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CORRESPONDENCE MEMORANDUM

DATE: February 9, 2016
TO: Group Insurance Board
FROM: Lisa Ellinger, Director
Office of Strategic Health Policy
SUBJECT: Segal Recommendations – Proposed Implementation Plan

Group Insurance Board (Board) action is needed to provide direction on the implementation of recommendations included in the November 2015 Segal Consulting (Segal) Report, *Observations and Recommendations for 2017 and Beyond*. This memo details an ETF staff recommendation and alternative options for the Board's consideration.

Background

At its January 7, 2016 meeting, the Board directed ETF to develop recommendations and timelines for procurements outlined in the November 2015 Segal Report, [Observations and Recommendations for 2017 and Beyond](#). The Board also indicated that the RFP to evaluate moving to a self-insured model is a priority and should target a potential January 1, 2018 implementation date. Board memo 5B, [Self-Insuring Medical Claims – Request for Proposals](#), provides additional analysis on the self-insured model.

ETF-Recommended Procurement Activities and Benefit Changes

Based on Board direction and resources available, ETF recommends the Board approve proceeding with the development and distribution of the following Requests for Proposals (RFP) in 2016:

- Evaluate Self-Insurance
- Data Warehousing and Business Intelligence
- Wellness Program
- Pharmacy Benefit Manager

Additionally, ETF recommends the following:

1. No new benefit changes for the 2017 plan year, with the exception of the wellness benefit carve-out. Minimizing benefit changes will maximize staff ability to focus on the procurements noted above. Benefit changes entail significant staff effort including actuarial cost analysis, stakeholder feedback, contract

Reviewed and approved by John Voelker, Deputy Secretary

Electronically Signed 2/10/16

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changes, negotiation preparation, staff and payroll center training, IYC material development and other member communications.

The exception to this recommendation relates to the wellness program RFP noted above, which would result in the wellness benefit being separated from the medical benefit. If the Board approves that recommendation, staff will proceed to delete the corresponding wellness provisions from the current health plan contracts.

2. Delay procurement for a Medicare Advantage vendor until 2017. This staff recommendation is different than the Segal recommendation, which suggested issuing an RFP in 2016. The primary rationale for this approach is prioritizing staff attention on the initiatives listed above. It should also be noted that there are no state savings associated with the Medicare Advantage initiative.
3. The Segal report recommends streamlining the local government plan to mirror the state plan options. One aspect of that recommendation will be a natural consequence of the self-insuring evaluation. If the state moves to a regionalized, self-insured structure, the local program would shift to that structure as well.

Another component of the local government streamlining recommendations would entail limiting local employer options to the two benefit designs available for the state employee population today (as opposed to the four options currently available to local employers). This latter initiative will involve significant outreach and communication with employers. Again, given the priorities expressed by the Board and noted above, staff recommends delaying efforts on this recommendation until 2017.

Timelines and Resource Utilization for the ETF Recommended Procurements

In addition to the detail below, please see Attachment 1.

RFP to Evaluate Self Insurance

This initiative combines Segal recommendations pertaining to self-insuring, program structure and Total Health Management (THM). The RFP will be structured to allow evaluation of the following components:

- self-insuring administrative fees in a regional, statewide, and national structure
- performance measures as outlined in the THM section of the Segal report
- multi-year contracting options
- provider access

Proposed Implementation Timeline

- ✓ RFP Development: January – July 2016
- ✓ RFP Distribution: July 2016

- ✓ RFP Responses Due: August – September 2016
- ✓ RFP Evaluation: September – November 2016
- ✓ RFP Results Presentation to Board: November 2016

Resource Utilization

2016

- Working with Segal, ETF staff will develop and issue an RFP.
- Segal and ETF staff will present results of the RFP at the November 2016 Board meeting.

2017

- ETF will complete vendor contract negotiations and vendor onboarding, if necessary.
- ETF will develop rollout strategy, including member communications, if necessary.

RFP for Data Warehousing / Business Intelligence (BI) Vendor

This initiative supports Segal recommendations pertaining to data management and THM, and will be developed in coordination with the self-insuring RFP noted above. The RFP will be structured to allow evaluation of the following components:

- ability to collect data and performance measures to support the self-insuring structure
- ability to collect data and performance measures to support and inform the wellness plan design
- ability to collect data and performance measures to support value based purchasing plan design (e.g., tiered networks, reference value, centers of excellence, gain sharing models, etc.)
- ability to provide data analytics assistance

Proposed Implementation Steps/Timeline

- ✓ RFP Development: January – May 2016
- ✓ RFP Distribution: June 2016
- ✓ RFP Responses Due: July 2016
- ✓ RFP Evaluation: August – September 2016
- ✓ Vendor Selection: September 2016

Resource Utilization

It is anticipated that ETF may request assistance on this RFP from DOA procurement staff.

2016

- With the potential assistance from Department of Administration (DOA) procurement, ETF will develop and release an RFP for a data warehouse/BI vendor for implementation in early 2017.

2017

- ETF will negotiate a vendor agreement and conduct onboarding.
- ETF and vendor will resolve data transmission issues with insurers.

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- Begin collection of data related to wellness, health plan negotiations and disease management.

2018

- Expand collection and use of data; use in health plan negotiations.

RFP for Wellness Program

This initiative supports Segal recommendations pertaining to THM, and will be developed in coordination with the self-insuring and data warehousing RFPs noted above to ensure alignment of incentives and targeted outcomes. The RFP will be structured to allow evaluation of the following components:

- ability to administer on-site biometric screening and coaching
- ability to collect and transmit data and participation measures to data warehousing vendor
- ability to analyze plan design for opportunities to enhance wellness offerings and participation incentive

Proposed Implementation Steps/Timeline

- ✓ RFP Development: January – March 2016
- ✓ RFP Distribution: March 2016
- ✓ RFP Responses Due: April 2016
- ✓ RFP Evaluation: April – May 2016
- ✓ Vendor Selection: May 2016

Resource Utilization

It is anticipated that ETF may request assistance on this RFP from DOA procurement staff.

2016

- With the potential assistance from DOA procurement, ETF will release Wellness RFP for 2017 implementation.
- ETF will develop wellness benefit carve out approach.
- ETF will negotiate a vendor agreement and conduct onboarding.
- ETF will develop rollout strategy, including member communications.

2017

- ETF will develop wellness benefit design for 2018.

2018

- Implement member cost sharing differentials in place based on wellness and disease management participation.

RFP for Pharmacy Benefit Manager (PBM)

This initiative supports Segal recommendations pertaining to pharmacy, and is a required activity due to the fact that the current PBM contract ends December 31, 2017.

Proposed Implementation Steps/Timeline

- ✓ RFP Development: August -- November 2016

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- ✓ RFP Distribution: November 2016
- ✓ RFP Responses Due: February 2017
- ✓ RFP Evaluation: March – May 2017
- ✓ Vendor Selection: May 2017

Resource Utilization

2016

- ETF issued a Request for Information (RFI) for response. (Issued December 2015)
- ETF will report RFI findings to Board May 2016.
- ETF will develop and release PBM RFP for 2018 services in November 2016.

2017

- ETF will review PBM RFP proposals and submit to Board for approval. PBM vendor to begin services in 2018.

2018

- New PBM vendor providing services; implementing cost containment strategies.

Alternative Options for the Board's Consideration

The Board may approve moving forward with developing and distributing the Self-Insurance, Data Warehousing/Business Intelligence, Wellness Program and Pharmacy Benefit Manager RFPs as recommended by ETF, but may also do any or all of the following:

- Indicate support for benefit changes for plan year 2017 that go beyond the wellness program carve-out
- Direct ETF to issue an RFP for the Medicare Advantage program
- Direct ETF to streamline the local government plan to align with the state plan options

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

Attachment: ETF Staff Recommended 2016 Request for Proposals (RFPs) and Action Items

ETF Staff Recommended 2016 Request for Proposals (RFPs) and Action Items

RFP/Action	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.	2017
Evaluate Self Insurance												
RFP Development	★											
RFP Distribution												
RFP Responses Due												
RFP Evaluation												
RFP Results Presentation to the Board											★	
Data Warehousing/Business Intelligence												
RFP Development	★											
RFP Distribution												
RFP Responses Due												
RFP Evaluation												
RFP Results Presentation to the Board										★		
Wellness Program												
RFP Development	★											
RFP Distribution												
RFP Responses Due												
RFP Evaluation												
RFP Results Presentation to the Board						★						
Pharmacy Benefit Manager (PBM)												
RFP Development												
RFP Distribution												
RFP Responses Due												★
RFP Evaluation												★
RFP Results Presentation to the Board												★

★ Board Approval to Proceed with the Development and Distribution of the RFPs

★ Board Approves a Vendor