



Disability Insurance Program (DIP) Procurement Results

The State of Delaware

November 20, 2023



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Background

- The State of Delaware (State) engaged WTW to assist with a request for proposal (RFP) to evaluate vendors for its Disability Insurance Program (DIP), which consists of fully insured long-term disability (LTD), a small closed group of self-funded LTD claims, self-insured short-term disability (STD) and Return to Work (RTW) programs
- The Hartford has been the State's DIP partner for over 15 years, since program inception in 2006
 - The Hartford acquired Aetna's group life and disability insurance book of business and technology in late 2017
- The State has marketed the DIP in 2008, 2013 and 2018 as a best practice is to bid at least every 5 years
- Benefits provided by the DIP are outlined in Del Code Title 29, Chapter 52A
 - Current plan designs are set in statute and cannot be modified
 - Requires DIP administrator to ensure its operations comply with these requirements
 - Incumbent vendor has modified numerous processes to administer the DIP in accordance with these requirements
 - Has resulted in the development of manual work-arounds and has prompted the need for greater involvement by the Statewide Benefits Office (SBO), the Pension Office and Benefit Representatives (Ben Reps)
- One of the primary focuses of the RFP is establishing robust minimum requirements to simplify administration and address current challenges
- While the State currently utilizes a single vendor (The Hartford) for both STD and LTD administration, the RFP allowed vendors to quote on the STD only, the LTD only, or both STD and LTD

DIP RFP objectives

Identify disability benefits administrators that can deliver services that include, but are not limited to, the following:

- Offer state of the art disability administrative services
- Directly impact and reduce the cost of disabilities
- Offer innovative solutions to manage the cost and duration of disabilities
- Modify standard operating processes to meet the unique needs of the State
- Provide excellent customer service to claimants and to the State as the plan sponsor
- Provide timely disability reporting that is customizable for the State and can be pushed to various agencies' human resource offices
- Support other State benefits and initiatives that coordinate with the DIP, including paid parental leave, paid family and medical leave insurance and a pilot “center of excellence” for leave of absence management
- Provide competitive financial terms and performance guarantees

Quoting Vendor Summary

- The DIP RFP was posted on the GSS procurement site and was also sent specifically to nine disability vendors to obtain competitive pricing and best-in-class service for a July 1, 2024 effective date
 - Quoting vendors were provided the link to ProposalTech, an RFP management software, to submit their RFP response
 - The vendors were provided the option to quote on STD/LTD, LTD-only, and STD-Only
 - Vendors were provided the option to list subcontractors

STD & LTD Proposals	LTD-Only Proposal	STD-Only Proposal
The Hartford	MetLife ²	Sedgwick ³
The Standard		
Prudential/Sedgwick ¹		

¹Prudential is subcontracting with Sedgwick for the STD administration under their “AbsenceOne” delivery model – all on the same contract
²MetLife declined to quote the STD, and advised they can work with the State’s selected Third Party Administrator (TPA), such as Sedgwick – this would result in separate STD and LTD contracts
³Sedgwick does not offer Fully-Insured LTD services

DIP RFP Timeline

Activity	Estimated Timing ¹
RFP Released	<i>June 26th</i>
Intent to Bid Notification	<i>July 10th</i>
Mandatory Pre-Bid Meeting (Conference Call)	<i>July 12th</i>
Vendor Bids Due	<i>August 14th</i>
Finalist Selection	<i>Month of September</i>
Technology Demos with SBO program staff and Pension Office	<i>October 5th and 6th</i>
PRC Meeting - Finalist Interviews with vendors	<i>October 17th and 19th</i>
PRC Meeting- Review and discussion of vendor proposals	<i>November 6th</i>
SEBC Presentation	November 20th
PRC Scoring Meeting- Final Scoring and Award Recommendation	<i>November 30th</i>
Presentation to SEBC/Vote on Award Recommendation	<i>December 18th</i>
Contract Effective Date	<i>July 1, 2024</i>

¹Dates subject to change to accommodate scheduling for State of Delaware and WTW – Items italicized are complete, and purple represents the current activity