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Correspondence Memorandum

Date: April 18, 2022
To: Group Insurance Board
From: Douglas Wendt, Supplemental Plans Program Manager
 Office of Strategic Health Policy (OSHP)
Subject: Recommendations for Vision, Accident, and LTC Plan Contracts for 2023

The Department of Employee Trust Funds (ETF) recommends the Group Insurance Board (Board) approve the following contracts for Vision, Accident, and Long-term Care (LTC) plans effective January 1, 2023.

- Three-year contract with Delta Dental of Wisconsin’s DeltaVision plan for Supplemental Vision insurance coverage with the same benefits and premiums (see page 4).
- Three-year contract with Securian Financial (Securian) for Group Accident Insurance coverage with plan option 2 (see page 5).
- Two-year contract with HealthChoice (as broker) and Mutual of Omaha (as insurer) for LTC insurance coverage (see page 5).

Background

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

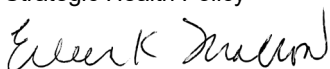
Insurers that wish to participate in the Supplemental Insurance Program submit proposals for review and Board approval. The proposals must meet the requirements described in the Board approved Supplemental Insurance Plan Guidelines (ET-7422). LTC insurance proposals must meet the requirements described in the Board approved LTC Insurance Standards (ET-7423). These documents also provide instructions on how proposals should be structured and submitted.

Timeline of the Supplemental Plan Submission and Review Process

November 17, 2021

The Board approved the current versions of the ET-7422 and ET-7423. Changes included increasing Vision and Accident plan contract periods to three years and two years for LTC.

Reviewed and approved by Eileen K Mallow, Director, Office of Strategic Health Policy
 Electronically Signed 05/04/2022



Board	Mtg Date	Item #
GIB	5.18.22	6

November 17, 2021

ETF posted the “Invitation to Negotiate” for each of the three plans on the ETF website. This opened the process for potential vendors to begin submitting proposals.

January 31, 2022

Deadline for submission of proposals at 2pm.

March 31, 2022

Goal date for evaluation committees to agree on recommendations.

Evaluation Committees

There were three separate evaluation committees, one for each plan. All three committees were facilitated by the Supplemental Plans Program Manager and consisted of ETF staff and representatives from various state employers. Three of the vision evaluation committee members were new since the last cycle of proposal reviews in 2020. There is one new member on each of the Accident plan and LTC committees.

Vision

The evaluation committee received three proposals for the Vision plan. Proposals were received from DeltaVision (Delta Dental of WI), VSP, and Surency. All three vendors had submitted proposals during the previous proposal cycle in 2020.

Considerations in the evaluation of the proposals, included, but were not limited to:

- Network adequacy.
- Premium rates.
- Benefits.
- Ability to meet all plan requirements as described in the ET-7422.
- References, including internal references and employer payroll center experience, where applicable.

Both DeltaVision and Surency proposed using the EyeMed Insight network as their contracted provider network and VSP proposed their own VSP network. The proposal review in 2020 for the 2021-2022 contract, determined both provider networks to be comparable. There have not been any new differentiators in the current proposals. Since implementing the EyeMed network with DeltaVision in 2021, the only consistent feedback has been the lack of participation of Davis Duehr Dean in the Madison area. EyeMed continues to work with Davis Duehr Dean to join the network.

Vision premiums are very low compared to other plans offered by the Board. The difference from the highest- to the lowest-proposed premiums was \$0.66 per month. This is based on plan offerings that were closest to the current benefits for an “employee only” premium. Surency proposed the highest premiums (3.5% more than current premiums), DeltaVision second highest (no change from current premiums), and VSP the lowest (8% less than current premiums).

There was a range of benefit plans in the proposals. DeltaVision proposed two base plans, one matched the current plan with a \$150 frame allowance, and one increased the frame allowance to \$175. DeltaVision also proposed two add-on benefits, which are described below. Surency proposed one plan that matched the current plan. VSP offered one base plan with a frame allowance of either \$200 or \$250 depending on the type of frame. VSP also proposed one add-on benefit.

One of the add-on benefits that was proposed by both DeltaVision and VSP is geared toward encouraging members who do not wear glasses or contacts to get an annual eye-exam. The add-on benefit is a free pair of sunglasses from a limited selection. The committee believes that this add-on is of limited value. Members already have coverage for an annual routine eye exam through the health insurance plan. Also, all members would have to pay additional premium for a small number of members who might enroll in the Vision plan to get this benefit. Members would also have a wider range of sunglasses choices through other sources.

The second add-on benefit proposed by DeltaVision offers to waive the \$15 eye exam copy and an additional \$50 frame allowance if the member goes to a limited set of network providers. After reviewing the list of eligible providers that was received from DeltaVision, the committee believes that not enough members would be able to gain benefit for the additional premium.

Since two of the vendors proposed multiple plan/benefit combinations, the committee opted to first pick a recommended vendor and then choose between the benefit options for the recommended vendor, if applicable.

Both DeltaVision and Surency agreed to all the contractual requirements. VSP did not agree to the ETF Departmental Terms and Conditions (DTC) document. After asking for clarification, VSP provided a red-lined copy of the DTCs. ETF reviewed and determined that some of the changes would require protracted negotiation to protect ETF interests on behalf of members.

The submitted references for all three vendors that responded to the reference checks were generally good. Experience references from internal ETF stakeholders and employer benefits representatives were positive for DeltaVision but negative for VSP.

Recommendation

The Vision evaluation committee is recommending DeltaVision for the three-year contract from 2023-2025 with the same benefits and premiums as current. The current premium amounts would remain the same for three more years. The experience with DeltaVision has been excellent and DeltaVision has fulfilled all the contractual requirements. When VSP was the vendor, they were not able to meet the contractual requirements related to reporting on performance standards specific to the Board's membership. The evaluation committee placed the highest weight on maintaining a

positive member experience with the plan. The red-lining of the DTCs by VSP also created uncertainty around contract negotiations.

After coming to a consensus on DeltaVision, the committee compared the two DeltaVision base plan options (with the current \$150 frame allowance or increased \$175 frame allowance). After review of 2021 claims data on frames that was provided by DeltaVision for our population the average frame price was \$189. Although this might point to an increase of the frame allowance, the committee believes the additional premium of \$0.60 per month over the two-year benefit period would not result in enough value to members to justify recommending an increase in the benefits at this time.

If for any reason DeltaVision does not sign a contract within the required 30 days, the committee recommends Surency as the alternative vendor choice. Surency offers the same network as DeltaVision, which would not result in any network disruptions if we were to have to implement Surency as the back-up vendor. Surency had positive references and Surency's premiums are also only \$0.20 more per month than DeltaVision.

Accident Plan

Only one proposal was received for the Accident plan, which was submitted by the current vendor, Securian. Since the inception of the plan in 2020, the ETF and employer experience with Securian as the vendor has been excellent.

Securian submitted a proposal with two plan options.

- Option 1: Maintain the current 2022 plan benefit amounts with a reduction in premium from the current rates.
- Option 2: Increase the plan benefit amounts with no premium increase. The increase in payout amounts varies depending on the specific type of injury.

Securian's two options were assessed by the evaluation committee. The committee believes that Option 2 is the better choice for administrative purposes. Keeping the premium rates the same for three more years does not require any reconfiguration of the payroll deductions by the employers. The administrative burden of implementation of the increase in benefits is borne by the vendor. Since premiums are already very low, the committee also feels that an increase in benefits would be perceived by members as having more value than a reduction in premiums. A comparison in the premium amounts is in Table 1. The range of payout increases is from a 33% increase for an eye injury to a 400% increase for loss of use of one or more limbs. The majority of benefit payout amounts increase 50%. The benefit amounts for death and dismemberment were increased in 2021 and do not change.

Table 1

Monthly Premiums	Option 1 Premiums	Option 2 Premiums
Employee Only	\$2.96	\$4.38
Employee + Spouse	\$4.23	\$6.26

Monthly Premiums	Option 1 Premiums	Option 2 Premiums
Employee + Child	\$5.70	\$8.44
Family	\$8.32	\$12.32

Recommendation

The committee recommends continuing to contract with Securian for the Accident plan with increased benefits at the current premium rates.

Long-Term Care

Only one qualified proposal was received for LTC. The proposal was from the current vendor partnership of HealthChoice and Mutual of Omaha. A second proposal was received from ACSIA, a brokerage based in Washington State. Their proposal did not meet the requirements specified in the Long-Term Care Standards. Although sponsored by the Board, the plan is administered as an individual plan with individualized rates and benefits based on the results of the underwriting assessment of each member's application. ACSIA proposed two different group life insurance plans with an LTC rider. Since this didn't meet the requested plan type and the Board already has a robust life insurance program, the committee disqualified the proposal from ACSIA. ACSIA was provided this feedback from the Program Manager and BCAP Contracts Specialist.

HealthChoice and Mutual of Omaha have been able to meet all the contractual requirements and there have been no notable member issues with them as the joint vendor.

Recommendation

The committee recommends continuing to contract with HealthChoice and Mutual of Omaha for the LTC plan.