

# Request for Proposals (RFP) Process

## Item 5 - Group Insurance Board

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# Informational Item Only

- No Board action is required.

# RFP Basics

- RFP – Form of competitive procurement
- Used by ETF to procure services (and sometimes goods)
- How does an RFP contrast with an RFI or RFB?

# RFP Principles

- **Competition**: Obtain quality goods/services at competitive prices
- **Consistency**: Provide fair treatment to vendors through consistent application of policy/procedure and evaluation of proposals
- **Integrity**: Measure decisions and activities using a standard of fairness that can withstand public and legal scrutiny
- **Openness/Transparency**: Provide clear communication with vendors and stakeholders; documentation of decisions and activities that are open to public inspection

# Overview

- ETF issues RFPs to procure a range of services:
  - Member-facing services: e.g., Administration of Income Continuation Insurance, Life Insurance, Wellness Programs, Uniform Dental Benefits, HSA/ERA/Commuter Benefit Accounts
  - Non-member-facing services: e.g., Actuarial Services, Data Warehouse
- Purchasing Authority in Wisconsin Statutes: Chapters 16 and 40
- Health plans and supplemental plans are procured using an invitation to negotiate process (Ch. 40)

# Chapter 16 Authority

- Wis. Stat. §16.71: DOA may delegate purchasing authority for most goods and services to agencies
- ETF is a delegated agency
- Purchasing procedures follow:
  - State Statute: §§ 16.70-16.78
  - Adm. Code: ADM 5-11 and 50
  - DOA State Procurement Manual

## Used to:

- Purchase general administrative services (e.g., business consulting)
- Purchase off DOA mandatory contracts (e.g., many commodities: print, computers, IT contractors)
- Purchase off existing state agency contracts

# Chapter 40 Authority

- Multiple Statutory Citations:
  - GIB: Wis. Stat. § 40.03(6)(a)(1) ... enter into a contract ... with one or more insurers authorized to transact insurance business in this state for the purpose of providing the group insurance plans
  - ETF Board: Wis. Stat. § 40.03(1)(c) may employ or select any medical, legal and other independent contractors as are required for the administration of the fund
- ETF follows a detailed procurement procedure (closely follows DOA Procurement Manual)

## Used to:

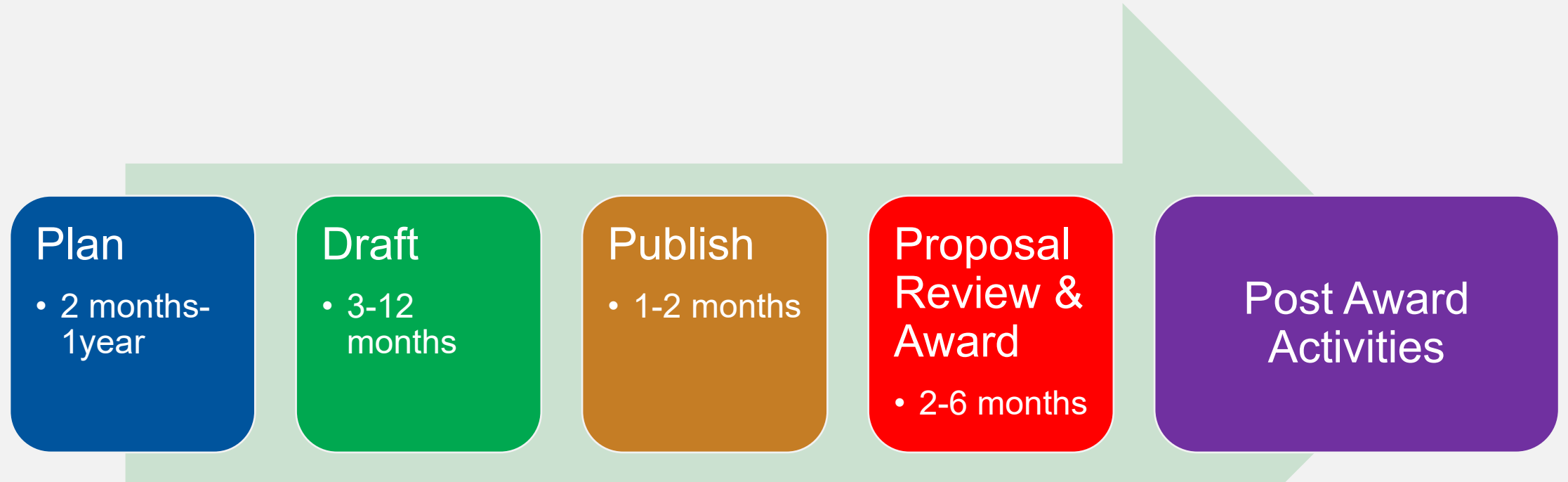
- Purchase program-related services
- Purchase services directly related to the Board's fiduciary responsibilities

# Unique Aspects of Chapter 40 Procurements

- Length of contract determined by the Board
- No DOA-approved procurement plan required
- No formal cost benefit analysis required
- The Board makes the final contract award based on recommendation of the evaluation committee and program area (vs. based on highest score)
- Protests are decided by the Board, not DOA



# Standard RFP Process



# Plan - Part 1

- Identify the need
- Consider budget
- Assess whether the procurement should be conducted under Chapter 16 or Chapter 40 (Chapter 40 is assumed for the remainder of the slides)
- Develop a general timeline
- Bring request to issue an RFP to the Board

# Plan – Part 2

- Requirements gathering: programmatic requirements based on statutory requirements for some RFPs (e.g., life insurance and other benefits)
- Research: other RFPs/vendor pool
- Project planning: detailed timeline and stakeholders; project kick-off
- Assembling evaluation committee: common for a Board member to sit on a Ch. 40 procurement evaluation committee

# Draft the RFP

- Program area staff develop programmatic requirements
- BCAP Procurement Lead develops non-programmatic language (standard ETF terms and conditions included)
- RFP is reviewed by ETF stakeholders, the evaluation committee, and sometimes external partners (e.g., consulting actuaries, other state agencies)

# Publish

- RFP released/published
- Questions and answers submitted by interested vendors
- Program area and other ETF stakeholders reviewed and answered vendor questions
- Answers to vendor questions released/published and made a part of the RFP/contract

# Review and Award – Part 1

- Proposals received/initial proposal review by BCAP Procurement Lead
- Evaluation committee kick-off and subsequent meetings
- Vendor reference checks
- Vendor presentations (optional)
- Cost proposals revealed (consulting actuaries sometimes involved)
- Evaluation committee deliberation/recommendation

# Review and Award – Part 2

- Recommendation memo drafting for the Board by the ETF program area and BCAP, approved by program director
- Recommendation memo presentation to the Board
- Vendor finalist presentations to the Board in closed session (optional)
- Board deliberation and award

# Post-Award Activities

- 10 business-day appeal period (GIB Vendor Procurement Appeals Policy)
- Contract negotiations
- Contract execution
- Implementation
- Possible public records requests
- Contract management
- Updates to the Board



# ETF's Role

- Procurement Lead coordinates RFP activities (can be in conjunction with Project Manager)
- BCAP works closely with ETF Office of Legal Services (OLS) to draft and finalize the RFP, respond to appeals and public records requests
- Procurement Lead works closely with other ETF stakeholders
- Procurement Lead coordinates contract negotiations with OLS, the vendor and other ETF stakeholders
- Procurement Lead assists program area in drafting contract updates for the Board

# The Board's Role

- Board plays important oversight and participatory role
- Board reviews RFP request and may authorize the Secretary to proceed
- It is common for a Board member to sit on Chapter 40 evaluation committees
- The Board makes the final decision on the contract award (unless the Board has delegated this to the Secretary or an ETF Director; determined when an RFP is authorized)
- The Board renders a decision on any appeal
- The Board Chair signs the contract (may be delegated for certain procurements)
- The Board reviews contract status



**Questions?**

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# Thank you

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