

Long-term Care Insurance Contract Recommendation

 Item 12 – Group Insurance Board

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Action Needed

- The Department of Employee Trust Funds (ETF) recommends the Group Insurance Board (Board) approve the recommended contract term with HealthChoice (as agent) and Mutual of Omaha (as insurer) for long-term care insurance (LTC), starting Jan. 1, 2025.

Program & Contract Uniqueness

- Three-party agreement between ETF, HealthChoice (agent), and Mutual of Omaha (insurer).
- No involvement in the enrollment or premium payment process.
- Limited data shared for marketing outreach.
- Only the member and/or provider provides protected health information.
- Interested members apply for the insurance online directly through Mutual of Omaha.
- Coverage is underwritten and issued to approved eligible members as an individual plan, not group plan.
- Coverage continues with the member regardless of contractual relationship with ETF and the Board or WRS eligibility.

Process

Invitation to negotiate was posted on-line on Nov. 27, 2023.

ETF received an inquiry from a broker on Jan. 18, 2024, wanting to bypass the procurement process and do a sales call.

Proposals were due Jan. 31, 2024.

Only one proposal was received from the current vendor.

Inquiries were sent to OCI, DATCP, and ETF Ombudsperson Services to check for consumer complaints, with positive results.

Contract Requirements

- The LTC contract incorporates the LTC standards (ET-7423) approved by the Board in November 2023. These standards reflect the Board's decision to require SOC 2 Type II reports from all vendors for contracts starting after Dec. 31, 2025.

Potential Risks

Does not have a SOC 2 Type II contract requirement.

HealthChoice has been working with ETF in good faith to obtain the needed transparency and documentation for ETF to be able to assess their existing security posture.

Provisions and Protections

- In the LTC Standards (ET-7423), the insurer and, if applicable, the agent, shall comply with all applicable state and federal laws and regulations concerning the confidentiality, privacy, or security of personally identifiable information created, received, or otherwise accessed by the insurer.

Contracting Options

Option 1:

Approve a three-year contract with HealthChoice and Mutual of Omaha for LTC insurance for the term from Jan. 1, 2025, to Dec. 31, 2027, as specified in the Board's November LTC standards (ET-7423).

Option 2:

Approve a one-year contract from Jan. 1, 2025, to Dec. 31, 2025, according to the Board's November LTC standards (ET-7423) and work to negotiate a contract extension from Jan. 1, 2026, to Dec. 31, 2027, that incorporates the new security framework into the contract.

Recommendation

Option 1:

Approve a three-year contract with HealthChoice and Mutual of Omaha for LTC insurance for the term from Jan. 1, 2025, to Dec. 31, 2027, as specified in the Board's November LTC standards (ET-7423).

Action Needed

- The Department of Employee Trust Funds (ETF) recommends the Group Insurance Board (Board) approve the recommended contract term with HealthChoice (as agent) and Mutual of Omaha (as insurer) for long-term care insurance, starting Jan. 1, 2025.



Questions?

Thank you



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