The State of Delaware

Medicare Request for Proposals Scope and Timeline

SEBC Meeting

September 18, 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)

- An overview of the Medicare plan RFP scope of services was presented to the SEBC in August 2023; however, additional changes to the scope of services have been made since then

- The following slides reflect the latest RFP scope and timeline

RFP requested scope of services

Based on feedback from stakeholders

- Bids will be solicited for a Medicare Supplement plan offered to current and future Medicare retirees that is substantially equivalent in design as the current Special Medicfill Medicare Supplement plan
  - RFP will refer bidders to the current Special Medicfill Medicare Supplement plan booklet available on the SBO website[1] with instructions to replicate the plan design and administrative set-up for the quoted Medicare Supplement plan
- This plan requires no prior authorization of services and mirrors CMS requirements under Original Medicare
  - Consistent with the current Special Medicfill Medicare Supplement plan
- Prescription drug coverage will continue to be provided through the State's Employer Group Waiver Plan (EGWP)
- Requested effective date: January 1, 2025
  - Expected eligible headcount as of this date is approximately 38,000 Medicare beneficiaries, including:
    - Retirees and inactive employees on long-term disability currently enrolled in the Special Medicfill Medicare Supplement plan,
    - Medicare-eligible retirees who are not currently enrolled in the Special Medicfill Medicare Supplement plan, and
    - Future Medicare-eligible retirees who will become Medicare-eligible during 2024.

1. https://dhr.delaware.gov/benefits/medicare/plan-booklet.shtml.

RFP requested scope of services

Financial proposals for Medicare Supplement plans

- In a self-funded plan, the medical carrier is responsible for administering the plan (i.e., processing claims, paying claims using funding received from the plan sponsor, managing a customer service phone line and website, etc.)
  - The cost for the medical carrier to carry out all plan administration functions is reflected in its administrative services only (ASO) fee
  - ASO fees do not include medical claim costs incurred when plan participants seek medical care; this is paid for separately by the plan sponsor

- GHIP is self-funded; premium equivalent rates are established by the SEBC (not the medical carrier) to generate the necessary revenues to fund the State's benefit obligations for all medical plan options (Medicare and non-Medicare) offered under the Plan
  - 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
  - Self-funding is the norm for large plans (measured by number of covered lives) like the GHIP

- RFP will request ASO fee 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 in Appendix

RFP requested scope of services

Contract effective date and term

- Contract effective date of January 1, 2025 for the Medicare Supplement plan
- Initial term of contract award will be for two (2) years ending December 31, 2026
  - Bidders must guarantee financial terms through December 31, 2026 (i.e., administrative fees)
  - There will be one optional renewal period, at the State's discretion, for 1 year (i.e., through December 31, 2027)

Current RFP timeline

May be subject to change prior to RFP questionnaire finalization

No changes from August 2023 presentation to the SEBC

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

Appendix

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