Josh D. Timm
SVP, Benefits Consultant
T 860.678.3040
M 860.384.3541
jtimm@segalco.com

30 Waterside Drive
Suite 300
Farmington, CT 06032-3069
segalco.com

# Memorandum

**To:** Board of Trustees of Warehouse Employees Local 730 Health and Welfare Fund

**From:** Josh D. Timm

**Date:** February 23, 2024

**Re:** **Proposal to Provide Dental Benefits Procurement Services**

The Segal Company (Eastern States), Inc., is pleased to submit this proposal to provide dental benefits procurement services for Warehouse Employees Local 730 Health and Welfare Fund ("Fund"), as requested by the Board. This letter describes how Segal intends to approach this assignment and the fees we will charge.

Through a full Dental RFP process, the Fund will be able to ensure they are receiving the best financial arrangement available as well as the best coverage for the members and will be able to incorporate the changes agreed to during the most recent collective bargaining process. The Fund currently utilizes Delta Health Centers on a fully insured basis.

We note that some dental vendors utilize a dual network approach where there is a "premier" network that provides broad access but higher provider fees, and a "preferred" network that provides narrower access but lower provider fees (*i.e.*, deeper discounts). These dual networks increase members' access to discounted provider fees, reducing both Fund costs and member out-of-pocket expenses.

# Proposal

Through a Dental RFP, the Fund can assess the dental plan's funding, administrative, and network arrangements and perform a competitive search for the Fund's desired risk, administration, and network capacity. Through competitive bidding, the Fund can either confirm that the current arrangement continues to best meet the Fund's needs or implement a new dental plan arrangement that is competitive in size, scope, and costs.

A comprehensive competitive bid requires at least 12 to 14 weeks to complete from the date the Fund provides the requested data to Segal. Additional time should be built in for the Fund to reach a decision (including interviews and "best and final" negotiations) and to allow for adequate transition time to any new vendor (if necessary).

Our fees for assisting the Fund with evaluating the dental vendor marketplace and the Fund's dental benefits' funding, administrative, and network arrangement options would be $32,000.

# RFP Process

As referenced, a Dental RFP would involve the following general processes:

- Prepare a data request for information from the Fund Office to collect dental claims utilization and census data for submission to the bidding organizations.

- Work with the Fund to identify key issues to be addressed throughout the procurement and assist in prioritizing those issues and evaluation factors.

- Identify potential vendors and solicit competitive bids from dental vendors, including the incumbent, based upon size, geography, experience, reputation, and "overall fit." The vendors who would be invited to submit a proposal are CIGNA, Delta Dental, Guardian, MetLife, United Concordia and Delta Health Centers. In addition to a detailed financial evaluation of the bidders' proposed costs and in-network and out-of-network reimbursements, the Dental RFP will obtain information from each of the bidders on the following areas: participant/ provider disruption, network access for both generalist and specialist dentists based on each participants' residence zip code, network size evaluation, organization and stability, system capabilities and performance, claim payment accuracy and turnaround time, and performance guarantees.

- Respond to bidder questions about the desired program design, operation and financial structure.

- Provide a written analysis summarizing the responses provided by each provider organization and evaluate each based on established selection criteria. This step will include comparing the vendors' proposed costs in detail, focusing specifically on the administrative fees and arrangements, provider discounts, and network access. The analyses will identify strengths and weaknesses of each bidder and arrangement analyzed. This analysis will also include the costs, advantages, and disadvantages of the Fund's current financial approach together with applicable side-by-side comparisons.

- Meet with the Board to discuss Segal's evaluation of the bidder responses and assist in the selection of up to three finalists.

- Participate in finalist presentations, if requested by the Fund.

- Solicit "best and final" offers to assure that the Fund is receiving the best price available as well as the precise services it desires for the dental benefit plan. Best and final offers will be reviewed in a similar manner as was completed for the initial round of reviews of vendors' technical and financial proposals. We will also update our previous analysis and summary report to reflect the best and final proposals.

- Advise on our recommendation of the vendor from both the original proposal and the "best and final" process that best meets the Fund's needs.

- Assist the Fund in reviewing the contractual agreement between the selected vendor and the Fund to ensure that it clearly and accurately outlines the service requirements, performance guarantees, administrative and network capabilities, and reimbursement arrangements.

If this arrangement is agreeable, please indicate your acceptance by signing a copy of this memorandum and returning it to our attention. This agreement will be effective with your approval and will continue until the project outlined above is completed. Segal will bill half of the fee as a work-in-progress and the reminder upon completion.

Agreed:

| **Warehouse Employees Local 730 Health and Welfare Fund** | **The Segal Company (Eastern States), Inc.** |
|---|---|
| By: | By: Joshua D. Timm |
| Signature: | Signature: |
| Title: | Title: Senior Vice President |
| Date: | Date: February 23, 2024 |

| **Warehouse Employees Local 730 Health and Welfare Fund** |
|---|
| By: |
| Signature: |
| Title: |
| Date: |

cc: Alicia Cochran
Co-Counsel