



STATE OF WISCONSIN
Department of Employee Trust Funds
David A. Stella
SECRETARY

801 W Badger Road
PO Box 7931
Madison WI 53707-7931

1-877-533-5020 (toll free)
Fax (608) 267-4549
<http://elf.wi.gov>

CORRESPONDENCE MEMORANDUM

DATE: May 24, 2010

TO: Group Insurance Board

**CONFIDENTIAL UNTIL
CONTRACT IS AWARDED**

FROM: Marcia Blumer, Manager
Wisconsin Public Employer Group Life Insurance Program
Division of Insurance Services

SUBJECT: Recommendation for Wisconsin Public Employers Group Life Insurance
Program Third-Party Administrator

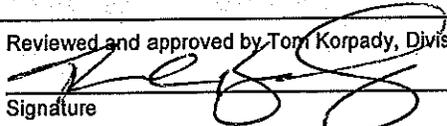
Staff recommends the Board issue an intent-to-award contract to Minnesota Life Insurance Company for a five-year period effective January 1, 2011, with two one-year extension options, subject to successful contract negotiations by staff.

The Department of Employee Trust Funds (ETF) released a Request for Proposals (RFP # ETJ0029) for administrative services for the Wisconsin Public Employers (WPE) Group Life Insurance program on February 22, 2010. Two vendors responded by submitting a proposal in response to the RFP: Minnesota Life Insurance Company (MLIC), St. Paul, Minnesota, and Anthem Life Insurance Company, Indianapolis, Indiana.

The (RFP) required that bidders have experience in administering group term life insurance plans for large employers. Bidders were required to demonstrate that, at a minimum, the current level of participant and client services for the WPE life insurance program be maintained during the contract period.

Proposal Evaluation

A Proposal Evaluation Committee facilitated by ETF staff reviewed the administrative portion of the proposals based on the RFP requirements and criteria established prior to the proposal submission deadline. Deloitte Consulting LLP performed an evaluation of the responses to Section 6--Cost Proposal, independent of the Evaluation Committee. A summary of Deloitte's analysis of the cost proposal is attached. Deloitte's report also includes a summary of the outcome of the Proposal Evaluation Committee's review of the administrative proposal.

Reviewed and approved by Tom Korpady, Division of Insurance Services.

Signature _____ Date 5/25/2010

Board	Mtg Date	Item #
GIB	6.8.10	6

Proposals were evaluated based upon the following criteria and weight:

Criteria	Section	Points	
Administrative Proposal – Evaluation Committee			
Organization Capabilities	4.1	150	15%
Technical Questions – Program Administration	4.2	400	40%
Cost Proposal – Deloitte Consulting			
Admin/Retention	6.0	75	7.5%
Premiums	6.0	75	7.5%
Interest Credits	6.0	300	30%
TOTAL		1000	100%

Under the scoring system that was used, the vendor that received the top score (based on all Committee members' scores combined) in each section of the RFP received the maximum points for that section. The other vendor's points were based on the ratio of their score to the top score.

Proposal Summary

The following table summarizes the scoring results for the two proposals.

	Anthem	Minnesota Life
Organization Capabilities	86	150
Technical Questions – Program Administration	178	400
Cost Proposal Score	294.3	450
TOTAL SCORE	558.3	1000

Conclusion

Based on the results of the scoring process, Minnesota Life was the clear winner. MLIC scored number one by a significant margin in each of the areas evaluated by the Evaluation Committee. In addition, the evaluation by Deloitte indicated that MLIC submitted the most cost-effective proposal.

MLIC's proposal was extremely detailed, well organized, and showed a thorough understanding of the program and the challenges of administering the State plan. Their thorough response is a reflection of the organization's attention to detail. MLIC's very comprehensive and detailed proposal demonstrates their commitment to continue administering the program at a high caliber.

Anthem Life's proposal failed to provide sufficient information to demonstrate that they understood the requirements necessary to administer the program at the service level currently provided. The proposal did not provide a clear picture of their approach to administering the plan nor did it adequately address critical areas of program administration.