



North Carolina
State Health Plan
FOR TEACHERS AND STATE EMPLOYEES



**Contract with Aon Hewitt for Eligibility and Enrollment Services
Request for Approval**

Redacted

Board of Trustees Meeting

August 28, 2014

A Division of the Department of State Treasurer

Contract Approval Required by Statute

North Carolina General Statutes §135-48.22 and §135-48.33(a) require that the BOT approve all Plan contracts with a value over \$500,000.

The Plan's estimated cost of this contract over three years is expected to exceed redacted.

This contract is exempt from Department of Administration Purchase & Contract rules pursuant to §135-48.34 as a contract for services related to the implementation of benefit plans but is subject to approval by the Attorney General's Office.

Background

- In February of 2012 the State Health Plan issued a request for proposal (RFP) for eligibility and enrollment services for both the Plan and NCFlex benefits.
- Following the competitive bid process, the contract was awarded to Benefitfocus.com, Inc. with a service start date of July 1, 2013.
- Aon Hewitt was the only other qualified bidder to respond to the RFP for eligibility and enrollment services.

Eligibility and Enrollment Service Issues

Under the current contract, the Plan has experienced several service issues including:

- Defects in Electronic Data Interface (EDI) causing enrollment and billing problems
- Failure to provide an enrollment file for the Plan's data warehouse resulting in lack of access to data for the purposes of analytics
- Inability to apply enrollment rules for the Plan's Medicare primary population resulting in members not having coverage or missing cut-off dates for enrollment in Medicare Advantage plans
- Failed performance guarantees including slow average speed to answer and high call abandonment rates
- Excessive telephone wait times during open enrollment

Service Capability

- Provided eligibility and enrollment services since 1984
- Experience with a similarly sized client (600,000 participants)
- Provides health and welfare administration to more than 280 clients representing over 15 million participants and their dependents (source, 2012 technical proposal)
- Experience in supporting Medicare eligibility and enrollment rules
- A robust call center and customer service training program

Eligibility and Enrollment Services

Contract will provide for eligibility and enrollment services including the following:

- Call center customer service for employees and retirees
- An integrated, intuitive web based eligibility and enrollment platform for both Plan and NCFlex benefits
- Support of Plan and NCFlex eligibility and enrollment rules
- Transmission of enrollment data to the Plan, employing units, vendors and partners as necessary to perform Plan operations
- Custom and ad hoc reports on Plan and NCFlex data
- Transition of all eligibility and enrollment services for the Plan and NCFlex no later than July 1, 2015
- Supplemental call center enrollment support to retirees during this fall's open enrollment

Cost – Scenario 1 Confidential

Aon Hewitt Standard Service

Pricing includes a performance guarantee whereby 80% of the calls received during the quarter will be answered in 30 seconds or less. The standard during open enrollment is 70% of calls.

PSPM: Redacted

495,000 subscribers = Redacted

NCFlex reimbursement Redacted

Total Plan Cost = Redacted

Cost – Scenario 2 Confidential

Plan's Expected Service Level

Pricing includes a performance guarantee for the average speed to answer (ASA) of 30 seconds or less for 97% of days in the quarter including open enrollment.

PSPM: Redacted

495,000 subscribers = Redacted

NCFlex reimbursement Redacted

Total Plan Cost = Redacted

Cost – Scenario 3 Confidential

Alternate Approach

Pricing includes a performance guarantee for the average speed to answer (ASA) of 30 seconds or less for 97% of days in the quarter excluding open enrollment.

PSPM: Redacted

495,000 subscribers = Redacted

NCFlex reimbursement Redacted

Total Plan Cost = Redacted

Recommendation

Plan staff recommends approval of a Contract with Aon Hewitt for eligibility and enrollment services beginning no later than July 1, 2015 with call center enrollment support of retirees during this fall's open enrollment, contingent on resolving outstanding contract issues to the satisfaction of the Executive Administrator.

The initial Contract term will be for three years, with two optional one year renewals.