The State of Delaware

Medicare Request for Proposals Scope and Timeline

SEBC Meeting

August 21, 2023

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Overview

- At recent meetings of the Retiree Healthcare Benefits Advisory Subcommittee (RHBAS), DHR has raised the need for the SEBC to issue an RFP for employer-sponsored Medicare plan options for Medicare-eligible retirees enrolled in the State Group Health Insurance Plan (GHIP)

- The following slides reflect the current direction that DHR is taking in terms of the RFP scope and timeline

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RFP requested scope of services

Based on feedback from stakeholders

- Bids will be solicited for the following retiree groups:

Grandfathered Retirees	
Defined as	• Current Medicare-eligible and pre-Medicare State retirees, and • State employees who retire prior to January 1, 2025, and when they are Medicare eligible • Note: Bidders will be informed that there are ongoing discussions involving the SEBC, the RHBAS and members of the General Assembly that will require changes to Delaware Code related to defining a group of “grandfathered” retirees prior to the effective date of any plan options offered to them.

Plan option(s) requested	• One self-funded employer-sponsored Medicare Supplement plan that is substantially equivalent in design as the current Special Medicfill Medicare Supplement plan
	• Note:
	  • This plan requires no prior authorization of services and mirrors CMS requirements under Original Medicare
	  • Prescription drug coverage will continue to be provided through the State’s Employer Group Waiver Plan (EGWP)

Effective date	January 1, 2025
Expected headcount	Approximately 36,400 Medicare beneficiaries, which includes the following: • 30,000 Medicare-eligible beneficiaries[1] currently enrolled in the State Group Health plan • 5,500 Medicare-eligible retirees who are eligible for but are not currently enrolled in the State Group Health plan • 900 future Medicare-eligible retirees who will become Medicare-eligible during 2024

1 Includes retirees and inactive employees on long term disability who have become Medicare eligible due to their disability.

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RFP requested scope of services

Based on feedback from stakeholders

- Bids will be solicited for the following retiree groups:

Non-Grandfathered Retirees	
Defined as	• Medicare-eligible retirees who retire on or after January 1, 2025

Plan option(s) requested	• Two self-funded employer-sponsored Medicare Supplement plan options and one fully insured employer-sponsored Medicare Advantage plan option
	• Note:
	  • The Medicare Supplement plans should require no prior authorization of services and mirror CMS requirements under Original Medicare
	  • Prior authorization requirements under the Medicare Advantage plan should not be materially more than the Medicare Supplement plans; bidders will be required to fully disclose all prior authorization requirements. If a bidder can offer a Medicare Advantage option with no prior authorization requirements and that mirrors CMS requirements under Original Medicare, bids should be quoted on that basis.
	  • Prescription drug coverage will continue to be provided through the State's Employer Group Waiver Plan (EGWP) for all plan options
	  • These plan options would also be available to grandfathered retirees

Effective date	January 1, 2025
Expected headcount	Approximately 1,500 Medicare beneficiaries in 2025, growing to a total of 3,800 by 2026

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RFP requested scope of services

Based on feedback from stakeholders

- Other notes on plan options for non-grandfathered retirees – bidders will be informed that:
  - Bidders submitting proposals for this retiree group may bid on the administration of both Medicare Supplement plans, not one or the other, and/or a Medicare Advantage plan
  - No decisions have been made on final plan designs or State/retiree premium cost sharing for the Medicare Supplement plans, though expectation is that these options would be designed and priced to provide retirees with a choice of “Low” / “High” plan options in terms of cost and coverage
    - Final plan design decisions are not necessary for bidders to quote on self-funded plans
    - Bidders will be quoting an administrative fee on administering two Medicare Supplement plan options (i.e., choice of “Low”/”High”)
  - Bidders should quote a fully insured Medicare Advantage option that is substantially similar in plan design (i.e., deductible, copays) and member cost (i.e., premiums) for services to the contract[1] awarded by the SEBC to Highmark Blue Cross Blue Shield Delaware in 2022
    - Prior authorization requirements under the Medicare Advantage plan should not be materially more than the Medicare Supplement plans; bidders will be required to fully disclose all prior authorization requirements
    - If a bidder can offer a Medicare Advantage option with no prior authorization requirements and that mirrors CMS requirements under Original Medicare, bids should be quoted on that basis
  - The State makes no guarantees of volume in terms of member enrollment in a Medicare Advantage plan option vs. the two Medicare Supplement plan options

1 Further details available here: https://dhr.delaware.gov/benefits/medicare/medicare-advantage.shtml.

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RFP requested scope of services

Financial proposals for Medicare Supplement plans

- RFP will request proposals for self-funded Medicare Supplement plans only
  - Due to the rating methodology used to underwrite all medical plans offered through the GHIP and the unintended consequences of splitting out the Medicare retirees from the active employees and non-Medicare retirees
    - Further details provided on following slide
  - Additionally, because no decisions have been made on the plan design or premium cost sharing for these Medicare Supplement plan options, bidders would not have sufficient information to quote those plans on a fully insured basis

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Recap: GHIP rating methodology

- GHIP is self-funded; premium equivalent rates are established to generate the necessary revenues to fund the State's benefit obligations
  - Premium revenues are determined and funded in aggregate to offset total projected expenses for the GHIP
  - Premium equivalents for the GHIP apply uniform rate action to all plans and populations, including the Special Medicfill Medicare Supplement plan
- Current methodology used to determine premium equivalents allows non-Medicare plans to share in revenue items specifically attributable to the Medicare Part D prescription plan (e.g., direct subsidy, coverage gap discount and federal reinsurance payments; estimated at $70M for FY24)
- Rating groups on their own experience would not impact overall cost to the GHIP; however, it would ensure that contributions for plan participants (including Medicare retirees receiving less than 100% State share) are based on their group's own experience
  - Changes to rating methodology, including rating groups on their own experience, is an administrative and policy decision made by the SEBC
  - Any changes in the methodology cannot be implemented before FY25 (beginning July 1, 2025)
- SEBC recently reviewed this methodology in determining premium rate actions for the FY24 plan year
- Due to impact of removing Medicare plan experience on non-Medicare plans, particularly in terms of the significant increase in contributions that non-Medicare plan participants would pay, no changes were made to this methodology for the FY24 plan year

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RFP requested scope of services

Contract effective date and term

- Contract effective date of January 1, 2025 for the Medicare plan option(s) awarded
- Contract award(s) will be made to one bidder for both retiree groups (grandfathered and non-grandfathered), or to different bidders for each retiree group or, in the case of non-grandfathered retirees, for each type of Medicare plan option (i.e., Medicare Supplement and Medicare Advantage); up to three (3) contracts awarded:
  - One (1) for Medicare Supplement plan for grandfathered retirees
  - One (1) for Medicare Supplement plans (“Low”/”High” options) for non-grandfathered retirees
  - One (1) for Medicare Advantage plan for non-grandfathered retirees
- Initial term of contract(s) awarded will be for two (2) years ending December 31, 2026
  - Bidders must guarantee financial terms through December 31, 2026 (i.e., administrative fees, premiums)
  - There will be one optional renewal period, at the State’s discretion, for 1 year (i.e., through December 31, 2027)

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Current RFP timeline

May be subject to change prior to RFP questionnaire finalization

Milestone	Target Timing
RFP questionnaire and related materials are finalized and shared with Government Support Services for approval to post on Delaware's Bid Solicitation Directory	October 10, 2023 (required 10 days before posting)
RFP posted publicly to Delaware's Bid Solicitation Directory	October 24, 2023
Deadline for bidder submissions of Intent to Bid notification	October 31, 2023
Deadline for proposals from bidders	November 21, 2023
Bid analysis	End of November – December
Finalists announced	December 18, 2023 (during SEBC meeting)
Proposal Review Committee interviews finalists	Week of January 8, 2024
Proposal Review Committee scores finalists and generates recommendations to SEBC	Week of January 29, 2024
Initial presentation to SEBC focusing on RFP background and overview	February 19, 2024
Presentation of Proposal Review Committee recommendations to SEBC for vote on contract awards	March 18, 2024
Contracting and implementation	Late March – December 2024
Contract effective date	January 1, 2025

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