

AGENDA ITEM DETAILS

Subject: Consideration of Contract Award Recommendation for Third-Party Administrative and Evidence of Insurability Underwriting Services for the Texas Income Protection Plan under the Texas Employees Group Benefits Program – (Action)

RECOMMENDED ACTION:

Move that the Board of Trustees authorize the Executive Director to negotiate and execute a contract with [RESPONDENT NAME] with terms that are fully acceptable to ERS.

Background

ERS administers the Texas Income Protection PlanSM (TIPP), the optional, self-funded short-term and long-term disability insurance benefits available under the Texas Employees Group Benefits Program (GBP). TIPP is administered in accordance with Chapter 1551 of the Texas Insurance Code, including Subchapter E.

Current Contract

On May 17, 2017, ERS contracted with Reed Group Management LLC to provide third-party administrative and evidence of insurability underwriting services (the Services) for TIPP. The initial service term began January 1, 2018, and ended on December 31, 2021. With a contract extension, the current contract terminates on December 31, 2022.

Issuance of Solicitation

On October 13, 2021, ERS issued a request for proposals (RFP) seeking a qualified entity to provide the Services.

The solicitation provided that the TIPP Services contract would be for approximately six years, which begins upon execution of the contract by ERS and, after the implementation period, extends through December 31, 2028, subject to the terms of the contract.

Responses to Solicitation and Evaluation

As described in Article II of the RFP, ERS evaluated responses in three phases: (1) Preliminary Review Phase, (2) Proposal Review Phase, and (3) Finalists Review Phase.

1. Preliminary Review Phase

ERS received responses from two entities (the respondents):

1. Broadspire Services, Inc.
2. Reed Group Management LLC (Reed Group).

The Preliminary Review Phase included an evaluation of the minimum requirements, compliance with the RFP, responsiveness, and certain required vendor checks. Both respondents passed the Preliminary Review Phase and participated in the Proposal Review Phase.

2. Proposal Review Phase

For the Proposal Review Phase, ERS conducted a substantive review of the respondents' proposals. The RFP evaluation team, which included subject matter experts (SMEs) from Group Benefits, Customer Benefits, Benefits Communications, Information Systems, Finance, Internal Audit, and the Office of the General Counsel, reviewed the Operational Capabilities and Services portions of each response. Group Benefits reviewed the Price Proposals.

In the Proposal Review Phase, Operational Capabilities and Services scores represented 65 points of each respondent's final score. Price Proposals accounted for 35 points of the total score.

Certain pass/fail items may be preliminarily reviewed or evaluated in full during the Proposal Review Phase. These items include contractibility, legal requirements and regulatory compliance, SOC-1 and SOC-2 reports, and financial stability.

During the Proposal Review Phase, it was determined Broadspire Services, Inc.'s response was noncompliant and nonresponsive. Thus, ERS selected Reed Group as the sole finalist.

3. Finalist Review Phase

During the Finalist Review Phase, ERS staff scored Reed Group's response using the same criteria and weights used in the Proposal Review Phase and made any necessary updates based on new information gathered through clarification questions, video conference site visits, and an interview. The price score was updated based on Reed Group's best and final offer. ERS also scored past performance and site visits on a pass/fail basis and concluded the evaluation of any outstanding pass/fail items from the Proposal Review Phase.

ERS conducted remote data center and security operations center site visits on February 14, 2022. A video conference interview with Reed Group occurred on February 23, 2022, and included a prepared presentation with further questions posed by SMEs.

ERS Recommendation

Based on the evaluation process and results outlined above, ERS recommends awarding the contract to Reed Group whose proposed provision of third-party administrative and evidence of insurability underwriting services for the short-term and long-term disability benefit plans offers the best value to ERS.

ATTACHMENTS:

1. Slides – Contract Award for Third-Party Administrative and Evidence of Insurability Underwriting Services