Background

- The State of Delaware (State) has engaged Willis Towers Watson (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), self-insured short-term disability (STD) and Return to Work (RTW) programs.
- The State has marketed the DIP in 2008 and 2013 and is required to bid its programs every 5 years.
- The Hartford has been the State’s DIP partner for over 10 years, since program inception in 2006.
  - The Hartford has decided to implement a process merging the previous approaches from each respective organization, however is primarily leveraging Aetna’s technology.
- Benefits provided by the DIP are dictated by legislation (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).
Background (continued)

- SBO received feedback from Benefit and Payroll Reps about challenges with administering the DIP over the past few years.
- As a result, the SBO is viewing this RFP process as a way to leverage the incumbent vendor and broader market to enhance current service offerings, and to hold the selected vendor more accountable for addressing these challenges.
  - One of the primary focuses of the RFP is establishing robust minimum requirements to both simplify administration and address current challenges.
    - Minimum requirements are made up of key processes in place with the Hartford today as well as future enhancements which would reduce the State’s administrative burden.
## Key considerations for the Proposal Review Committee

For discussion with State Employee Benefits Committee (SEBC) members

<table>
<thead>
<tr>
<th>Considerations</th>
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<tbody>
<tr>
<td>The vendors meet the minimum requirements of the RFP, but can they adequately administer both programs?</td>
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<td>Which vendor is now best positioned to help the State address current and future issues and administrative challenges of the DIP?</td>
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<td>What is the financial impact of the RFP?</td>
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<td>What is the impact on claimants and employing organizations on receiving benefits and administering the program?</td>
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<td>Should the State renew with the incumbent vendor or transition to a new vendor?</td>
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DIP RFP timeline

- **RFP released**: June 25, 2018
- **Vendor bids due**: August 10, 2018
- **Technology demos**: Sept 12 & 17, 2018
- **Finalist interviews**: October 17, 2018
- **SEBC vote**: November 13, 2018

**Next Steps**
- **Effective date**: July 1, 2019

**Intent to Bid notification**
- Received from:
  - Hartford
  - MetLife
  - Standard
  - Cigna
  - Lincoln
  - Prudential
  - Unum

- The Standard was removed from finalist consideration due to being unable to meet key minimum requirements and uncompetitive financial proposal

- Withdrew before submitting a bid
- Finalist selection
- PRC summary to SEBC
- PRC scoring meeting
- SEBC vote
- Technology demos
- Vendor bids due
- RFP released

**Next Steps**
- **Effective date**: July 1, 2019

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