



## Pension & Health Benefits Committee

# Agenda Item 5a

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**June 17, 2025**

**Item Name:** Request for Proposal (RFP) No. 2024-9340 Long-Term Care Third-Party Administrator (TPA) Services Intent to Award Contract

**Program:** CalPERS Long-Term Care Program

**Item Type:** Action

### **Recommendation**

Approve recommendation to issue an intent to award a five-year contract to Illumifin to serve as California Public Employees' Retirement System (CalPERS) Third-Party Administrator (TPA) for its long-term care insurance program with an effective date of July 1, 2026, through June 30, 2031. Awards are subject to final negotiations and satisfaction of all requirements.

### **Executive Summary**

This agenda item provides the Pension & Health Benefits Committee (PHBC) with an update and contract award recommendation regarding RFP No. 2024-9340.

### **Strategic Plan**

This agenda item supports the CalPERS 2022-2027 Strategic Goal of Exceptional Health Care.

### **Background**

The contract with the incumbent TPA, Illumifin, is set to expire on December 31, 2026. Accordingly, CalPERS issued an RFP in August 2024 for the next 5-year TPA contract. As part of this RFP, CalPERS considered price, technical experience, management, and other factors in selecting the best proposal.

### **Analysis**

Three prospective TPAs submitted Phase I proposals: Illumifin, CHCS Services, Inc. d.b.a Wellcove (Wellcove), and Davies Life & Health, Inc. (Davies). All three met the minimum qualifications and moved on to Phase II of the RFP. During Phase II, CalPERS required the bidders to submit a technical proposal and a fee proposal.

The objective of the technical proposal was to assess the bidder's ability to provide the services as specified in the proposed contract. CalPERS team members evaluated and scored 15 categories worth a maximum of 500 points.

For the fee proposals, worth 250 points, CalPERS team members evaluated the administrative service fee proposals to determine the lowest average total net cost to CalPERS. CalPERS also evaluated the cost of transitioning to a new vendor, which was worth 50 points.

All three bidders moved to the finalist interview phase, where CalPERS team members asked questions regarding TPA experience, contractor compensation, transition experience, cost, contract terms and conditions, and innovation. Finalist interviews were scored on a consensus basis after reviewing the bidder's responses to interview questions.

The bidder with the highest number of total points, Illumifin, advanced to contract negotiations. CalPERS successfully negotiated fees that represent significant savings as well as a start date of July 1, 2026 for the five-year term.

### **Budget and Fiscal Impacts**

The five-year contract agreement from July 1, 2026, through June 30, 2031, will result in a decrease to the projected annual administrative services fees compared to the current contract fees if the in-force contract was extended.

### **Benefits and Risks**

#### **Benefits:**

- Secures the most competitively priced contract.
- Establishes stronger contractual terms.
- Improves sustainability of the Long-Term Care Fund.

#### **Risks:**

- The selected TPA could underperform or fail to meet contractual obligations.

### **Attachments**

Attachment 1 – Long-Term Care Solicitation Presentation

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**Jared Shinabery, Chief**  
Health Policy and Data Division

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**Don Moulds, Chief Health Director**  
Health Policy and Benefit Branch