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April 17, 2023

<u>VIA E-MAIL: BoardFeedback@etf.wi.gov</u>

Group Insurance Board Members
c/o Board Liaison
Department of Employee Trust Funds
PO Box 7931
Madison, WI 53707-7931

Dear Members of the Group Insurance Board:

On behalf of Sharecare, Inc. ("Sharecare") we are submitting this correspondence in follow up to our March 8, 2023, protest and response to the April 3, 2023, ETF Staff Memorandum. We greatly appreciate the Board's consideration of this protest.

After reviewing the ETF Staff Memorandum, Sharecare continues to believe that it offered an overall superior solution that would cost Wisconsin taxpayers and health plan participants far less money and provide a greater return on investment. This communication is to specifically express our concerns relating to the proposed decision to award two contracts pursuant to an offer that results in the higher costs to Wisconsin taxpayers and health plan participants, and the ETF's unilateral decision to substitute its own costs for those offered by Sharecare.

State law provides that "The public employee trust fund is a public trust and shall be managed, administered, invested and otherwise dealt with solely for the purpose of ensuring the fulfillment ***at the lowest possible cost*** of the benefit commitments to participants." As the ETF Staff Memorandum references, when selecting a higher cost proposal, the GIB must be satisfied that it has exercised its fiduciary duties.

We remain concerned with the GIB's proposal to select two higher cost proposals. Specifically, Sharecare's BAFO proposals for the Well-Being and Chronic Condition Management contracts were the highest scoring (regardless of whether PEPM discounts were applied).

In deciding to award the Well-Being and Chronic Condition management contracts to the bidder with the lower overall score and higher cost to plan participants, the ETF Staff Memorandum points to a new ETF Cost Analysis for the Well-Being RFP. This ETF Cost Analysis "estimated Sharecare's Well-Being Per Participant Usage fees (lines 20-25) at almost $3M higher for Sharecare than for WebMD per year."

We have several concerns with the reliance on this separate staff cost analysis and believe substantial confusion remains surrounding the decision to proceed with higher cost proposals.

- How did ETF calculate this $3 million figure?
- The ETF cost analysis purportedly demonstrates that Sharecare's total cost across all three contracts would be higher than WebMd. Why hasn't the full ETF Cost Analysis been shared with the vendors?
- If ETF was uncertain about Sharecare's cost proposal and "missing costs", why weren't clarifying questions asked?
- If ETF uses BAFOs to calculate final cost scores and these are relied upon as a true representation, why did ETF make adjustments to Sharecare's scoring?

Furthermore, Sharecare interprets the solicitation to require the company to perform the contract at the prices proposed, and believes that GIB would have expected Sharecare to perform the contracts at the prices offered. Accordingly, Sharecare does not understand what authority the GIB relied on to alter its proposed prices, given that Sharecare would been obligated to perform the contract at the offered prices, if Sharecare had received a contract award.

Again, applying the BAFO cost score (without or without discounted PEPMs), Sharecare had the highest total scoring proposals for the Well-Being and Chronic Condition Management proposals as determined by the selection committee and predetermined methods and criteria of the RFP.

Although ETF has elected not to provide the pricing information, Sharecare estimates that the cost differences in the BAFO scoring for the Well Being and Chronic Condition Management contracts are substantial. Simply applying the RFP's prorated scoring analysis to Sharecare's known pricing for the BAFO (with discounted PEPM) indicates that WebMD's total annual costs are approximately $1.4 million higher for Wellness and $1.1 million higher for Chronic Condition Management.[1] Across all three contracts, Sharecare's total costs are approximately $1.8 million less.

Even accepting the ETF's revised cost analysis, Sharecare's pricing is still estimated at a savings of approximately $1 million across all three contracts (with discounted PEPM), including a $900,000 savings on the Well-Being contract and a $1.1 million savings on the Chronic Condition Management contract.

Unfortunately, without further transparency relating to the ETF cost analysis, how per participant usage fees are calculated, and WebMD's pricing, Sharecare now relies on the members of the

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[1] Section 3.6 of the RFP indicates that the lowest cost proposal will receive the maximum number of points available and "[o]ther Cost Proposals will receive prorated scores based on the proportion that the costs of the Proposals vary from the lowest Cost Proposal." For instance, Chronic Condition management, Sharecare received the maximum score of 200 and WebMD received 57.4 indicating that WebMD's costs for the that contract were approximately ***3.5 times greater*** than Sharecare.

GIB to ensure the contracts selected will allow the GIB to fulfill its commitments to participants at the lowest possible cost.

Finally, we note as well that the GIB is under no obligation to award all three contracts to the same vendor. Awarding the Well-Being and Chronic Condition Management contracts to highest scoring proposals would be fully consistent with the RFP and ensure the Board is satisfying its obligation under state law to ensure that GIB is fulfilling its benefit commitments "at the lowest possible cost."

We thank the Board for its thoughtful consideration of this protest.

Sincerely,

GODFREY & KAHN, S.C.

Zachary Bemis

cc: Ms. Beth Bucaida (via email)