fee. Additionally, for proposal analysis purposes, provide projected claims for years one (1) and two (2), breaking out the cost components as indicated in the grid, below

Projected Total Cost	PEPM	Contract Year 1	Contract Year 1	Contract Year 2
1. Project Claims (PEPM)		Immature	Mature (Illustrative)	Mature
A. In-network		\$45.47	\$49.42	\$50.90
B. Out-of-network		\$0.00	\$0.00	\$0.00
C. Total (1.A. + 1. B.)		\$45.47	\$49.42	\$50.90
2. ASO Fees (PEPM)*		\$1.74	\$1.89	\$1.89
3. Total Composite PEPM Cost (1.C. +2)		\$47.21	\$51.31	\$52.79
Projected Total Annual Cost				
4. Estimated Monthly Enrollment		96,000	96,000	96,000
5. Projected Annual Claims Cost (1.C. x 4.)		\$52,378,560.00	\$56,932,800.00	\$58,640,640.00
6. Projected Annual Administration Costs (2.x4.)		\$2,004,480.00	\$2,177,280.00	\$2,177,280.00
7. Projected Total Annual Plan Cost (5. + 6.)		\$54,383,040.00	\$59,110,080.00	\$60,817,920.00
8. Cumulative Cost: Contract Years 1 and 2 (mature)				\$119,928,000.00

Guarantees

For how many plan years does Proposer agree to guarantee the quoted PEPM ASO Fee?

3 years

Is Proposer willing to offer a transition/implementation credit? If so, how much?

Yes, a one time credit of \$50,000.

What percentage of ASO fees will Proposer place at risk for performance?

Refer to Performance Guarantee document.

Notes:

Proposer's quoted ASO fees represent administration of the Dental Preferred Provider Organization (DPPO) product.

*All inclusive ASO fee. Per Employee Per Month (PEPM) fees must encompass all direct and indirect costs including but not limited to, plan administration and claims payment, customer services, member communication, network access potential utilization review and/or care management, routine underwriting and actuarial-related contract services, standard and ad hoc reporting, general and administrative overhead, corporate and other overhead, profit, etc. No other fees or charges may be added to the contract after award, nor will the contractor be compensated on any basis other than the applicable PEPM fees.

By June 1st of each calendar year for the subsequent contract year (beginning January 1). Proposer will prepare a claims projection and fee validation (demonstration of the need for the maximum fees based on several factors including but not limited to historical claims, expected enrollment, demographic changes, reserve changes, trend, utilization, network discounts) for the upcoming contract year.

Proposer's quoted fees exclude commissions/compensation to outside consultants or brokers.

**Estimated Monthly Enrollment above, reflects current enrollment in the current Dental plan, and is not represented as the actual enrollment for the 2022 plan year. Vendor must guarantee the fees quoted above regardless of actual enrollment.



Signature

Scott Towers, President Dental

Title

Anthem Blue Cross and Blue Shield

Company

3-Dec-20

Date

Attachment A - Tab 2, UDB RFP Form H Cost Proposal Worksheet (Delta Dental)

Request for Dental Administration Proposals for the State of Wisconsin
Form H-2: Financial Proposal Summary (Self-Funded Dental)

Solicitation No. ETJ0045

Representations made by the Proposer in this proposal become contractual obligations that must be met for the duration of the contract term.

Provide a firm, all-inclusive, Per-Employee-PerMonth (PEPM) Administrative Services Only (ASO) fee. Additionally, for proposal analysis purposes, provide projected claims for years one (1) and two (2), breaking out the cost components as indicated in the grid, below

Projected Total PEPM Cost	Contract 1	Year 1 Contract 1	Year 2 Contract 1
1. Project Claims (PEPM)	Immature	Mature (Illustrative)	Mature
A. In-network	\$52.76	\$54.70	\$55.25
B. Out-of-network	\$0.00	\$0.00	\$0.00
C. Total (1.A. + 1. B.)	\$52.76	\$54.70	\$55.25
2. ASO Fees (PEPM)*	\$1.10	\$1.10	\$1.10
3. Total Composite PEPM Cost (1.C. +2)	\$53.86	\$55.80	\$56.35
Projected Total Annual Cost			
4. Estimated Monthly Enrollment	96,000	96,000	96,000
5. Projected Annual Claims Cost (1.C. x 4.)	\$60,779,520.00	\$63,014,400.00	\$63,648,000.00
6. Projected Annual Administration Costs (2.x4.)	\$1,267,200.00	\$1,267,200.00	\$1,267,200.00
7. Projected Total Annual Plan Cost (5. + 6.)	\$62,046,720.00	\$64,281,600.00	\$64,915,200.00
8. Cumulative Cost: Contract Years 1 and 2 (mature)			\$129,196,800.00

Guarantees

For how many plan years does Proposer agree to guarantee the quoted PEPM ASO Fee?
Is Proposer willing to offer a transition/implementation credit? If so, how much?

5
Yes, \$100,000
9.1% of Annual ASO Fees

What percentage of ASO fees will Proposer place at risk for performance?

Notes:

Proposer's quoted ASO fees represent administration of the Dental Preferred Provider Organization (DPPO) product.

*All inclusive ASO fee. Per Employee Per Month (PEPM) fees must encompass all direct and indirect costs including but not limited to, plan administration and claims payment, customer services, member communication, network access potential utilization review and/or care management, routine underwriting and actuarial-related contract services, standard and ad hoc reporting, general and administrative overhead, corporate and other overhead, profit, etc. No other fees or charges may be added to the contract after award, nor will the contractor be compensated on any basis other than the applicable PEPM fees.

By June 1st of each calendar year for the subsequent contract year (beginning January 1). Proposer will prepare a claims projection and fee validation (demonstration of the need for the maximum fees based on several factors including but not limited to historical claims, expected enrollment, demographic changes, reserve changes, trend, utilization, network discounts) for the upcoming contract year.

Proposer's quoted fees exclude commissions/compensation to outside consultants or brokers.

**Estimated Monthly Enrollment above, reflects current enrollment in the current Dental plan, and is not represented as the actual enrollment for the 2022 plan year. Vendor must guarantee the fees quoted above regardless of actual enrollment



Signature

Chief Growth & Strategy Officer

Title

Delta Dental of Wisconsin

Company

March 2, 2021

Date

Attachment A - Tab 2, UDB RFP Form H Cost Proposal Worksheet (MetLife)

Request for Dental Administration Proposals for the State of Wisconsin
 Form H-2: Financial Proposal Summary (Self-Funded Dental)

Solicitation No. ETJ0045

Representations made by the Proposer in this proposal become contractual obligations that must be met for the duration of the contract term.

Provide a firm, all-inclusive, Per-Employee-PerMonth (PEPM) Administrative Services Only (ASO) fee. Additionally, for proposal analysis purposes, provide projected claims for years one (1) and two (2), breaking out the cost components as indicated in the grid, below

Projected Total PEPM Cost	Contract Year 1	Contract Year 1	Contract Year 2
1. Project Claims (PEPM)	Immature	Mature (Illustrative)	Mature
A. In-network	\$43.15	\$46.60	\$46.60
B. Out-of-network	\$0.00	\$0.00	\$0.00
C. Total (1.A. + 1. B.)	\$43.15	\$46.60	\$46.60
2. ASO Fees (PEPM)*	\$0.90	\$0.90	\$0.90
3. Total Composite PEPM Cost (1.C. +2)	\$44.05	\$47.50	\$47.50
Projected Total Annual Cost			
4. Estimated Monthly Enrollment	96,000	96,000	96,000
5. Projected Annual Claims Cost (1.C. x 4.)	\$49,703,189	\$53,684,813	\$53,684,813
6. Projected Annual Administration Costs (2.x4.)	\$1,036,800	\$1,036,800	\$1,036,800
7. Projected Total Annual Plan Cost (5. + 6.)	\$50,739,989	\$54,721,613	\$54,721,613
8. Cumulative Cost: Contract Years 1 and 2 (mature)			\$109,443,226
Guarantees			
For how many plan years does Proposer agree to guarantee the quoted PEPM ASO Fee?			5
Is Proposer willing to offer a transition/implementation credit? If so, how much?			\$25,000
What percentage of ASO fees will Proposer place at risk for performance?			10%

Notes:

Proposer's quoted ASO fees represent administration of the Dental Preferred Provider Organization (DPPO) product.

*All inclusive ASO fee. Per Employee Per Month (PEPM) fees must encompass all direct and indirect costs including but not limited to, plan administration and claims payment, customer services, member communication, network access potential utilization review and/or care management, routine underwriting and actuarial-related contract services, standard and ad hoc reporting, general and administrative overhead, corporate and other overhead, profit, etc. No other fees or charges may be added to the contract after award, nor will the contractor be compensated on any basis other than the applicable PEPM fees.

By June 1st of each calendar year for the subsequent contract year (beginning January 1). Proposer will prepare a claims projection and fee validation (demonstration of the need for the maximum fees based on several factors including but not limited to historical claims, expected enrollment, demographic changes, reserve changes, trend, utilization, network discounts) for the upcoming contract year.

Proposer's quoted fees exclude commissions/compensation to outside consultants or brokers.

**Estimated Monthly Enrollment above, reflects current enrollment in the current Dental plan, and is not represented as the actual enrollment for the 2022 plan year. Vendor must guarantee the fees quoted above regardless of actual enrollment.

Signature

Title

Company

Date