

The State of Delaware

Request for Proposals Summary

Flexible Spending Account (FSA), Pre-Tax Commuter and COBRA
Employee Assistance Program (EAP)
Group Accident and Critical Illness Supplemental Insurance

November 25, 2024

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Contents

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- Summary of the background and process for the following requests for proposals (RFPs):
 - Flexible spending account, pre-tax commuter and COBRA administration
 - Employee assistance program
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Context for today's discussion

- The State of Delaware has engaged Willis Towers Watson to assist with administering requests for proposals (RFPs) and evaluating vendors for the following benefits:
 - Flexible spending account (FSA), pre-tax commuter, and Consolidated Omnibus Budget Reconciliation Act (COBRA) administration
 - Employee assistance program (EAP)
 - Group accident and critical illness supplemental insurance
- The SEBC is required to periodically conduct procurements for all benefit programs (typically every 5 years) and last marketed each of these benefits in 2019-2020
- Proposal Review Committees (PRCs) consisting of SEBC members or their designees were established for each of these RFPs; these PRCs have met several times in the last 2 months to discuss vendor proposals, interview and evaluate vendor finalists, score proposals on evaluation criteria, and formulate recommendations for the SEBC's consideration
- Following today's presentation, the SEBC will reconvene in December 2024 to review the Proposal Review Committee's Summary and Findings and recommendation. The SEBC will be asked to vote to approve the recommendations to begin contract negotiations.

FSA, pre-tax commuter, and COBRA administration RFP

- FSAs and pre-tax commuter benefits allow eligible employees to pay for certain qualified expenses using pre-tax dollars
- COBRA is a Federal law that requires a group health plan to provide continuation coverage when plan coverage would otherwise end because of a life event known as a “qualifying event”
- Application Software, Inc. (ASI) is the incumbent FSA (health care and dependent), pre-tax commuter benefit and COBRA program administrator and has been providing these services to the SEBC and State employees since:
 - 2005 for FSA services (via ASIFlex)
 - 2007 for pre-tax commuter benefits (via ASIFlex)
 - 2020 for COBRA administration (via ASI COBRA)
- The RFP explored several considerations related to feedback on opportunities for improvement from the Statewide Benefits Office and/or employees, including but not limited to:
 - Opportunity to automate the new hire enrollment process for FSA outside of annual Open Enrollment
 - Market practices related to FSA, such as debit card functionality and direct pay options for dependent care
 - Possible integration with a new benefits administration system, potentially during the expected contract term
 - Administrative considerations associated with a limited purpose health care FSA; relevant if the SEBC decides to offer an IRS-qualified high deductible health plan with a health savings account (HSA) in the future
 - Capabilities to administer Health Savings Accounts (HSA) as an optional component for vendors’ responses

EAP RFP

- Employee assistance programs (EAPs) include counseling services, critical incident response support, and work/life services such as child and elder care referrals, one-time financial and legal consultations, etc.
- ComPsych is the incumbent EAP administrator
 - ComPsych has administered the EAP since 1/1/2021 (following the 2019 RFP)
 - The previous EAP administrator was Health Advocate from 7/1/2004 to 12/31/2020
- The EAP vendor marketplace has evolved considerably since the prior EAP RFP; a new class of market-leading EAP models has emerged as competition for the traditional EAP models

| Traditional EAP models | Market-leading EAP models |
|---|--|
| <ul style="list-style-type: none"> ■ Tend to offer fewer covered EAP sessions (e.g., 5-8 visits), primarily rely on telephonic contact as the entry point, and focus on addressing critical needs and therapy. ■ Provider networks are broader but may have limited diversity and longer wait times (e.g., days or weeks for an initial appointment). | <ul style="list-style-type: none"> ■ Allow for more covered EAP sessions (e.g., 7-25 visits), use both telephonic and digital entry points, and focus on a full spectrum of mental health needs including coaching, therapy and psychiatry. ■ Provider networks are smaller but are more focused on provider quality, with greater diversity and shorter wait times (e.g., 1-3 days for an initial appointment, often virtual). ■ Tend to cost more than traditional models, but have greater engagement, improved care coordination, tighter medical plan integration, and improved reporting capabilities. May lead to lower medical costs. |

- The PRC took into consideration the recommendation made by the Health Policy & Planning Subcommittee in early 2024 to consider changing the current EAP visit limit. The RFP was silent on the SEBC’s intent to evaluate both types of models or to change the EAP limit.

Group accident and critical illness supplemental insurance RFP

- Group Accident and Critical Illness supplemental insurance benefits are offered as required by legislation (DE Code Reference: 29 Del.C. §52C)
- This is an employee-pay-all program allowing those who enroll to pay for their benefit elections through a post-tax general deduction taken from their paycheck
- Securian is the incumbent for the group accident and critical illness supplemental insurance benefits since 7/1/2020
- Prior to Securian, the vendor was Continental/AFLAC from 7/1/2015 to 6/30/2020
- The RFP explored several considerations related to feedback on opportunities for improvement from the Statewide Benefits Office and/or employees, including but not limited to:
 - Review of vendor proposals to operationalize the provision in Delaware Code that requires cumulative claims loss ratio of no less than 60%, otherwise excess premiums must be paid out to plan participants at end of contract term
 - Review of vendor capabilities to support referrals to other State benefits resources (e.g., EAP) and online educational materials (e.g., financial wellbeing resources)
 - Market practices related to inclusion of COVID-19 rider, waiver of premium provisions on critical illness insurance
 - Possible integration with a new benefits administration system, potentially during the expected contract term
 - Provisions for continuation of coverage for individuals who no longer meet active employee eligibility requirements and the vendor's process to set up individuals who do elect to continue coverage on a direct billing basis

High level RFP objectives

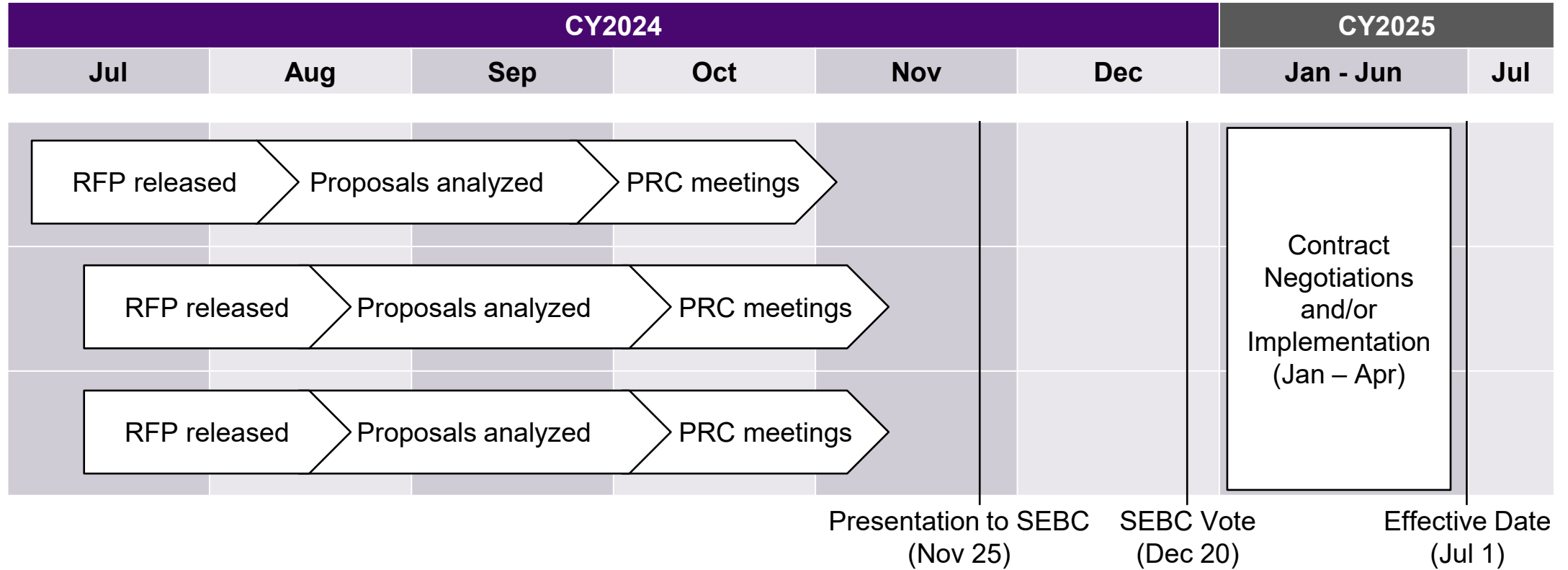
Objectives consistent across all three RFPs – identify vendors that:

- Possess extensive experience administering the requested scope of services for clients of comparable size, complexity, etc.
- Offer state of the art services
- Provide excellent customer service to participants, including superior member-facing online tools and resources
- Provide excellent account management services to the State, including timely reporting
- Provide competitive financial terms and performance guarantees
- Are responsive to changes in the programs and requests of the SEBC and SBO
- Agree to comply with all privacy and data usage policies as required by the State of Delaware, Department of Technology and Information (DTI)

Objectives unique to each RFP – identify vendors that:

| FSA, Pre-Tax Commuter and COBRA Administration | EAP | Group Accident and Critical Illness Supplemental Insurance |
|--|---|---|
| <ul style="list-style-type: none"> ■ Are able to administer these benefits in accordance with statutory and regulatory requirements | <ul style="list-style-type: none"> ■ Provide robust network of EAP providers ■ Provide support for critical incidents with onsite resources ■ Formulate and execute a comprehensive communication strategy that advertises the full suite of EAP and work/life benefits to eligible members throughout the plan year | <ul style="list-style-type: none"> ■ Are able to meet all technology requirements set forth by the State ■ Are able to formulate and execute a comprehensive communication strategy targeting eligible plan participants prior and during open enrollment ■ Are able to comply with 29 Del.C. §52C |

RFP Timelines



Proposals Received

| FSA, Pre-Tax Commuter and COBRA Administration | EAP | | Group Accident and Critical Illness Supplemental Insurance |
|---|--|---|--|
| <ul style="list-style-type: none"> ASIFlex Total Administrative Services Corporation (TASC) WEX Health, Inc. | <ul style="list-style-type: none"> Carebridge Corporation CarelonRx ComPsych CuraLinc Healthcare | <ul style="list-style-type: none"> Health Advocate Highmark (Spring Health as a subcontractor) Lyra Health | <ul style="list-style-type: none"> Allstate Securian |

Next steps

- Final copies of the PRC recommendations for these RFPs will be shared with the SEBC in advance of the December meeting.
- Following today's presentation, the SEBC will reconvene in December 2024 to review the Proposal Review Committee's Summary and Findings and recommendation. The SEBC will be asked to vote to approve the recommendations to begin contract negotiations.