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Correspondence Memorandum

Date: April 12, 2021

To: Group insurance Board

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

Subject: Supplemental Dental Plan Proposals for Plan Year 2022

Based on the recommendation of the evaluation committee, the Department of Employee Trust Funds (ETF) recommends the Group Insurance Board (Board) contract with Delta Dental of Wisconsin to administer the three Supplemental Dental plans, which are available to Active State and Local Employees, State and Local Retirees, State Continuants, and Dependents beginning January 1, 2022, through December 31, 2023. This includes the enhanced benefit of composite/resin fillings of posterior teeth.

Background

Under current law¹, the Board is responsible for approving employee-pay-all Supplemental Insurance Program offerings that are eligible for active employee payroll deductions.

In November 2017, the Board approved an [alignment strategy](#) (Ref. GIB | 11.15.17 | 7A) for supplemental plans with the goal of reducing benefit overlap, standardizing available benefits, and easing administrative complexity. The number of plans offered often caused confusion among employees and employers and sometimes lead to unknowingly purchase duplicate coverage. 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 two plans from one vendor beginning January 2020.

Supplemental dental is an employee-pay-all program. It is offered to all active State employees as well as all retirees, including local retirees. Since 2020, local employers have had the option to opt into the program and offer the program to their employees.

¹ 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

Eileen K Mallow Electronically Signed 5/4/21

Board	Mtg Date	Item #
GIB	5.12.21	12A

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Current plan benefits include coverage for major/restorative services, with the Select Plan covering 50% of the cost of the procedures, up to a \$1,000 per person; the Select Plus Plan offers coverage from 60% - 80%, with an annual benefit maximum of \$2,500. Table 1 illustrates the supplemental dental benefits.

Table 1 – Supplemental Dental Benefits

Benefit	Preventive Plan	Select Plan	Select Plus Plan
Annual deductible	None	\$100/person	\$25/person
Annual benefit maximum	\$1,000/person	\$1,000/person	\$2,500/person
Waiting period	None	None	None
Routine evaluations, dental cleanings, sealants, bitewings and panoramic X-rays, fluoride treatments, pulp vitality tests.	100%	No coverage	No coverage
Fillings	100%	No coverage	No coverage
Anesthesia (general and IV sedation)	80%	50%	80%
Emergency pain relief	80%	No coverage	No coverage
Periodontal maintenance	100%	No coverage	No coverage
Crowns, bridges, dentures, implants	No coverage	50%	60%
Surgical extraction, root canal (endodontics), periodontics (except maintenance), oral surgery	No coverage	50%	80%
Non-surgical extractions (above gumline)	90%	No coverage	No coverage
Orthodontic coverage	50% (Under age 19)	No coverage	50% (Any age)
Orthodontics lifetime maximum	\$1,500	No coverage	\$1,500

The Select Plus plan also offers up to \$1,500 for orthodontics coverage. The Preventive Plan offers all basic dental services currently covered by the Uniform Dental Benefit (UDB) as an employee-pay-all supplemental option. This option is only available to those members who do not receive their health insurance through ETF.

Enrollment in supplemental dental plans continued to increase last year. The average monthly enrollment in 2020 was 41,596 compared 34,831 in 2019.

2022 Supplemental Dental Proposal Process

On November 24, 2020, ETF invited 20 different dental carriers to prepare and submit a proposal for providing supplemental dental insurance to ETF eligible membership starting January 1, 2022. The list of dental carriers was the same list utilized for the recently completed 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 as payment for the third-party actuarial review fee if they elected to submit a proposal.

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Insurers who 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](#)).

The Guidelines were attached to the submission invitation, explaining submission component requirements, as well as how to structure and submit proposals. The Supplemental Benefit Plan Administrative Manual ([ET-1158](#)) for the 2022 plan year was also attached. This document provides information on how the supplemental program is administered.

Parties that expressed interest in submitting proposals received an age and gender census generated by ETF for all ETF eligible membership. The deadline for receipt of proposals was January 31, 2021.

ETF received proposals from three vendors; Anthem Blue Cross and Blue Shield (Anthem), Delta, and MetLife prior to the January 31, 2021 deadline.

Prior to proposals being due 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, to provide this information. Delta provided a report containing 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 data looked correct, and staff responded to MetLife's request with the 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.

On February 24, 2021, a letter was sent to the Board and ETF Secretary's Office on behalf of MetLife expressing concerns that the data provided was incomplete and inaccurate, making it impossible to submit a competitive bid. Upon further review of the data report, ETF agreed with MetLife's concerns. With this realization, ETF worked with Delta to request an updated enrollment and utilization report that contained the level of detail needed and in a format that resolved MetLife's concerns. On March 4, 2021, ETF staff notified all three potential vendors of the erroneous data in the initial report and supplied the updated enrollment and utilization report. Vendors were allowed to re-submit an updated cost proposal for the supplemental dental program by March 26, 2021.

Anthem and MetLife revised their original proposals with updated rates. Delta communicated their submitted rates would not change. The evaluation committee members were sent the updated cost proposal and continued the evaluation process.

Proposal Evaluation

A four-member evaluation committee consisted of three ETF staff members and one representative from the University of Wisconsin System (UWS). A representative from UWS was chosen to participate because next to STAR agencies, they are the employer with the highest membership enrolled in supplemental dental plans. Assisting the evaluation committee was a representative from ETF's Bureau of Budget, Contract Administration and Procurement (BCAP). Evaluation committee members reviewed and evaluated each proposal independently and then met to collectively discuss questions and share opinions prior to any recommendation being made. Members were asked to evaluate each proposal on plan administration, reporting and performance standards, claims accuracy and timeliness, marketing materials and member resources and provider network.

The evaluation committee also reviewed written and/or oral reference responses for each vendor. The reference responses were all positive and stated that Anthem, Delta, and MetLife either met or exceeded expectations.

The evaluation committee met virtually on four separate occasions to discuss the proposals and unanimously decided on their recommendation to the Board.

There were several examples of the evaluation committee requesting clarification from the vendors during the evaluation process. In those situations, vendors were emailed question(s) by the program manager and instructed to provide a response via email. The answers were distributed to the evaluation committee and discussed at a subsequent evaluation committee meeting.

Evaluations

All three vendors demonstrated their ability to administer the supplemental dental program, have reputations for providing quality service, and a history of large dental plan administration. However, based on the overall proposal, the evaluation committee felt Delta would best meet the administration, employer and participants needs for the supplemental dental program.

Delta offers a call center located in Stevens Point and a Milwaukee-based Account Manager who only works on the State of Wisconsin dental plan. Delta has a dedicated State of Wisconsin website, toll free phone number and chat feature, as well as customer service representatives trained specifically on ETF's dental plans. This training exclusively on the State of Wisconsin's plan allows member representatives to better answer and address members questions and issues. According to Delta, 93% of plan participants that contacted Delta with questions reported their experience working with Delta as "very easy."

Anthem and MetLife both proposed for member phone calls to go into large call centers, located outside of Wisconsin. Customer service representatives would field questions from all vendor clients, not just ETF members.

The evaluation committee reviewed each vendor's network of providers. All three vendors have large networks in Wisconsin, neighboring states, and states where retirees tend to spend time or relocate. Delta's network offers more in-network providers in the state of Wisconsin as well as nationwide than MetLife or Anthem. Delta has contracted providers in 71 of 72 Wisconsin counties. None of the three vendors have dental providers in Florence County. Anthem and MetLife do not have dental providers in Kewaunee and Menominee Counties. MetLife does not have dental providers in Marquette, Price, or Richland Counties.

Delta has more providers in the three of the four counties with the highest population of State and Local Retirees. Delta has more providers in Dane, Milwaukee, and Waukesha County than MetLife or Anthem. Anthem has more providers in Brown County than either MetLife or Delta.

Delta offers access to a nationwide network of over 259,000 providers. More than 90% of Wisconsin providers and three-fourths of providers nationwide are members of Delta's PPO network.

Table 2 – Total Number of Providers in Wisconsin

Anthem	4,884
Delta	5,712
MetLife	3,326

Table 3 – Dental Providers Nationwide

Anthem	133,000
Delta	259,962
MetLife	159,333

Premium Schedule Proposal

Vendors were required to submit a premium schedule for each plan. As explained previously in this memo, vendors were provided a more detailed census and claims experience report in March 2021 and allowed to re-submit their premium schedule after reviewing the updated data.

On April 1, 2021, at the request of the evaluation committee, the three vendors were sent an additional request to submit an updated premium schedule to include a 24-month rate guarantee matching the period of the contract. MetLife and Delta both communicated their proposed rates would be valid for 24 months. Anthem responded by committing to their original 5% rate cap guarantee between year one and year two of the contract.

After all the premium submissions were final, the evaluation committee reviewed the submissions. Table 4 illustrates the proposed premiums for each plan design.

Table 4 – Proposed Premium

	MetLife*			Delta			Anthem**		
	Prev.	Select	SPP	Prev.	Select	SPP	Prev.	Select	SPP
Actives									
EE	\$30.20	\$9.28	\$21.92	\$34.72	\$9.76	\$20.98	\$37.33	\$11.47	\$20.79
EE+CH	N/A	\$12.52	\$40.56	N/A	\$13.16	\$38.96	N/A	\$22.94	\$41.58
EE+SP	N/A	\$18.56	\$43.84	N/A	\$19.52	\$41.96	N/A	\$15.47	\$38.46
Family	\$75.50	\$22.28	\$66.85	\$86.80	\$23.40	\$68.28	\$93.32	\$27.54	\$63.41
Retirees									
EE	\$30.20	\$15.44	\$35.26	\$34.72	\$16.22	\$31.12	\$37.33	\$19.08	\$33.45
EE+CH	N/A	\$21.19	\$65.24	N/A	\$22.26	\$57.58	N/A	\$38.80	\$66.89
EE+SP	N/A	\$31.39	\$70.53	N/A	\$32.96	\$62.24	N/A	\$26.19	\$61.87
Family	\$75.50	\$37.67	\$107.57	\$86.80	\$39.56	\$94.94	\$93.32	\$46.56	\$102.02

* MetLife premiums do not reflect an additional cost of \$.08 PMPM for ID cards

** Anthem premiums do not reflect a 24-month rate guarantee

MetLife’s proposed premiums were lowest for the Preventive and Select Plan. MetLife’s proposed premiums for the Preventive and Select Plan matched the current vendor’s 2021 rates for those plans. Anthem had the lowest premiums for active employees on the Select Plus Plan and Delta had the lowest premiums for the Select Plus Plan for retirees.

Using census data from December 2020, the Preventive Plan accounted for 2.8%, the Select Plan 22.7%, and the Select Plus Plan 74.5% of supplemental dental total enrollment.

Table 5 shows the total aggregate monthly premium calculated using December 2020 census data. The total premium was calculated by multiplying the proposed premium of each vendor for the Preventative, Select and Select Plus Plan by the number of enrolled employees in each class designation (employee only, employee + children, employee + spouse, and family). As Table 4 illustrates, MetLife had the lowest proposed rates for the Preventive and Select Plan. Delta had the lowest rates for most class designations for the Select Plus Plan. Even though MetLife had less expensive premiums for two of the three plans designs, Delta had the lower overall premium due to the great majority of membership being enrolled in the Select Plus Plan.

Table 5 – Total Monthly Proposed Premium

	MetLife*	Delta	Anthem**
Monthly Premium	\$1,567,114	\$1,503,367	\$1,507,450

*MetLife premium does not reflect an additional cost of \$.08 PMPM for ID cards

**Anthem premium does not reflect a 24-month rate guarantee

Summary

Based on the overall strength of each submitted proposal, the evaluation committee unanimously determined the proposal by Delta best meets the administrative, employer and participants needs of the program.

Delta did not miss a performance standard service guarantee in 2020 related to claims processing accuracy and timeliness, enrollment accuracy and timeliness, or customer service standards. Delta's proposal demonstrated its commitment to maintaining excellent customer service, claims processing and enrollment accuracy. Delta has established its willingness and availability to work with state and local employers in all types of situations. Delta has demonstrated that the successful administration of the plan and excellent customer service is a priority.

Delta's network allows ETF's geographically diverse membership access to network providers where there are high concentrations of membership, both in the state and nationwide. When considering the utilization of the different plan offerings by current participants, Delta provides the lowest overall costs and provides a 24-month rate guarantee.

Contract Negotiations

A contract will be completed as soon as possible following the Board approval.

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