**Appendix 3**

**Performance Standards and Penalties**

**RFP ETJ0043**

**Third Party Administration of the State of Wisconsin Income Continuation Insurance (ICI) Program**

* **Measurement Criteria:** The Contractor will provide a quarterly performance report to the Department showing Contractor’s performance on each of the performance metrics herein. The Department will analyze the Contractor’s report and, if the Department believes penalties are owed, will provide a report to the Contractor containing the Department’s list of metrics it believes the Contractor has missed and the amount of penalties owed. The Contractor will have 5 Business Days to review the Department’s list and refute any penalties owed. Should the Department require additional information to analyze the Contractor’s performance report, the Contractor shall cooperate with the Department and provide the Department with sufficient background materials and data to do so.
* **Method of Payment**: Although most metrics will be evaluated based on quarterly performance, any penalties owed for metrics missed will be paid by the Contractor on an annual basis. The Contractor shall pay the assessed penalties by check or ACH payment to the Department within thirty (30) Calendar Days of receipt of the Department’s invoice; however, at the Department’s request, penalties could be used by the Department as a credit on future payments owed to the Contractor.
* **Amount at Risk:** Total amount at risk will be 3.85% of total annual fees paid to Contractor by the Department. Annual fees will be determined on December 31 of the year in which the penalty is assessed. Note that within the “Penalty” column in the following table, 100% of the amount at risk has been allocated. The “Financial and Statistical Reports” that are not delivered timely are not included in the 3.85% maximum total. The implementation / re-implementation guarantees of 1% of annual fees are also not included in the 3.85% maximum total. Daily penalties will accumulate until reports are delivered.

**IMPLEMENTATION**

For implementation (or re-implementation) associated with the Contract, the following implementation / re-implementation guarantees have a one-time fee up to 1% of annual fees. Annual fees are determined on December 31 of the year in which the penalty is assessed.

| **PERFORMANCE**  **STANDARD** | **GUARANTEE** | **METHOD OF**  **MEASUREMENT** | **FREQUENCY** | **DELIVERY**  **DATE** | **PENALTY** |
| --- | --- | --- | --- | --- | --- |
| Plan Implementation | The Contractor will achieve an average score of “satisfied” (3 or higher) on the client implementation survey and meet all key implementation milestone dates. | The Contractor’s client implementation satisfaction survey (to be developed by the Contractor and approved by the Department) will measure the success of the implementation and the effectiveness, responsiveness, and reliability of Contractor’s implementation team.  The performance metric guidelines are not limited to but will include:   * Contractor shall deliver draft implementation milestones prior to the first implementation meeting between the Department and the Contractor identifying all tasks, key milestones, deadlines, and responsibilities. * Contractor shall update and maintain project plans and milestones, and provide to the Department, on a weekly basis. * Contractor shall document and deliver to the Department written summaries of all meetings and conference calls between the Contractor and the Department within three Business Days of the event, including “deliverables” and “next steps. * Contractor shall meet the completion of tasks described within the implementation plan and achievement of key milestones by target dates. * Contractor shall respond to all Department and Employer inquiries within 1 Business Day. * Contractor shall provide expected issue resolution times to the Department within 48 hours of acknowledgement of an issue. | One time | Within 30 Days after the go-live date | 0.75% of annual fees |

**IMPLEMENTATION (Continued)**

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| **PERFORMANCE**  **STANDARD** | **GUARANTEE** | **METHOD OF**  **MEASUREMENT** | **FREQUENCY** | **DELIVERY**  **DATE** | **PENALTY** |
| Initial On-Time Delivery of Procedures, Forms and Letters | * Drafts of procedures, forms and letters must be provided to the Department no later than 90 Calendar Days prior to the go-live date for the Department’s review. * The Department will provide required revisions to the Contractor within 2-weeks of receipt of the procedures, forms and letters from the Contractor. * All procedures, forms and letters are in place prior to the go-live date. | Via delivery of procedures, forms and letters. | One time | 90 Calendar Days prior to the go-live date.  Materials are in place prior to go-live. | 0.25% of annual fees |

**CLAIM MANAGEMENT**

| **PERFORMANCE**  **STANDARD** | **GUARANTEE** | **METHOD OF MEASUREMENT** | **FREQUENCY** | **DELIVERY DATE** | **PENALTY** |
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| Pursuit of Medical Evidence | Non-receipt of medical documentation will be followed with documented attempts to member and/or attending physician within 2 Calendar Days of a new claim; follow up within 10 Business Days from date of most recent request. | Via the Claim Audit Results Report | Quarterly | May 1, August 1, November 1, and February 1 | 0.225% of annual fees   * Each quarter in which the performance guarantee is not met: 0.01875% of annual fees |

**CLAIM MANAGEMENT (Continued)**

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| Evaluation of Offsets | 100% of all claims will be evaluated for any other deductible sources of income, such as SSDI benefits, Workers Compensation benefits, etc. | Via the Claim Audit Results Report | Quarterly | May 1, August 1, November 1, and February 1 | 0.15% of annual fees   * Each quarter in which the performance guarantee is not met: 0.0125% of annual fees |
| Claim Procedural Accuracy | 98% accuracy for all benefit-related measures. | Via the Claim Audit Results Report | Quarterly | May 1, August 1, November 1, and February 1 | 0.15% of annual fees   * Each quarter in which the performance guarantee is not met: 0.0125% of annual fees |
| Financial Accuracy of Claim Payments | Achieve at least 99% overall accuracy in the payment and distribution of proceeds. | Via the Claim Audit Results Report | Quarterly | May 1, August 1, November 1, and February 1 | 0.15% of annual fees   * Each quarter in which the performance guarantee is not met: 0.0125% of annual fees |
| Claim Turnaround Time | Written notice to recipient no later than 15 Calendar Days after receipt of all information needed to make a determination. | Via the Claim Audit Results Report | Quarterly | May 1, August 1, November 1, and February 1 | 0.225% of annual fees   * Each quarter in which the performance guarantee is not met: 0.01875% of annual fees |
| Claim Team Telephone Responsiveness | Respond to all inquiries received by 3pm CST on the same Business Day; all inquiries received after 3pm CST on the next Business Day | Via the Claim Audit Results Report | Quarterly | May 1, August 1, November 1, and February 1 | 0.075% of annual fees   * Each quarter in which the performance guarantee is not met: 0.00625% of annual fees |

**CLAIM MANAGEMENT (Continued)**

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| Overpayment/Underpayment Processing | Written notice to the recipient no later than 15 Calendar Days after receipt of all information needed to complete the calculation. | Overpayment/Underpayment Processing Report | Quarterly | May 1, August 1, November 1, and February 1 | 0.225% of annual fees   * Each quarter in which the performance guarantee is not met: 0.01875% of annual fees |
| Reconsideration Processing | Written notice to recipient no later than 60 Calendar Days after receipt of all information needed to make a determination. | Reconsideration Processing Report | Quarterly | May 1, August 1, November 1, and February 1 | 0.225% of annual fees   * Each quarter in which the performance guarantee is not met: 0.01875% of annual fees |
| Claimant Satisfaction | 90% of all the Program’s claimants (approved or denied) responding “very satisfied” or “satisfied.” | Claimant satisfaction survey of all the Program’s claimants | Annually | Within 30 Calendar Days of the end of the analysis period | 0.3% of annual fees |

**CUSTOMER SERVICE**

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| **PERFORMANCE**  **MEASURE** | **GUARANTEE** | **METHOD OF MEASUREMENT** | **FREQUENCY** | **DELIVERY DATE** | **PENALTY** |
| Call Answering Timeliness | 95% to answer will not exceed 30 seconds. | Via Telephone Service Results report for location servicing the Department | Quarterly | May 1, August 1, November 1, and February 1 | 0.075% of annual fees   * Each quarter in which the performance guarantee is not met: 0.00625% of annual fees |
| Call Abandonment Rate | Abandonment rate of no more than 3%. | Via Telephone Service Results report for location servicing the Department | Quarterly | May 1, August 1, November 1, and February 1 | 0.075% of annual fees   * Each quarter in which the performance guarantee is not met: 0.00625% of annual fees |

**ENROLLMENT APPLICATION PROCESSING**

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| **PERFORMANCE**  **MEASURE** | **GUARANTEE** | **METHOD OF MEASUREMENT** | **FREQUENCY** | **DELIVERY DATE** | **PENALTY** |
| Evidence of Insurability (EOI) Processing | Written notice to recipient no later than 15 Calendar Days after receipt of all information needed to make a determination. | Via Enrollment Application Processing and Audit Report | Quarterly | May 1, August 1, November 1, and February 1 | 0.075% of annual fees   * Each quarter in which the performance guarantee is not met:   0.00625% of annual fees |
| Enrollment Application Processing Accuracy | Achieve at least 98% overall accuracy in the processing of enrollment applications, including EOI applications. | Via Enrollment Application Processing and Audit Report | Quarterly | May 1, August 1, November 1, and February 1 | 0.15% of annual fees   * Each quarter in which the performance guarantee is not met: 0.0125% of annual fees |

**ACCOUNT MANAGEMENT**

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| **PERFORMANCE**  **MEASURE** | **GUARANTEE** | **METHOD OF MEASUREMENT** | **FREQUENCY** | **DELIVERY DATE** | **PENALTY** |
| On Time Delivery of Reports | Standing reports will be delivered according to dates listed in the “Delivery Date” column.  Customized reports will be delivered within 5 Business Days of request.  Real time access to on-line reports during normal business hours. | * Real time access/availability of on-line reports * Timeliness of delivery of reports (other than the reports listed under “Financial and Statistical Reporting”) * Report passes quality review | Quarterly | N/A | 0.15% of annual fees   * Each quarter in which the performance guarantee is not met: 0.0125% of annual fees |
| Account Management  Customer Service | The Contractor will achieve an average score of “satisfied” (3 or higher) on the client survey. This will include day-to-day services. | The Contractor’s client satisfaction survey, which will measure the effectiveness, responsiveness, and reliability of the account manager. The performance metric guidelines are not limited to but will include:   * The account manager responds to all inquiries within 1 Business Day * The account manager provides expected issue resolution times within 2 Business Days of acknowledgement | Annually | Within 30 Calendar Days of the end of the plan year | 0.3% of annual fees |

**ACCOUNT MANAGEMENT (Continued)**

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| **PERFORMANCE**  **FEATURE** | **GUARANTEE** | **METHOD OF MEASUREMENT** | **FREQUENCY** | **DELIVERY DATE** | **PENALTY** |
| Claim Management  Customer Service | The Contractor will achieve an average score of “satisfied” (3 or higher) on the client survey focused on claim management. | The Contractor’s client claim management satisfaction survey, which will measure the effectiveness, responsiveness, and reliability of the account claim. The performance metric guidelines are not limited to but will include:   * Contractor shall deliver high quality claim management expertise to plan participants. * Contractor shall assist the Department in troubleshooting claim escalations. * Contractor shall respond to all Department inquiries related to claims within 24 hours; and * Provide expected issue resolution times on claim inquires within 48 hours of acknowledgement. | Annually | Within 30 Calendar Days of the end of the plan year | 0.3% of annual fees |

**FINANCIAL, STATISTICAL and OTHER REPORTING**

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| **PERFORMANCE**  **FEATURE** | **GUARANTEE** | **METHOD OF MEASUREMENT** | **FREQUENCY** | **DELIVERY DATE** | **PENALTY** |
| Claim Payments Report and Funding Request | On-time delivery | Arrives by due date and passes quality review | Monthly | 4 Business Days prior to each fund transfer from the Department to the Contractor | $500 per Calendar Day |
| Overpayment Deduction Report | On-time delivery | Arrives by due date and passes quality review | Monthly | 1st of the month for checks issued on that date and any out-of-cycle checks issued in the prior month | $500 per Calendar Day |
| Bank Reconciliation Report | On-time delivery | Arrives by due date | Monthly | 10th of the month following the month being reported | $500 per Calendar Day |
| Accounts Receivable – No Means of Recovery Report | On-time delivery | Arrives by due date and passes quality review | Monthly | 1st of the month | $500 per Calendar Day |
| Repayment Report | On-time submission | Submission of Repayment Report and checks received by Contractor | Ad Hoc | report and checks must be sent to ETF within 3 Business Days of receipt | $500 per Calendar Day |
| Pass-Through Reports | On-time delivery | Arrives by due date | Ad Hoc | 10th of the month following the month being reported (i.e. March report is due April 10th) | $500 per Calendar Day |

**FINANCIAL, STATISTICAL and OTHER REPORTING (Continued)**

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| Claim Financial Statistics Report | On-time delivery | Arrives by due date and passes quality review | Quarterly | May 1, August 1, November 1, and February 1 | $500 per Calendar Day |
| Open and Closed Claim Report | On-time delivery | Arrives by due date and passes quality review | Annually | Draft (first 3 quarters of year) due November 1st;  Final (prior Calendar Year) due January 20th | $5,000 per performance standard |
| New Claims Demographics Statistical Report | On-time delivery | Arrives by due date and passes quality review | Annually | February 1 | $500 per Calendar Day |
| Claim Lag Report | On-time delivery | Arrives by due date and passes quality review | Annually | February 1 | $500 per Calendar Day |
| Annual Earnings Statement Statistical Report | On-time delivery | Arrives by due date and passes quality review | Annually | August 1 | $500 per Calendar Day |
| Annual ICI Report to ETF’s Governing Board | On-time delivery | Arrives by due date and passes quality review | Annually | mid-March (exact date will be provided each January) | $500 per Calendar Day |
| System and Organization Controls (SOC) Report(s) | On-time delivery | Arrives by due date | Annually | 30 Calendar Days from date requested by ETF | $500 per Calendar Day |
| Written contingency plan for disaster recovery of data processing equipment, subject to ETF approval | On-time delivery | Arrives by due date | Ad Hoc | 30 Calendar Days from date requested by ETF | $500 per Calendar Day |

**FINANCIAL, STATISTICAL and OTHER REPORTING (Continued)**

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| Check Writing | On-time delivery | Issued timely | Monthly | 1) 1st of the month for the previous month  2) Issue out of cycle checks  3) To Post Office (paper checks) or Financial Institution 2 Business Days prior to date of check | $100 per incident per Business Day |
| Insurance Commissioner Complaints | On-time delivery | Timely referral | Ad Hoc | Referred to the Department within 1 Business Day of receipt | $500 per Business Day late |
| Legislator Contacts | On-time delivery | Timely referral | Ad Hoc | Referred to the Department within 1 Business Day of receipt | $500 per Business Day late |
| Ad Hoc Customized Reports | On-time delivery in final peer-reviewed form | Arrives by due date and passes quality review | Ad Hoc | Delivered within 5 Business Days of request | $500 per Business Day late |