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## **Correspondence Memorandum**

**Date:** March 6, 2021

**To:** Group Insurance Board

**From:** Tom Rasmussen, Life Insurance and Dental Program Manager  
 Office of Strategic Health Policy

**Subject:** Supplemental Dental Procurement Update

**This memo provides information on the process of extending the timeline so that potential vendors may submit proposals for review for the supplemental dental program, as well as responding to the February 24, 2021, letter submitted to the Group Insurance Board (Board), Secretary Conlin, and Secretary-Designee Voelker.**

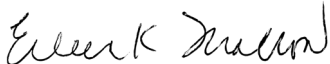
### **2022 Supplemental Dental Proposal Process**

Under current law<sup>1</sup>, the Board is responsible for approving employee-pay-all Supplemental Insurance Program offerings that are eligible for active employee payroll deductions.

Insurers that wish to participate in the Supplemental Dental Insurance Program submit proposals for review and approval of the Board. The proposals must meet the requirements described in the Board-approved Supplemental Insurance Plan Guidelines (Guidelines) [ET-7422](#).

On November 24, 2020, ETF invited (via email) 20 different dental carriers to submit proposals for providing supplemental dental insurance to the State of Wisconsin Active State and Local Employees, State and Local Retirees, State Continuant and Dependents for the Employee Trust Funds (ETF) starting January 1, 2022. The list of dental carriers was the same list used for the recently completed Uniform Dental Benefit (UDB) Request For Proposal (RFP), plus one additional carrier. Plans were required to sign an Insurer Acknowledgement agreeing to the Department Terms and Conditions and submit \$5,000 to ETF for their proposal submitted as payment for the third-party actuarial review fee if they elected to submit a proposal.

<sup>1</sup> Wisconsin State Statutes [§40.03\(6\)](#) and pursuant to [§20.921\(1\)\(a\)3](#) and Wisconsin Administrative Code ETF [10.20](#) and [ETF 40](#)

Reviewed and approved by Eileen K Mallow, Director, Office of Strategic Health Policy  Electronically Signed 3/24/21
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Attached to the email was the *Supplemental Insurance Plan Guidelines for Plan Year 2022* (ET-7422), which explains requirements for submitted proposals and how to structure and submit proposals.

Also attached was the *Supplemental Benefit Plan Administrative Manual* ([ET-1158](#)), for the 2020 plan year. This document provides information on how the supplemental program is administered. The email also indicated that the parties that expressed interest would receive an age and gender census generated by ETF for all of ETF eligible membership at a later date. The deadline for receipt of proposals was January 31, 2021.

Before proposals were due to ETF on January 31, 2021, MetLife requested additional enrollment, premium dollar, claim dollar, and total claim number utilization information to help prepare its proposal. Because the supplemental dental program is an employee-pay-all program, ETF does not collect, nor does it store this type of data. Therefore, a request was made to the current supplemental dental vendor, Delta Dental, to provide this information. Delta Dental provided a report that contained the enrollment, premium dollar, claim dollar, and total claim number utilization information for calendar year 2019 and the first three quarters of 2020. On the surface this looked correct, and staff responded to MetLife's request with this report. In previous supplemental bid processes, detailed utilization data was not provided, in part because ETF does not house utilization data for its supplemental programs' membership.

Potential vendors that submitted proposals were MetLife, Anthem, and Delta Dental. A team of four individuals are independently reviewing each proposal, with the goal of developing a recommendation to be conveyed to the Board at the May 2021 meeting; however, this process has been temporarily paused.

### **Letter to the Board, Secretary Conlin and Secretary Designee Voelker**

On February 24, 2021, the Board, Secretary Conlin and Secretary designee Voelker received a letter submitted by Stafford Rosenbaum LLP on behalf of MetLife. The letter stated multiple concerns MetLife has raised regarding the supplemental dental procurement process and the lack of utilization data from the current supplemental dental provider and asked that the procurement process stop until more complete and accurate data be provided. These concerns will be addressed here, point by point.

#### *Data*

One of the primary themes expressed in the letter was that MetLife felt the utilization and enrollment data provided by ETF was incomplete and inaccurate, which made it impossible to provide a competitive bid. The letter also stated that the premium data provided could not be reconciled, and that it showed disparity between figures provided for enrollment and premium in calendar year 2019 and 2020.

Upon review of the data report that was supplied, ETF concurred with MetLife's concerns. The data, while containing the elements required for developing a bid, were aggregated and formatted in a way that did not provide the level of detail needed. With this realization, ETF contacted Delta Dental to request an updated enrollment and utilization report that contained the level of detail needed and in a format that resolved the concerns MetLife expressed in its letter. Delta Dental provided this update report in less than 24 hours. ETF staff then validated the accuracy of the updated data report and verified that it met the needs expressed in MetLife's letter. Upon completion of that review, ETF staff notified all three potential vendors of the erroneous data in the initial report on March 4, 2021, supplied each vendor with the updated enrollment and utilization report, and allowed all vendors the opportunity to re-submit an updated cost proposal for the supplemental dental program by March 26, 2021. This timeline would allow ample time for vendors to re-submit a cost proposal, but also allows the review committee enough time to review the updated proposals and develop their recommendation to the Board for the May 2021 Board meeting.

#### *RFP Process*

Another point made in the letter is that the supplemental dental process does not include many of the industry-standard RFP components designed to foster strong competition and that applicants are not provided the decision-making criteria which ETF evaluates and score proposals.

The procurement process for supplemental benefits is a less formal process than a Chapter 40 RFP process. It is the responsibility of the evaluation committee comprised of ETF subject matter experts and a WRS employer representative. Members of the evaluation committee review, evaluate and rank each proposal independently and then meet to collectively discuss questions and share opinions prior to any recommendation being made. The process is similar to the RFP evaluation process, with the exception of scoring benchmarks not being established prior to the publication of the open invitation to bid. ETF believes that providing the Board with additional information from the evaluation process, including identifying the strengths and weaknesses of each proposal, will enhance the evaluation process.

#### *Responsibility*

ETF takes its fiduciary responsibility seriously and reviews and enforces compliance in all vendor contracts. The evaluation process for submitted bids is less formal than with the RFP process, but not any less thorough or encompassing. Each bid submitted is also reviewed by ETF's actuarial consultant, Milliman, for an independent assessment.

Supplemental dental is an employee pay all program. It is offered to enhance the UDB by offering more robust dental benefits than offered by UDB providing coverage for dental services that are considered major in nature. A few examples would be crowns, bridges, implants, and root canals.

In November 2017 the Board approved an alignment strategy for supplemental plans with the goal of reducing benefit overlap, standardizing available benefits, and easing administrative complexity. Program year 2019 was the first year the supplemental plan alignment strategy was in place. As a result, supplemental dental offerings were reduced from six dental plans from two vendors to three plans from one vendor beginning January 2019.

#### *Connection to UDB*

The letter states that the state has never awarded the supplemental dental plan to any provider other than the UDB administrator and implies that the UDB administrator is guaranteed to be awarded the supplemental dental contract.

The first contract established by the Board for Uniform Dental Benefits was awarded in 2015. Supplemental dental benefits were administered by Epic Dental and Anthem from 2016-2018. Neither one of these providers were the UDB administrator during this time. Delta Dental was awarded a one-year contract for CY2019 and then awarded a two-year contract for administration of the supplemental dental benefits for 2020 and 2021. Evaluation committees are directed to evaluate each proposal on its own merit.

#### **Summary**

In summary, the supplemental dental program procurement process was delayed slightly to allow for potential vendors to re-submit cost proposals based on the updated enrollment and utilization data. Despite the delay, the Board should still expect a recommendation for the supplemental dental program procurement at the May 2021 Board meeting. The viewpoint that the current supplemental procurement process is not formal, non-objective, and dissuasive to meaningful competition has been noted. This certainly is not the intent of the process, but it is good to obtain this feedback so corrective action, if deemed appropriate, can be taken. As part of the process for all procurements at ETF, staff complete a "lessons learned" meeting for the sake of continuous improvement. The opinions presented in MetLife's letter will be discussion points during this meeting and may lead to the evolution of the procurement process.

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