

DRAFT

# MINUTES

March 29, 2021

## Group Insurance Board

State of Wisconsin



### Location:

The Board meeting was held via teleconference.

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### BOARD MEMBERS PRESENT:

Herschel Day, Chair  
Nathan Houdek, Vice-Chair  
Nancy Thompson, Secretary  
Harper Donahue  
Malika Evanco

Dan Fields  
Walter Jackson  
Brian Pahnke  
Bob Wimmer

### BOARD MEMBERS ABSENT:

Katy Lounsbury

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### PARTICIPATING EMPLOYEE TRUST FUNDS (ETF) STAFF:

#### Office of the Secretary

John Voelker, Secretary Designee  
Lisa Gurley, Board Liaison

#### Office of Strategic Health Policy

Eileen Mallow, Brian Stamm,  
Tricia Sieg, Tom Rasmussen

#### Bureau of Budget, Contract

#### Administration and Procurement:

Joanne Klaas, Tim Steiner

#### Office of Legal Services:

David Nispel

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### OTHERS PRESENT

#### Employee Trust Funds:

Monica Anderson, Ralph Bauer,  
Diana Felsmann, Pam Henning,  
Steve Hurley, Kadi Mbanefo,  
Renee Walk, Douglas Wendt,  
Korbey White, Wade Whitmus,  
Cheryllynn Wilkins, Kathryn Young

#### Delta Dental:

Megan Wohlfeil

#### Legislative Audit Bureau:

Jessica Albrecht, Bridget Wieser

#### Others (Unidentified)

11 individuals connected via telephone

#### Public:

Mark Kaepfel, Kathryn Kercheck,  
Larry Konopacki, Pamela Loignon,  
Larry Norris, Amanda Sonnenburg,  
Becky Whalen, Melanie Zuehls

#### UW Systems:

Brianne Jobke

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Mr. Day, Chair, called the meeting of the Group Insurance Board (Board) to order at 2:01 p.m.

Board	Mtg Date	Item #
GIB	5.12.21	2C

## **ANNOUNCEMENTS**

Ms. Mallow stated a new technical writer started in the Office of Strategic Health Policy and he would be introduced at the May meeting.

### **UNIFORM DENTAL BENEFITS (UDB) REQUEST FOR PROPOSAL (RFP): INVESTIGATION INTO THE PROCUREMENT PROCESS**

Mr. Nispel referred the Board to the UDB RFP: Investigation into the Procurement Process memo (Ref. GIB | 3.29.21 | 2). He said many Department of Employee Trust Funds (ETF) staff were involved in the investigation into the procurement process, and they consulted with Mr. Steiner and himself. Contract Specialist Joanne Klaas and ETF Attorney Diana Felsmann provided assistance and consulted with Mr. Steiner and himself throughout the course of the investigation.

Mr. Nispel stated the investigation was led by the Office of Legal Services (OLS) and Budget, Contract Administration and Procurement (BCAP), with an overriding goal to provide the Board with information they would need to carry out their fiduciary responsibilities regarding the awarding of the UDB contract. Additional information included:

- ETF received a letter from attorneys for one of the vendors who submitted proposals for the UDB RFP on February 24, 2021, which included concerns about irregularities in the scoring system used to recommend Delta as the UDB provider.
- ETF immediately began an investigation into the UDB procurement process and found errors, specifically an error in the formula calculation in the Form H – Cost Proposal Workbook submitted by proposers in response to the UDB RFP, and a minor error in the scoring of the presentation by one of the vendors.
- ETF informed the Board and evaluation committee that errors were discovered and the February 17, 2021 Notice of Intent to Award the contract would be paused, and no action would be taken until the investigation was complete and a future board meeting was held to discuss the investigation results.
- ETF rescored the cost portion of the RFP once errors were found; the overall ranking order of the proposers remained unchanged, with Delta scoring the highest total points. Anthem received the second highest score, and MetLife received the third-highest score.
- The two principal conclusions of the investigation were: no other errors were discovered in the RFP process and there were no legal issues.

Mr. Donahue arrived at 2:07 p.m.

Mr. Steiner stated BCAP sincerely regrets this error occurred and was not caught until after the February 17, 2021 Board meeting. He provided details regarding the BCAP and OLS investigation and highlighted the following points from the memo to the Board:

- Form H – Cost Proposal workbook errors.
- Alternative methods for RFP error identification.

- Review of the ETJ0045 UDB RFP Procurement file.
- Safeguards and controls to prevent an error such as this from happening in the future.

Mr. Day asked whether ETF has identified a process for submitting concerns or comments from vendors during the RFP process which would help with emails being overlooked.

Mr. Steiner stated ETF will include language in future RFPs that is more prescriptive to vendors about what to do if they believe they have discovered an error in the RFP.

Ms. Thompson asked if there is a rationale or standard that indicates when an actuary will get involved for RFPs.

Mr. Steiner indicated there is no formal standard, but the decision is made on a case-by-case basis on when an actuary should be consulted during the RFP process. However, this was a straightforward cost proposal and relied upon the scoring template created for the previous bid of this contract.

## **SUPPLEMENTAL DENTAL PROCUREMENT UPDATE**

Mr. Rasmussen referred the Board to the Supplemental Dental Procurement Update memo (Ref. GIB | 3.29.21 | 3) and discussed:

- 2022 Supplemental Dental proposal process.
- The February 24, 2021 letter to the Board, Secretary Conlin, and Secretary Designee Voelker.
- Delay in procurement process 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.

## **MOVE TO CLOSED SESSION**

Mr. Day stated the Board would now meet in closed session to hear a presentation on the RFP process and selection regarding the Uniform Dental Benefits Contract and to deliberate the vendor recommendation on Intent to Award the contract.

***MOTION: Mr. Fields moved to go into Closed Session pursuant to the exemptions contained in Wis. Stats. §19.85 (1) (e) to negotiate the investing of public funds or to conduct other specified public business, whenever competitive or bargaining reasons require a closed session. If a closed session is held, the Board may vote to reconvene in open session following the closed session. Mr. Pahnke seconded the motion, which passed unanimously on the following roll call vote:***

**Aye:** *Day, Donahue, Evanco, Fields, Houdek, Jackson, Pahnke, Thompson, Wimmer*

**Nay:** *None*

**Absent:** *Lounsbury*

The Board convened in closed session at 2:36 p.m.

The Board returned to open session at 3:32 p.m.

## **DISCUSSION AND VOTE ON BUSINESS DELIBERATED DURING CLOSED SESSION**

### **Report on Closed Session Discussion**

Mr. Day, Board Chair, announced during closed session the Board heard a presentation on the vendor selection process and vendor recommendations for the Uniform Dental Benefits contract from ETF staff and the evaluation committee. He said the recommendation would now be discussed and voted on by the Board.

Mr. Fields noted that Delta Dental had the highest overall score by approximately 100 points and was better in 3 of the 4 categories that were scored for the RFP even after scores were re-calculated.

### **Decision on options for the Uniform Dental Benefits contract that will begin January 1, 2022**

***MOTION: Mr. Fields moved to reaffirm the Board's initial February 17, 2021 motion to grant authority to the ETF Secretary to issue a letter of intent to award a contract to administer the State of Wisconsin Uniform Dental Benefit (UDB) to Delta Dental of Wisconsin (Delta) for a period beginning January 1, 2022, through December 31, 2026, with two additional two-year extensions permitted. Additionally, in the event of failed or prolonged negotiations with Delta, the Secretary be allowed to issue a letter of intent to award the contract to Anthem Blue Cross and Blue Shield (Anthem). Mr. Houdek seconded the motion, which passed on the following roll call vote:***

**Aye:** *Day, Donahue, Evanco, Fields, Houdek, Jackson, Pahnke, Thompson, Wimmer*

**Nay:** *None*

**Absent:** *Lounsbury*

**OPERATIONAL UPDATES**

Ms. Mallow referred the Board to the Operational Update in the Board packet (Ref. GIB | 3.29.21 | 7A) and stated this memo discusses a non-substantive change to the Board’s Vendor Procurement Appeals Policy which does not require a Board vote. She asked if there were any questions from the Board and offered that ETF staff were available if there were any questions.

**ADJOURNMENT**

***MOTION: Mr. Fields moved to adjourn the meeting. Mr. Houdek seconded the motion, which passed unanimously on a voice vote.***

The meeting adjourned at 3:40 p.m.

Date Approved: \_\_\_\_\_

Signed: \_\_\_\_\_

Nancy Thompson, Secretary  
Group Insurance Board