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Correspondence Memorandum

Date: April 15, 2021
To: Group Insurance Board
From: Douglas Wendt, Supplemental Plans Program Manager
 Office of Strategic Health Policy
Subject: Long-Term Care 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) approve a contract for HealthChoice and Mutual of Omaha to administer the Long-Term Care (LTC) insurance plan available to State employees, retirees, their spouses, and parents beginning January 1, 2022, through December 31, 2022.


Background

Under Wisconsin State Statute [§40.55](#), the Board is responsible for approving the employee/retiree-pay-all LTC insurance program offerings. This benefit was closed to new enrollments from January 1, 2020, through July 7, 2020, due to a lack of contracted vendor. New enrollments became available again starting July 8, 2020.

Insurers that wish to participate in the LTC insurance program submit proposals for review and Board approval. LTC insurance proposals must meet the requirements described in the Board approved LTC Insurance Standards (Standards) [ET-7423](#).

The LTC insurance plans are sold as individual policies and employees can enroll at any time during the year. LTC insurance coverage does not guarantee acceptance and applicants must go through an underwriting process to be approved for coverage. Since these are individual policies, subscribers can stay with the same carrier if there is a vendor change and are not required to reapply with the new vendor.

Because there are subscribers with policies administered by six current and past vendors, current total enrollment is unknown. After the plan opened to new enrollments again in July 2020, there were 2,023 member inquiries in 2020 with 69 policies sold.

Reviewed and approved by Eileen K Mallow, Director, Office of Strategic Health Policy
 Electronically Signed 5/3/21

| Board | Mtg Date | Item # |
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| GIB | 5.12.21 | 12B |

Long-Term Care Proposals

ETF received three LTC proposals for 2022. Proposals were due January 31, 2021. A committee consisting of three ETF staff and one University of Wisconsin staff member evaluated the proposals. A staff member of ETF's Bureau of Budget, Contract Administration and Procurement (BCAP) assisted the committee. ETF verified that each policy offered was approved by the Office of Commissioner of Insurance (OCI) and that the selling agents are licensed to sell long-term care insurance in Wisconsin.

ACSIA Partners of Kirkland, WA, as a broker, submitted a proposal to offer a plan by National Guardian Life. In its proposal, ACSIA Partners indicated they would be able to meet almost all of the standards laid out in the ET-7423. They are not able to offer the required 5% State employee discount. The plan being offered has only been in existence since 2016 and they currently do not have experience with large government employers, so they were unable to submit the required range of references. They also do not offer the option of a face-to-face sales consultation with employees. Although the current pandemic environment is unique, the target age group for these plans is an older population and the evaluation committee feels it is important for employees to be able to have the choice of an in-person meeting. However, the committee was impressed with the available supplemental on-line resources. The committee does not recommend approval of the ACSIA Partners proposal.

Legacy Services of Brookfield, WI, as a broker, submitted a proposal to offer a plan by Thrivent, with the option of offering other plans by other carriers, pending ETF approval. As with ACSIA Partners, Legacy Services does not offer in-person consultations and Thrivent does not offer the required discount. They also would not agree to the contract provision that vendors send informational materials at ETF's request. Although rare, this is a standard provision in vendor contracts in the event there is a statutory or regulatory change that impacts the plan. Legacy Services also stipulated they be the only approved long-term care insurance vendor. For these reasons, the committee does not recommend approval of the Legacy Services proposal.

HealthChoice, as broker, and Mutual of Omaha, as insurer, jointly submitted a proposal. HealthChoice is located in Madison, WI. The submitted proposal stipulates that HealthChoice and Mutual of Omaha are able to meet all of the standards in the ET-7423. ETF has not received any negative feedback on HealthChoice or Mutual of Omaha from our membership. They also provide in-person consultations with employees as needed. There have been some administrative challenges in the past, as evidenced by the lack of agreement on a contract for the first half of 2020. Since the implementation of the current contract in July 2020 there have been no issues.

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ETF recommends the Board approve the offering from HealthChoice, Madison, Wisconsin, to offer the Mutual of Omaha – MutualCare Custom Solutions Long-Term Care Insurance for Wisconsin State employees and annuitants. This LTC plan is the same offering that is currently available to members.

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