

Long-Term Care Solicitation

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June 17, 2025

Solicitation Objectives

Administration

- Obtain a full-service third-party administrator (TPA) that can administer a LTC program the size of CalPERS.
- Obtain best in class technology, customer service, fraud detection, and electronic visit verification.

Financial

- Obtain lower total administrative services fees (ASF) than the current contract.
- Restructure the ASF from single per member per month (PMPM) to separate PMPMs for members on-claim and not on-claim.

Firms That Submitted Proposals



(Incumbent)

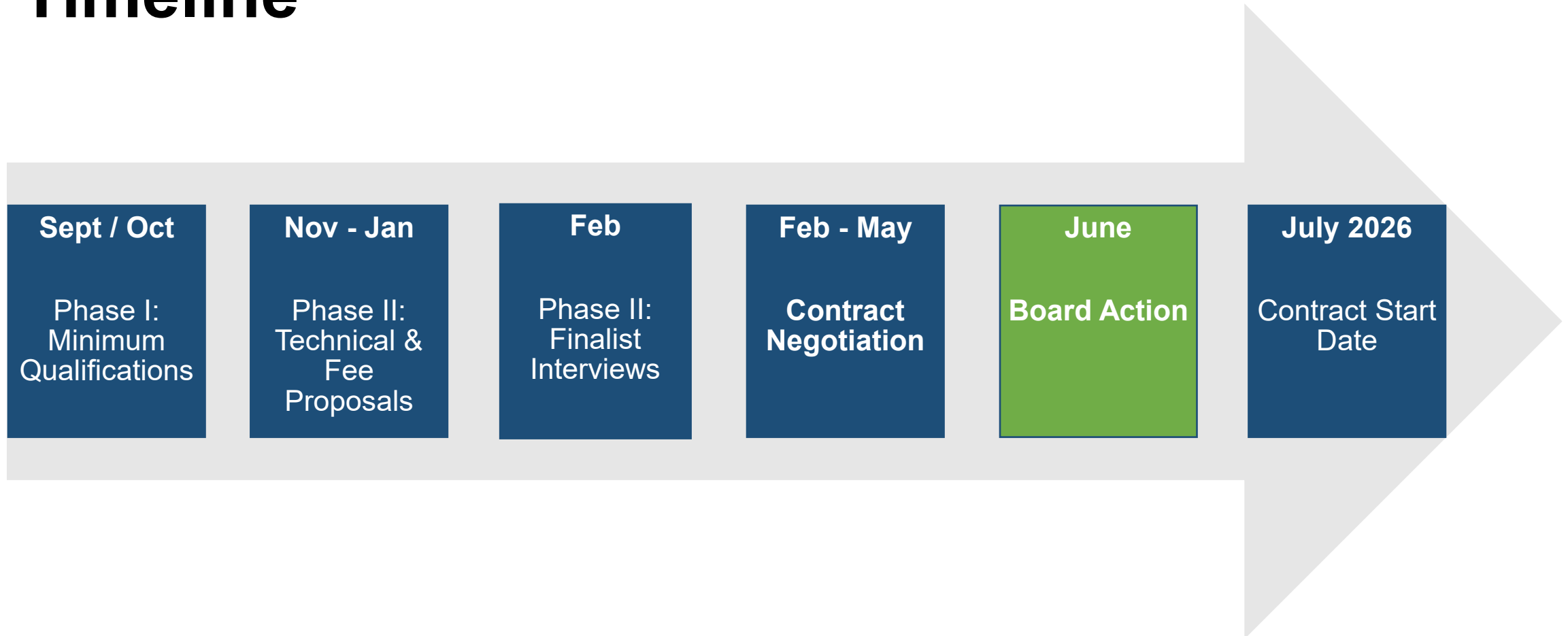


(CHCS Services, Inc. d.b.a. Wellcove)



(Davies Life & Health, Inc.)

Timeline



Key Factors – Administration

	Illumifin	Wellcove	Davies
General Administration	<ul style="list-style-type: none">• Largest LTC TPA• Over 1.9 million LTC policies• Over 50 different insurers including top 10 LTC carriers in U.S.	<ul style="list-style-type: none">• Approx. 600,000 LTC policies• 9 listed insurers• Claims for AFLAC	<ul style="list-style-type: none">• Approx 220,000 LTC policies• Stated client base of 60+ insurers and reinsurers
Technology & Claims Oversight	<ul style="list-style-type: none">• In-house electronic visit verification• In-house fraud detection tool• Snowflake data platform	<ul style="list-style-type: none">• In-house electronic visit verification• Contracted vendor for fraud detection tool	<ul style="list-style-type: none">• Electronic visit verification implemented for 1 client with another pending• In-house fraud detection tool

Key Factors – Projected Costs

Cost	Illumifin	Wellcove	Davies
Claims PMPM	Middle Static	Lowest Increases over time	Highest Increases annually
Non-Claims PMPM	Lowest Static	Middle Increases annually	Highest Increases annually
Total Projected Fees	Lowest	Middle	Highest
Transition Cost	No transition cost	Transition cost	No transition cost

Key Factors – Projected Costs

Projected cost of current contract through 2031: **\$66m**

		Illumifin	Wellcove	Davies
Projected administrative service fee and transition cost*	Initial (scored) proposal	\$63.8m	\$64.4m	\$77.1m
	Updated fees	\$51.1m	\$52.9m	\$73.5m
	Projected Savings	\$14.9m (22.6% decrease)	\$13.1m	-\$7.5m

* Projected administrative service fee and transition cost based on January 1, 2027 start date.

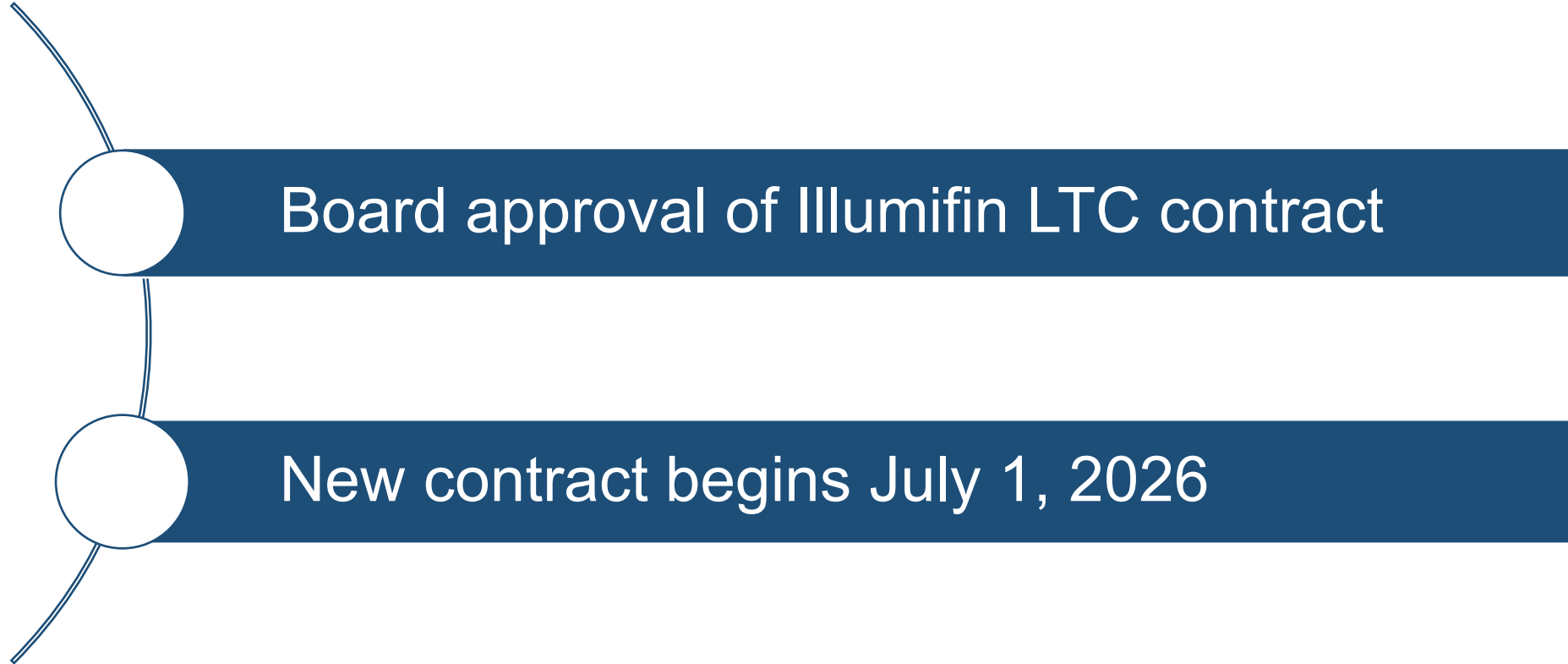
Negotiation

- The bidder with the highest number of total points, Illumifin, advanced to contract negotiations.
- Key wins:
 - Illumifin reduced their fees, amounting to **\$14.9m** in projected savings.
 - Illumifin agreed to an early start date of 7/1/2026, amounting to **\$1.9m** in additional savings.
 - **\$16.8m** total savings over current contract fee structure.

Recommendation

Issue an intent to award a five-year contract to Illumifin to serve as CalPERS TPA for its long-term care insurance program with an effective date of July 1, 2026, through June 30, 2031.

Proposed Next Steps



Questions & Discussion