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## Correspondence Memorandum

**Date:** May 13, 2016  
**To:** Group Insurance Board  
**From:** Lisa Ellinger, Director  
Office of Strategic Health Policy  
**Subject:** Self-Insuring Medical Claims – Request for Proposals (RFP) Update

**This memo is for informational purposes only. No Board action is required.**

### Summary

At the February 17, 2016 Group Insurance Board (Board) meeting, the Board approved the development and distribution of an RFP to evaluate self-insuring and a regional/statewide structure for the group health insurance program. The purpose of this memo is to provide the Board with a status report on the development of the RFP.

### Discussion Points

ETF has engaged Segal Consulting (Segal) to assist with the development of the RFP. Segal will review and provide feedback on the complete RFP draft, and will have a particular focus on the cost, provider access and disruption aspects of the evaluation.

The primary objective of the RFP exercise is to collect the necessary data to bring the Board various program structure alternatives for consideration at the November 15, 2016 Board meeting. The RFP is structured to evaluate the components described below.

- **Mandatory Requirements**  
This section of the RFP notes the mandatory specifications all vendors must agree to provide in order to participate in the RFP process. Staff developed this section by compiling requirements in the current fully-insured health plan contract and current self-insured administrative services only contract. Staff also included best practice requirements from other state models. Vendor requirements specified in this section of the RFP include the following categories: account management, claims processing, customer service, data management, medical management, and privacy and security practices. The goal of this section of the RFP is to demonstrate to the Board that all proposing vendors confirm the ability to provide an acceptable level of administrative services to the group health insurance program.

Reviewed and approved by John Voelker, Deputy Secretary

Electronic Signature 5/13/16

Board	Mtg Date	Item #
GIB	5.18.16	3B

- Vendor Questionnaire

This section of the RFP scores the vendors ability and experience in administering and supporting the strategic initiatives of the Board. Staff developed this section by compiling recommendations presented in the November 2015 Segal report, as well as staff recommendations from the Strategic Insurance Initiatives document presented to the Board's Strategic Planning Workgroup in 2014:

<http://etf.wi.gov/boards/agenda-items-2014/gibspw0416/item4a.pdf>

Staff also included concepts found in RFP models from other states.

This section requires vendors to describe experience and results in the following areas: high-value networks, disease management, data analytics, predictive modeling, technology, patient engagement, provider engagement, quality improvement, pay for performance, payment/reimbursement reform models, provider-level tiering, reference value/pricing, and centers of excellence.

The goal of this section of the RFP is to evaluate vendor ability to administer value based plan design options, so that the Board can factor these capabilities into the vendor comparison process.

- Performance Measures / Reporting Requirements

This section of the RFP outlines future operational performance measures that would be part of the contract for the administration of the health insurance program, and scores the vendors' current performance on measures relating to population health management. Staff developed this section by compiling recommendations presented in the November 2015 Segal report, reporting requirements from the current health plan contracts, and included concepts found in RFP models from other states.

Operational performance measures include the following categories: implementation deadlines, account management, customer service, claims processing, website administration, and data management. Note that several of these categories are listed in the mandatory requirements section as well. This is intentional, as many of the mandatory requirements are linked to specific performance guarantees and/or reporting requirements.

As recommended in the Segal report, baseline population health metrics include: treatment compliance, medication adherence, clinical outcomes, utilization improvement, engagement in medical management, and wellness programs (see the template provided in the Segal report – Attachment A).

The goal of this section of the RFP is to demonstrate to the Board that all proposing vendors confirm the ability to adhere to performance metrics and reporting requirements in the future, and compare current population health performance metrics related to medical management programs.

- **Program Structure: Regional, Statewide, and National**  
This section of the RFP will enable the Board to compare potential costs/savings associated with different program models. For example, information will allow the Board to weigh the pros and cons of a self-insured program under a regional structure using multiple insurers versus a single, statewide administrator approach, or a hybrid structure that includes regional and statewide vendors. The RFP will also allow vendors the opportunity to provide multiple network options for comparison. For example, a vendor could submit a “high value” network that is lower cost with narrower provider access, but also submit a broader access network and the administrative costs associated with that offering. Segal will provide the Board with additional information on the evaluation process for this aspect of the RFP at the May 18, 2016 meeting.
- **Provider Access**  
This section of the RFP will enable the Board to compare provider access and disruption issues associated with various network options. Vendors will be required to demonstrate satisfactory provider access in the regions they propose to serve. The analysis will also demonstrate to the Board the provider disruption that would result from different network offerings, as the Board and members have highlighted this issue as a priority topic. Segal will provide the Board with additional information on the evaluation process for this aspect of the RFP at the May 18, 2016 meeting.
- **Cost Impact**  
This section of the RFP will enable the Board to compare costs for the different scenarios described in the program structure and provider access sections above, and compare anticipated savings in a regional/statewide and/or self-insured structure versus the likely future costs of the current fully-insured model. Segal will provide the Board with additional information on the evaluation process for this aspect of the RFP at the May 18, 2016 meeting.

### **Request for Comment (RFC) and Request for Information (RFI)**

Given the significance of this RFP and the considerable scope of information being collected for evaluation, ETF and Segal are providing prospective vendors two opportunities to provide input in advance of the July RFP release.

The first opportunity, a Request for Comment (RFC), was sent to current health plans and potential vendors May 4, 2016 (see Attachment B). The primary objective of the RFC was to gauge health plan ability to submit data in prescribed formats, and to collect feedback on the regional structure. Responses were due May 11, 2016. Segal will present the Board with a summary of the RFC responses at the May 18, 2016 meeting.

The second opportunity, a Request for Information (RFI), will occur in early June. This will essentially provide vendors with a preview of the RFP, and provide another opportunity to review and provide feedback on technical components of the RFP.

The rationale for both of these opportunities is to ensure that ETF issues an RFP with clear requirements and data specifications that will attract a strong pool of prospective vendors.

### **Timeline**

Key dates leading up to the November Board presentation follow below. Please note that dates may be subject to change if additional time is required for RFP development.

- January – July 2016: RFP Development
- May 4, 2016: RFC Issued
- June 3, 2016: RFI Issued
- July 22, 2016: RFP Issued
- August 5, 2016: Proposer Questions and Letter of Intent Due
- August 19, 2016: ETF Posts Answers to Questions on ETF Extranet
- September 9, 2016: **PROPOSAL DUE DATE**
- November 15, 2016: Board Presentation

Staff will be at the Board meeting to answer any questions.

Attachment A: Appendix 1: Performance Metrics

Attachment B: Request for Comment