PFMLI Staffing Policy Package (#104)

Fiscal Year 2022 > Fiscal Year 2023

Session | 2023 Session

July 1 through February 1

Contributions (71)
Development (49)
Operational Capacity (19)
OAH Contributions (4)

through June 30

(Customer care positions "go live" support, phase out June 1, 2022) (8)

July 1 through mid-January

Benefits (188)
Assistance Grants (48)
OAH Benefits (11)

Agency expenses move from GF to OF (estimated October 2022)

GF repaid by January 2023

through June 30

No new staff, phase outs anticipated starting July 1, 2023

Employee Costs

+ $8.30 million	+ $6.05 million	+ $15.48 million	+ $14.01 million
+ 143 pos/40.29 FTE	+0 pos/29.46 FTE	+ 247 pos/85.13 FTE	+ 0 pos/80.26 FTE
= $8.30 million	= $14.35 million	= $29.83 million	= $43.84 million
= 143 pos/40.29 FTE	= 143 pos/69.75 FTE	= 390 pos/154.88 FTE	= 390 pos/235.14 FTE

PFMLI IT Policy Package (#105)

Fiscal Year 2022	Fiscal Year 2023
Session	2023 Session

Information Technology Solution Costs (Estimate)

Vendor Solutions	**$54,000,000**
System Maintenance and Support	**$4,000,0000**
Independent Quality Management Services	**$2,000,000**
Telephone System	**$875,000**
Change Management	**$200,000**
Backend Software Server Upgrades	**$150,000**
End User Testing and Focus Groups	**$100,000**
Total IT Costs (Estimate)	**$61.33 million**

Agency expenses move from GF to OF (estimated October 2022)
GF repaid by January 1, 2023

To: David Gerstenfeld, Acting Agency Director
From: Gerhard Taeubel, Acting Division Director, Paid Family and Medical Leave Insurance Division
Date: January 20, 2021

Introduction

The purpose of the Paid Family and Medical Leave Insurance (PFMLI) Request for Information (RFI) is for the Oregon Employment Department (Department) to solicit information, including a non-binding price estimate, from interested parties capable of administering benefit and claims processes of the PFMLI program in accordance with the statutory requirements established by House Bill 2005, which has been incorporated into the Oregon Revised Statutes (ORS) as chapter 657B. The Department will use responses to the RFI to help evaluate whether it should contract with a third-party administrator to implement and carry out the delivery of benefit payments and related services or administer these functions of the PFMLI program itself. In the event that the Department elects to contract with a third party to administer PFMLI benefit functions, responses to the RFI may also be used to help define the scope of any subsequent Request for Proposals (RFP).

The RFI provided respondents with an overview and background information on PFMLI, including a list of the core components of benefits administration. Respondents were asked to answer 16 questions pertaining to their approaches to administering the benefit and claims processes and their capabilities to handle the requirements and needs of PFMLI and the Department. Questions covered the following topics: core functions; intake capabilities; capacity; system failures and unexpected workload fluctuations; customer satisfaction; access to services for all persons; streamlining employer and employee experiences between the vendor and the Department; information sharing with the Department and state partners, including using existing state technology systems; use of subcontractors; securing confidential information; enabling department oversight including audits; time required to establish system and process; plan for potential transition of program management; adaptability for program modifications; appeals processing; fraud prevention; claims processing for vendor's employees; and estimated costs.

The RFI was released and published on the Oregon Procurement Information Network (ORPIN) on Wednesday, February 25, 2020. On February 28, 2020, the Department distributed information about the RFI through the PFMLI Division's listserv. Separately, members of the PFMLI Advisory Committee were notified of the RFI's release.

A list of 740 vendor suppliers identified under ORPIN Commodity Code 952-38 were notified of the RFI and 15 vendors showed interest in the RFI and downloaded it. A total of 16 questions were received from vendors reviewing the RFI and were answered by the Department:

- The first set of questions, published on February 28, 2020, focused on a formal solicitation; the Department answered that HB 2005 appropriated an unspecified amount of General Fund monies to the Department for the 2019-2021 biennium to pay for the start-up cost of establishing a program, that no timeline for the release of a formal solicitation has been estimated, and that there is no incumbent contract for the project.
- The second set, published on March 12, 2020, focused on policy and technical aspects of administering the program and on the RFI and vendor selection processes.

- o For a question on the technology approval process, the Department provided a link to information on "Stage Gate" on the Department of Administrative Services' website, and for the question on the Department's "policies, processes, and technology" the Department provided links to relevant sections of its website.
- o For questions on benefits eligibility requirements (leave types and reasons, self-employed individuals), the Department referred to ORS chapter 657B, future administrative rules, and guidance that will be developed, explaining that the third-party administrator will have decision-making discretion consistent with departmental rules and interpretations.
- o For questions on data exchange on benefit eligibility, level of vendor involvement in small business grants, and potential for self-funded billing practices, the Department answered that the aim of the RFI is to acquire information to assist in making determinations on those matters.
- o In response to other questions, the Department answered that department oversight would be limited to functions related to the administration of PFMLI, that the Department expects services to be available to all persons with limited English proficiency, that the Department intends to leverage existing public infrastructure and state resources to collect contributions to the PFMLI fund, and that claims will be paid from the PFMLI Fund.
- o Lastly, the Department responded to questions related to the solicitation process, explaining that there is no estimated timeline for vendor selection; that a competitive bid process would be required if the Department decided to contract with a third party; and that responses to the RFI would not be posted on ORPIN or the Department's website but are subject to Oregon's Public Records Law and may be provided to the public upon request.

Summary of Responses

Respondents

Standard Insurance Company (The Standard): The Standard is a nationally recognized provider of group disability, life, dental and vision insurance. The Standard has over 60 years of experience working with the public sector. It currently offers private plans under New York Disability Benefits Law (DBL) and Paid Family Leave (PFL), New Jersey Temporary Disability Benefits (TDB), Washington Paid Family and Medical Leave (PFML) and Massachusetts PFML for employers in those states. The Standard is a current partner with the State or Oregon, providing life benefits to Oregon Public Employees Benefit Board (PEBB) for the last 69 years. The Standard has its headquarters in Portland, Oregon and has claims operations in Portland, Oregon, White Plains, New York and Altavista, Virginia. It provides insurance to approximately 25,600 groups covering more than 7 million employees nationwide. As of January 1, 2020, it has over 1,300 customers who have placed state disability plans with The Standard, and 416 customers utilizing their Paid Family Leave individual, private plan offerings. The Massachusetts PFML program is effective January 1, 2021, and the Standard has approximately 180 sold customers that will begin implementation later this year.

Solix, Inc. (Solix): Solix is a leading provider of complex regulatory program management solutions with a focus on eligibility determination, customer care, and technology services to public sector, private sector, and healthcare organizations. For more than 20 years, it has successfully administered state and federally funded grant and benefit programs requiring complex regulatory program expertise and secure handling of confidential and sensitive information. Solix is a privately-held, shareholder-owned corporation with around 600 employees and contractors. Its headquarters is in Parsippany, NJ, and contact center services and operational support are provided in Charleston, IL and Killeen, Texas.

Solix handles one million claims, performs six million eligibility reviews, processes 220 million electronic records, and handles $4 billion in program benefits/awards annually. It provides services for a range of companies and agencies, including AT&T, Blue Cross Blue Shield of Alabama, New York Office of Storm Recovery, New Jersey Economic Development Authority, and state USF/TRS programs.

Fast Enterprises, LCC (FAST): FAST is focused exclusively on software and services for government. FAST software is in use in more than 70 different government agencies. FAST has successfully implemented modern enterprise systems for unemployment insurance, tax, and motor vehicle agencies. It implemented a PFML assessment system for the Massachusetts Department of Revenue in 2019; has experience with similar programs based on wage records in California, Montana, Michigan and Illinois; and implemented unemployment insurance benefit systems in Michigan and Washington. The FAST headquarters is located in Centennial, Colorado.

The three vendors that responded to the RFI proposed different approaches to third-party administration of PFMLI benefits, with two proposing to manage all core functions of benefits administration and one offering only software programming. All three respondents demonstrated experience with paid family and medical leave programs and/or eligibility-based claims processing within complex, highly-regulated environments, including providing services for government agencies. Their proposed approaches can be summarized as follows:

- The Standard proposed full management of benefits administration and focused on human infrastructure with a manual entry based claims and benefits processing system handled by their teams based in multiple states.
- Solix proposed full management of benefits administration with comprehensive software programming including online claimant services and manual entry options and the human infrastructure for benefit and claims processing handled by their teams in multiple states.
- FAST proposed a comprehensive software program for benefit and claims processing with online claimant services and manual entry options. The proposal did not address the administration of benefits by a third-party administrator but rather a technology solution that could be used for the administration of benefits by another party. The human infrastructure would need to be provided by the Department or a third party.

Existing Frameworks and Customizations
The three respondents all provided solutions that build on their existing software programming and/or processing infrastructure, while allowing for customization to meet the requirements and needs of PFMLI. The two respondents that offer full administration (The Standard and Solix) already have staff who are handling comprehensive claims processing for eligibility-based benefit programs. Solix provided a detailed mapping of their existing intake, review, decision, and disbursement processes. Two respondents (Solix, FAST) propose specific software programs that are already developed and in use for the administration of benefits programs. Both programs enable customizations to ensure that the software accommodates the specific requirements of PFMLI and can be modified in case of future legislative or other changes.

Software and Process Management
The software programs proposed (Entellitrak, FastUI) are designed to maximize online services with a range of self-service features for claimants, such as submitting claims, uploading documentation, checking claim statuses, and corresponding with claim administrators. They are capable of processing the complete lifecycle of the claim and benefit process, from intake to processing, determination, and payment. They also utilize automated services to streamline

administrative processes, such as auto-adjudication of cases and email alerts. The programs also allow for the manual entry of claims received by phone, mail, or fax and facilitate human review and approval as needed. The respondents also detail how the software programs can exchange data for information sharing on eligibility criteria and reporting.

Scalability and Stability

The respondents all established their capacity to scale their operations to meet the needs of PFMLI, including fluctuations in claim intakes, as well as their abilities to respond to any system failures. One consideration highlighted by the respondents offering full administration is that they have teams in multiple states who are able to shift or scale up to respond to program fluctuations and are able to continue operations in the event of a natural disaster in Oregon or one of their service center locations. Solix highlighted that their technology solution provides seamless scaling and that with their data analytics they have been able to successfully predict volume fluctuations and reduce unanticipated workload fluctuations in their other programs. FAST detailed how their platform is designed for high availability in a number of ways. Both software systems proposed have a number of design features to prevent system interruptions and failures.

Customer Experience and Satisfaction

The respondents proposing full administration emphasized customer surveys in ensuring positive customer experiences. The Standard currently offers post-call survey options, while Solix uses multiple feedback gathering methods including interactive voice response (IVR), email, and web based surveys. Solix also has an optional advanced data analytics system for custom reporting on responses. Both of these respondents also mention their high customer service performance and staff in place to handle escalations and liaise with the Department as required. FAST focused on their ability to configure their electronic services to meet the Department's service delivery goals. Their E-services enable customers to have 24/7 access to information on their claim and can be accessed on any device. In addition, the software allows claim administrators to focus more time on assisting customers and less time on routine tasks that are automated in their solution.

Program Integrity and Compliance

The three respondents outline extensive experience adhering to the wide range of important compliance issues that are necessary for the management of claims and benefits, including federal and state regulations and oversight processes.

- Access to services: The respondents all addressed access to services for all persons and demonstrated their commitment to meeting the legal and program needs for accessibility. The respondents outlined their compliance with the federal Rehabilitation Act - Section 508 accessibility requirements or ADA compliance for their website or online services and Solix and FAST have Voluntary Product Accessibility Templates for their software programs available upon request. All of the respondents have options for claims to be submitted manually (by phone, mail, and/or fax) to enable access to those without computers. The Standard and Solix offer live support in English and Spanish and Solix engages a translation service for additional languages. FAST's software program accommodates any number of additional languages for claimants accessing E-services.
- Confidentiality and Data Security: The respondents all take confidentiality seriously and are highly experienced working with relevant laws, regulations, and best practices. The Standard outlined their system of random internal audits as a means to protect confidentiality. Solix and FAST describe in great details their software program security measures, including role-based permissions to protect data on a hierarchical and need-to-know basis, data encryptions, and multi-factor authentication. Solix also describes the extensive physical security measures taken at their facilities.

- Fraud Prevention and Auditing: All respondents expressed the need for a fraud prevention plan to be customized to meet the specific regulations and requirements for the program and expressed their capacity to make such a plan for PFMLI. The Standard has specially chosen and trained case managers who use different ways to detect and investigate suspicious claims. Solix uses independent audits and has an internal control risk assessment process. Solix highlighted that their software collects and preserves a complete audit history on every record and action in the system, while FAST explains how their software provides many tools and methods for validating claimant identity and minimizing fraudulent activity. All respondents confirmed that they would cooperate with OED oversight, including audits and providing regular details reports. FAST shared that their software has sophisticated reporting capabilities to facilitate this reporting and Solix emphasized that they maintain regimented and documented quality assurance processes and retention policies.

Timelines and Costs

The respondents were reluctant to provide detailed timelines or cost estimates at this stage in the process, but did provide some early insights. Estimates for the amount of time needed to set up and implement a claim and benefit management system ranged from 8 months to 12 months. The two cost estimates provided covered full program administration: Solix: $1,100,000-$1,300,000 for startup (system implementation, licensing, and training) and $550,000-$1,575,000 annually (system support and maintenance + program administration and operations); and The Standard: $2.00-$7.00 per covered employee per month.

Responses to RFI Questions

The respondents' answers to the RFI questions can be found in the Appendix.

Analysis

This analysis will first consider whether the proposed approaches made in the RFI responses provide viable third-party administration options for the management of claim and benefit processes for PFMLI considering two main factors: functionality and compliance of the approaches with the requirements and needs of the PFMLI program as outlined in the RFI; and the timeline and cost estimates for the respondents' proposed approaches. The proposed approaches will then be compared to Department administration to the extent possible to identify the advantages, disadvantages, and risks of contracting with a third-party administrator. It should be noted that the RFI, while seeking to elicit information and proposed approaches from respondents describing the ways in which third-party administration of the benefits program might be accomplished, necessarily provided few details about the program, which is still in the early stages of development. It is likely that interested vendors would be able to provide additional information about services they already provide that address program needs or could be adjusted to do so.

For the purposes of this analysis, the proposed approach from FAST has been excluded because the respondent is not proposing to be a third-party administrator and thus would not meet the requirements and needs of the program. However, the FAST software solution does have the potential to meet the needs of PFMLI benefits administration. Should the Department determine that it will not use a third-party administrator, then the FAST software could be one of several potential software solutions considered for use as part of the Department's administration of the benefits program.

Functionality and Compliance

The RFI provided a list of the core components of benefits administration for PFMLI, which were also woven into the questions the respondents were asked to respond to, along with a number of regulatory compliance matters. The chart below outlines these functions and provides a high level summary on each respondent's inputs on each component and any related compliance matters. At the start of each description, an evaluation term is included to indicate the respondents demonstrated or perceived capability to handle that administration function. The assessment terms used are:

- <u>Yes</u> – the respondent adequately demonstrated the ability to meet or exceed minimum standards for implementation of that component.
- <u>Partially</u> – the respondent offers a solution that only meets some of the standards for administration of the component and does not adequately meet all program or the Department's expectations.
- <u>No</u> - the respondent does not adequately demonstrate the ability to meet the minimum standards for implementation of the component.

Functionality and Compliance with Core Components by Respondent

	The Standard	Solix
Claims intake and processing *ORS 657B.090 (1)(a) establishes that the manner through which claims are submitted will be determined by the director by rule, which has not been written yet. However, Unemployment Insurance (UI), in comparison, accepts claims online and by phone primarily.* *ORS 657B.090(2) establishes that if a claim is allowed, the director shall make a reasonable effort to issue the first payment to the individual within two weeks after receiving the claim.*	Partially – The Standard currently offers telephonic and mail/fax claim intakes for PFML offerings. They do not seem to offer online applications for claimants and does not accept claims in person. Should the same standard as UI be established for PFMLI, then it seems that The Standard would not meet the online requirement. They do have staff in Oregon and may be able to offer in person services if required. The Standard's turnaround time is typically four days from receipt of complete information, so it seems The Standard could meet the expectation of issuing the payment within two weeks. However, no information was provided on the volume or complexity of claims it normally processes. They have dedicated services teams in multiple states that limit service interruptions. Alternative teams can provide back up in case of unanticipated influx of claims.	Partially – Solix accepts claim applications and documentation online and via fax, mail, and email. After documents are received, Solix completes document review/validation and conducts quality assurance and quality control activities. Should the same standard as UI be established for PFMLI, then it seems that Solix would meet the intake requirements. They do not have staff in Oregon to offer in person services if required. Solix handles a high volume of claims (six million eligibility reviews annually).No information was provided on the timeline for processing or complexity of the claims. Solix has service teams in multiple states that limit geographic service interruptions. Its software can be deployed utilizing cloud resources including redundant servers to avoid interruptions from system failures.

Determining benefit eligibility, terms, and amount	Partially – The Standard intends to set up a data feed connection to receive eligibility information, with the potential to establish verification outside of such feed. Insufficient details are provided on how determinations would be made, but respondent has some experience providing employer-based PFML and disability determinations through private plans. Not enough information was provided to determine whether they would be able to undertake full-scale administration on behalf of a government agency.	Partially – Solix has systems in place for decisions and disbursements, including issuing decision letters, and highlights its experience applying program-specific eligibility criteria to accurately render eligibility decisions. For exchange of eligibility information, the proposed solution will be able to send and receive data exchange files through any secure protocol that is compatible with the external system. Its software is capable of integrating with virtually any database infrastructure. Not enough information was provided to determine whether they would be able to undertake full-scale administration on behalf of a government agency.
Paying benefits	No – This was not addressed in the response. It is not clear if The Standard has experience making payments on behalf of a public entity or whether its system could be integrated with a public financial institution (such as State Treasury). The Standard does process payments on PFML and Disability Insurance claims, but this may be only for its policy holders rather than the general public.	Partially – Solix has disbursed $2 billion in program benefits/awards and lists cash management and funds disbursements in its competencies. Solix provided substantial technical information about data sharing and security authorizations of the software it uses (including authorization for the Department of Treasury). They listed three agencies for which they distributes funds (government-backed assistance programs), which may align to the PFMLI payment process needs.
Managing continuous and intermittent benefits	No – This was not addressed in the response. Intermittent benefits are more complicated and would need complex tracking, which would need to be addressed by the respondent.	No – This was not addressed in the response. Intermittent benefits are more complicated and would need complex tracking, which would need to be addressed by the respondent.
Appeals *ORS 657B.410 (b) establishes that a covered individual may request a hearing to obtain review of a final decision of the director regarding benefit decisions.* *ORS 657B.410 establishes that the appeals process*	Partially – The Standard states that the appeals procedures can be adapted to meet the needs of PFMLI. For other programs, employees have the right to review the decision and reasons and are given a chance to appeal. An independent review is conducted by a specialist who updates the employee on the process and informs on	Partially – Solix has experience establishing complaint and appeals processes for claimants to dispute an eligibility decision. Case managers work with claimant to fix any errors and issue a final decision. They will establish a workflow with the Department and parameters for appeals. The process described focused on internal

established by the director shall comply with provisions for a contested case under ORS chapter 183 and is subject to judicial review as provided in ORS 183.482.	the final decision. The process described focused on internal processes for review and response to appeals, and does not rise to the level of formal administrative or judicial review. It is unclear if the respondent is capable of this function and it may need to be handled by the Department.	processes for review and response to appeals, and does not rise to the level of formal administrative or judicial review. It is unclear if Solix is capable of this function and the Department may need to handle formal administrative or judicial review.
Reporting	No – The respondent said that regular reports will be provided to the Department. The Department would need more details on their systems reporting capabilities.	Partially– The respondent said they will provide accurate documentation and reports necessary for program audits. The Department would need more details on their systems reporting capabilities.
Program integrity including fraud prevention	Yes – The Standard intends to establish a process that will comply with the specific monitoring guidelines for PFMLI. It has case managers that detect and investigate suspicious claims. The Standard complies with federal and state laws addressing privacy and all transactions are subject to random audit to ensure quality. The Standard has special procedures for processing claims from their employees, which are handled by designated staff.	Yes - Solix's comprehensive set of program integrity services, including audit-ready reporting, program monitoring, and consulting, help customers effectively meet intricate regulatory requirements. Solix's Certified Fraud Examiners help ensure a program's integrity throughout the process from application intake to results reporting. Solix has enacted multiple eligibility review models including initial/final reviews, quality assurance reviews through sampling a percentage of all decisions rendered, and automated reviews for less complex applications. Solix also has an elaborate system of physical and system security features to protect confidential data. They do not anticipate having Oregon employees, but would have an additional layer of review in such cases.
Audits	Partially – State or agreed-upon third-party can perform inspections. It's unclear the extent to which program administration data would be accessible to the Department.	Partially – Solix will cooperate with the Department in oversight and any required audits. Their software collects and preserves complete audit history on every action and record in the system. It's unclear the extent to which program administration

		data would be accessible to the Department.
Processing small employer assistance grant requests and payments	No – This is not specifically addressed. The function of eligibility review and grant administration would vary from established benefits processes and not enough information is provided about how this process would work.	Partially – This is not specifically addressed. Solix said it has administered state and federally funded grant and benefit programs for over 20 years. Their partners include state assistance programs that may include grants.
Customer Relationship Management	Partially – The Standard uses post-call surveys to monitor customer satisfaction and has positive results from a third-party customer satisfaction study. No analytics or reporting on survey results are mentioned. The Standards website is compliant with sections of federal law 508 on accessibility and it provides assistance for persons with speaking or hearing impairments (TTY) or visual impairment (verbal release). However, while interpretation for Spanish speakers is provided, no support for speakers of other languages was mentioned.	Yes – Solix designs its service delivery model to prioritize the customer and resolve issues without escalation, but it will have a workflow and dedicated team for responding to escalations who should have direct access to the Department for assistance as needed. They use multiple feedback gathering tools and offer a wide range of data analytics for results, including an optional add on program. Solix's software system is compliant with federal law 508 on accessibility. It has live support in Spanish and engages a translation service for other languages.

Based on the above, it may be possible for a third-party administrator to handle part of a comprehensive management of claims and benefits processing for PFMLI, but there are a large number of uncertainties ("partially") and insufficient information to determine if the core functions of administration could be carried out adequately.

RFI responses were requested to help inform the Department about the possibility of a third party administering paid family and medical leave benefits. Solix demonstrated capabilities for management of some core functions of the program based on their advanced software programming and established human infrastructure. The Standard also demonstrated capabilities to handle some functions through their established human infrastructure. However, neither response demonstrates unequivocally that the respondent could administer an agency program of this scope and with the requirements of the PFMLI program.

Timeline
The statutory timeline requires that PFMLI benefits become available to eligible employees on January 1, 2023 and, as such, that is the absolute latest date that the claims and benefits management system must be fully functional in order to meet the current statutory timeline. In some states, claims were accepted prior to the eligibility date in order to reduce claim volume and avoid overloading the system during the initial weeks; as such, it may be preferred for the claim intake process to be functional sooner to allow the Department to complete a more phased and tested rollout of PFMLI benefits to the public. The respondents proposed that the program could be implemented in 8-12 months from

contract execution, but this does not take into account the State's procurement process, nor the time needed to define the full scope of work and requirements to implement the program.

In order to enter into a contract of this size with a third-party administrator, the Department would need to complete a formal procurement process in partnership with Department of Administrative Services Procurement Services (DAS PS). Timelines for a procurement of this size and complexity vary, but a reasonable estimate would be approximately 12-18 months from initiation of procurement-related activities to contract execution. This estimate includes time needed by the Department to prepare scope of work and requirements documentation for submittal to DAS PS, and time needed to complete the procurement process itself in partnership with DAS PS. DAS PS estimates that the procurement process alone takes 6-12 months from the time that complete documentation is submitted by the Department, "subject to staffing, resources, and existing workload." Over the past year, DAS procurement timelines have been slower than usual due to the impact of the COVID-19 pandemic; it is reasonable to assume that this situation will continue for the foreseeable future.

This estimated procurement timeline applies to any formal procurement process, whether or not the process is subject to additional oversight through the state's Stage Gate oversight process for technology investments. At this time it is unknown whether a project to implement PFMLI benefits in partnership with a third-party administrator would be subject to the Stage Gate process. However, since any such project would involve sharing highly sensitive customer data with third-party technology systems, it is reasonable to expect that some level of oversight may be required. Stage Gate checkpoints align with procurement and project management milestones, and Stage Gate and procurement processes run concurrently.

For all these reasons, the process of contracting for a third-party administrator would require a significant amount of time to complete. The implementation timeline provided by the respondents may be similar to the implementation timeline of an IT vendor to build the system for the Department. As such, using a third party to administer paid family and medical leave benefits is not likely to save time when implementing the program. Indeed, it's possible that contracting with a third party could add to the timeline of the project because coordinating development of a benefits system with a third party while concurrently developing the contributions program in the Department will add complexity to the project. Given this, it is unlikely that contracting with a third party for benefits administration will improve access to the program for Oregonians or deliver the technology solution faster than the required statutory timelines or faster than the state administering the PFMLI benefits itself.

Costs
No firm budget has been established for third-party benefits administration for PFMLI. HB 2005 appropriated general funds within the 2019-21 biennium to cover some initial startup costs related to the establishment of the program, which must be reimbursed by the PFMLI Fund no later than January 1, 2023. Additional funding will be needed for the 2021-23 biennium to complete development of the program. Any costs incurred by the Department for the implementation and administration of the program through agreement with a third-party administrator may not be recovered through an increase in contribution rates for the program. As such, any startup costs for third-party administration would need to be accounted for during the first year of contributions so that those costs can be paid back to the General Fund. In addition, the annual costs for program administration and operations would need to be paid from the PFMLI Fund.

ORS 657.350(4) essentially requires that the cost of administering the PFMLI program through a third party not exceed the Department's cost of administering the program itself. Given the significant work remaining to be done to project what it will cost the Department to implement the PFMLI program and then administer it on an ongoing basis, it is difficult to accurately gauge the cost threshold for third-party administration.

Respondents provided a range of estimated costs for potential contracting to administer the benefits program. The Standard reports these costs on the basis of a "covered employee." While it is not clear whether, in using this term, The Standard intends to refer to any employee covered by the state's PFMLI law or merely to one who actually applies for benefits, if this range of costs ($2.00 to $7.00) is applied to the projected usage of the program (142,000 to 169,000 claimants per year)[1], the estimated cost could vary between $3,408,000 per year to $14,196,000 per year. Solix, on the other hand, estimates that initial startup costs would be at least $1.1 million, whereas annual operating costs would range between $500,000 and $1.5 million, depending on the number and complexity of claims filed.

The cost to the Department for third-party benefits administration, even if the above estimates hold true when contracting, will still not include the costs of paying for contributions management, data administration and information sharing, oversight of the third-party administration, and any functions the third-party administrator is unable to undertake (e.g. appeals and grants for small employers).

Although projected Department costs for administration of the benefits program are not precisely known, in developing its proposed budget for both the implementation and operation of the program during the next biennium the Department has drawn on Washington's budget for the implementation of its program. Given the provisional nature of any estimate concerning the cost of the Department to administer the benefits program, however, it is very difficult to directly compare the Department's costs to the cost estimates provided by the respondents. For this reason, it may be useful to consider the administrative costs of paid family and medical leave programs in other states in order to evaluate the potential costs of program administration.

The administrative costs of a state-administered Paid Family and Medical Leave Insurance (PFMLI) program include costs of program administration, communications and outreach, operations, information technology, and rules and policies. These administrative costs range from about 4 to 5 percent of total annual expenditures, based on the experience of California and Rhode Island, where the family and medical leave insurance (FMLI) programs have been operating for many years. In calendar year 2019, Rhode Island's administrative costs were 5.1 percent of total annual costs, as operational costs were $10.7 million and total benefit payments were $199.3 million. For California, the administrative costs were 3.9 percent of total annual expenditures in calendar year 2019, as the state paid $7.7 billion in benefits, and operational expenditures totaled $317.1 million.

In the first year of Washington State's operations, administrative costs were higher than projected costs due to higher-than-expected demand and a global pandemic. Administrative costs for Washington were $50.72 million in fiscal year 2020, which included both administration of the program as well as continued development; for fiscal year 2021, administrative costs are projected to be $65.07 million in order to hire more staff to deal with the unexpectedly high level of claims. Moreover, for the next few years, PFMLI administrative costs in Washington are projected to be about 6

---

[1] Based on the actuarial study conducted by the Institute for Women's Policy Research, February 20, 2020.

to 8 percent of total annual expenditures, as benefit payments will likely increase in the next few years as program awareness and usage grows. An increase in benefit claims will increase staffing needs.

Washington's administrative costs estimate is relative to program usage; the greater the number of persons using the program, the higher staffing need and related expenses. Therefore, given Washington's experience, if there is higher than expected demand for the PFMLI program in Oregon or the effect of the pandemic persists, administrative costs in Oregon could be 6 to 8 percent of the total annual costs in the first years of the program. If the pandemic does not persist, administrative costs could be closer to 5 percent of startup expenses for Oregon's PFMLI program.

Assessment of Third-Party Administration versus Department Administration

In the absence of detailed information about the scope of benefits program administration—the work of identifying processes and requirements is still underway—it is difficult for both the Department and any potential vendor to accurately assess the cost of providing such services. The complexity of this comparison increases when one considers that, even if the Department were to contract for the administration of the benefits program, it would still incur the cost of establishing an oversight system, including developing IT systems to support those oversight functions, to ensure that the third-party administrator was managing the program appropriately.

What is known at this time are the statutory requirements that apply to the benefits program: first, the cost of third-party administration may not exceed the cost of self-administration by the Department; and, second, the benefits program must be operational by January 1, 2023 under the current statutory timeline. Because the relative costs of third-party and departmental self-administration cannot be reliably estimated at this time, this assessment focuses foremost on the advantages and disadvantages of pursuing third-party administration as those relate to the Department's ability to implement benefits administration in terms of the core functions. The assessment highlights the risks associated with pursuing third-party benefits administration rather than self-administering PFMLI benefits.

Potential Advantages of Third-Party Administration

- Third-party administrators may contribute additional expertise: Both respondents have substantial experience working with government institutions' benefits programs, and other third parties who did not respond to the Department's RFI but are interested in performing this work may also have the requisite experience to do so. In various ways, a third-party administrator may lend valuable expertise to the administration of a benefits program by drawing upon its experience as a provider of family and/or medical leave insurance to individual employers, like The Standard, or as an entity, like Solix, which has managed a number of highly-regulated, complex eligibility-based programs. Such experienced third-party administrators could be a valued partner in providing high-level expertise gained through implementation of a wide range of benefits programs. The respondents' external experience and expertise could be an asset because each are familiar with PFML programs, even if that experience isn't directly in administering a statewide insurance program such as this.

- Third-party administrators have some necessary infrastructure: A third-party administrator who already has established practices and the human infrastructure in place to support claims processing could provide an advantage with regard to the timely implementation of the benefits program. For example, a third-party administrator already utilizing a sophisticated software program that has the functionality to handle most aspects of benefits

administration from intake to payment, including appeals and audits, would eliminate the need to develop such a system, as is the case if the Department elects to administer the program itself. However, it would still be necessary to develop oversight and data sharing infrastructure between the Department and a third-party administrator, and that work may be subject to the state's Stage Gate oversight process for large information technology investments.

- <u>Third-party administrators may have multi-state presences</u>: Both respondents have staff based in multiple states who handle claims intake and customer service, a capability which, as both respondents explained, is valuable for handling unexpected fluctuations in the number of claims because their teams can shift focus to meet needs. Having a multi-state presence may allow a third-party administrator to avoid service disruptions if a natural disaster occurs in one region. Similarly, if the third-party administrator has staff based outside of Oregon, it would not be impacted in case of unexpected situations occurring in Oregon and would not need to process claims for its own staff. However, the Department would also need to assess how audits would be completed for out-of-state operations, consider any additional costs that could be required in case site visits are needed and any other consequences of having out-of-state operations. Additionally, if the respondent has PFMLI staff administering programs for multiple states and a national crisis, like a pandemic, increases overall filing rates across all customers, a multi-state presence may not be as beneficial as originally estimated.

Potential Disadvantages of Third-Party Administration

- <u>Coordinating with a third-party administrator to implement the benefits program may prove to increase risk</u> The Department is faced with the challenge of implementing a PFMLI program with all of its component parts in a relatively short period of time. In order to do so, the Department must, among other things, draft and promulgate administrative rules; research policy options and make policy decisions; develop internal processes and organizational structures; engage with stakeholders and the public to solicit input and disseminate information about the program; and build an information technology system for the collection of wage data and contributions. The rules, policies, and processes adopted by the Department will significantly inform the practices and procedures of a benefits program. When one considers that, in order to meet statutory deadlines, many of these items must be completed iteratively and parallel to one other, it raises the question of whether the Department can reasonably expect to coordinate effectively with a third-party administrator about the development of a benefits program while simultaneously creating the rules, policies, and processes meant to guide the work of developing that program. The complexity of such a collaboration would only be exacerbated by the fact that the Department would also be in the process of developing a contributions system, with which the benefits program will need to interact. A third-party administrator would need to design a benefits system to integrate with the contributions system that is not yet built, which will require rapid decision-making while being developed. Coordinating the simultaneous integration of a contributions system with a benefits system while both are being created would add a significant degree of complexity to the project. Without one combined system to receive and process payroll contribution and tax data, more and more complex interfaces and connections between systems will be needed. Much of the necessary reported data is duplicated across programs within the department already, and having a single system capture and process that data would be more efficient for the department to operate and maintain. Having a third party administer the benefits would likely complicate the department's interactions with other partner agencies, increasing the need for them to spend time on the department's needs. Consequently, from both a practical and contractual perspective, a situation in which the Department contracts for administration of a program that has not yet been fully defined would seem to pose significant risks.

- A third-party administrator may provide incomplete benefits administration: Both respondents proposed to manage all core functions of benefits administration, but may not be able to accommodate every need within their services. The provision of small business grants, for example, was not discussed in the RFI responses, but may be accommodated by the respondents. Another area of concern is incremental payments, which were not addressed in the responses and may require complex administrative tracking. The largest gap in the responses regarding the core functions, however, is in the appeals process. Both respondents shared their internal processes for handling appeals, but neither mentioned the statutory requirement for administrative and judicial review. This process may need to be handled by the state (Office of Administrative Hearings) rather than a third-party administrator. Thus, there is the potential for the Department to still need to manage some aspects of claims and benefits administration even if using a third-party administrator.

The Department may not have full ownership of administrative system in case of transition: Both the Department or a third-party administrator could choose not to continue the partnership after the end of the contract, an outcome which would require the Department to find a new solution. In their responses addressing the possibility of services being transitioned to a different third-party administrator or the Department at the end of the contract, both respondents expressed a willingness to cooperate and provide Department-owned materials or work products to whatever entity assumed the administrative role. However, both provide few details on what such cooperation might include, and it can be assumed that much of their process and procedure information would be proprietary. With Solix, their administration will be built around the software they utilize that is provided by another company. It is not clear whether the Department would have any access to or ownership of that software programming. Even if the Department later obtained that software in order to take over its own administration of the program, which may require a new procurement process, the technology system would likely need to be implemented again for the program. In short, contracting for the third-party administration of the program places the Department in a poor bargaining position when negotiating renewal of the contract. Moreover, should it become necessary in the future that the Department begin to administer the benefits program itself, contracting for a third-party administrator in the short term only delays the work of establishing a state-owned infrastructure for the payment of benefits.

Additional Considerations

- The Department may not receive a sufficient number of viable proposals: For the RFI, the Department only received three responses, and only two of those were for third-party administration. Those two responses proposed different solutions, with only Solix proposing software solutions and the human infrastructure needed to meet the anticipated requirements and needs of the program. There were a total of 14 different vendors who expressed interest in the RFI, but two of those were subcontractors and unlikely to provide full administration. In addition to the three that responded to the RFI, there are nine primary contractors that expressed interest but did not submit responses to the RFI. If the detailed requirements of the RFP are published, it is possible that these respondents will not submit bids. The respondents that completed RFI responses can also not be guaranteed to submit bids. Thus, based on the RFI process, there is only a small pool of interested and potentially qualified respondents, and it is possible that the RFP process will not result in any or enough viable proposals for consideration. This means that the Department could potentially lose a significant amount of time for Department administration if an RFP is published but there are no viable bids.

- The costs of third-party administration are largely unknown and could be prohibitive: While two respondents did provide cost estimates in their responses to the RFI, they presented wide ranges that depend on many factors. The low level of interest in the RFI and potential low interest in the proposal process reduces competition and may leave the Department with only high-cost options. Furthermore, with a third-party administrator there is great risk that change orders could increase cost after the initial contract, which is likely considering the evolving decision-making of the program itself. In addition, the third-party administrator could significantly increase the cost of continued administration at the end of the contract. Finally, it should also be kept in mind that the cost of third-party administration would also include the Department's expenses for providing necessary oversight of the third-party administrator's management of the program, including the human and technological costs to collect and share data, and to provide any functionality that couldn't be provided by a third-party administrator, including grant administration or appeals. ORS chapter 657B, states that "(c)osts incurred by the director pursuant to an agreement with a third party administrator entered into under this section not be recovered by an increase in the contribution rate determined by the director…," meaning that the Department could be incurring these costs in addition to a continued need for internal technological and human infrastructure.

- A third-party administrator end of contract may result in service disruption or unanticipated costs: The respondents provided very few details about how they would transition services to another party at the end of the contract or assurances on how service interruptions could be avoided. The Department or next administrator would need to establish a system and infrastructure for benefits administration, which could require additional costs and startup time and could interrupt services. Moreover, if the Department were compelled to abruptly assume administration of the benefits program for any reason, the implementation of a new technology system to handle benefit claims would require completion of the state's information technology oversight process. As such, without a clear plan for how administration can be transferred at minimal cost and in a timely fashion, there is a risk that the Department will need to repeat this process again when the third-party administrator contract ends, a potential outcome with significant expenditures that would need to be included in the PFMLI budget.

- Providing access of confidential information to a third-party administrator may increase the data security risks: Much of the data that will be utilized by the PFLMI program is confidential. For a third party to effectively administer the benefits program, it would be necessary for the Department to share this data. Maintaining such vast amounts of confidential data in multiple places increases the risk of such data being inappropriately accessed or disclosed.

- A third-party administrator may be more challenged to provide broad access to the program as envisioned by the Department: The Department has very high expectations concerning public access to the PFMLI program, including access by persons who do not read, write, or speak English fluently, those who have special needs, or those who do not have reliable access to online systems. Although both respondents indicate that their services are compliant with federal law and that they have the ability to provide interpretation for persons with limited English skills, a third-party administrator's capacity in this area may not provide the level of public access expected by the Department.

- No other state with a paid family and medical leave insurance program utilizes a third-party administrator: The department researched information technology solutions recently utilized by paid family and medical leave programs of other states and cities, particularly those locations where there was not already a state-administered

temporary disability insurance program in place. Information from Massachusetts, the District of Columbia, and Washington State indicates that these governmental bodies contracted with vendors for the development of systems that provide the necessary functionality and features to enable successful administration of program components. In general, the primary components of these technological solutions include:

- A customer administration system
- An accounting system for financial transactions
- An integration system that handles information interfaces and data exchanges
- An external web interface through which customers may interact with the system

While there is the potential that an experienced third-party administrator possessing expertise in the management of a benefits program might temporarily provide a head start to the implementation of a state program, no other state or governmental body that operates a PFMLI program has relinquished administration of the program to a third party. This may be due to the fact that state governments already perform a similar function in administering unemployment or state disability insurance programs, on which PFMLI programs are often based, and consequently have expertise collecting contributions, accessing employment history and wage data for workers, and determining eligibility and benefits. As there is no precedent for third-party administration of a PFMLI program, there also is no roadmap for the Department to leverage in designing a program operated by a third party.

Recommendation

Based on the analysis presented above, the PFMLI Division recommends that the Department handle claim and benefits administration for the PFMLI program and that the Department not contract with a third-party administrator at this time.

This is primarily based on the following factors:
- Coordinating with a third-party administrator to implement the benefits program may prove to increase risk
- A third-party administrator may provide incomplete benefits administration
- The Department may not have full ownership of administrative system in case of transition
- The costs of third-party administration are largely unknown and could be prohibitive
- A third-party administrator end of contract may result in service disruption or unanticipated costs
- Providing access of confidential information to a third-party administrator may increase the data security risks
- A third-party administrator may be more challenged to provide broad access to the program as envisioned by the Department
- No other PFML state utilizes a third-party administrator, providing no roadmap or experience for the Department to leverage.

Taking all of these factors into consideration, we conclude that contracting with a third party to administer PFMLI benefits presents a substantially greater risk to the successful implementation and ongoing operation of a benefits program than self-administration of the program by the Department.

The objectives of the Paid Family and Medical Leave Insurance program are to be universally accessible to the greatest extent possible, deliver benefits as quickly as possible to eligible Oregonians, to be able to react nimbly to future

demands and changes, and to provide as seamless an experience as possible for program users. Thus, our conclusion is that these would be best accomplished through an integrated system administered by the agency.

Decision

Appendix
Responses to RFI Questions

Q1. Does your firm's proposed solution include the implementation and administration of all the core functions identified above? If your firm is proposing to perform only distinct functions rather than administering the entire program, which functions are included in your proposed solution?
The Standard: The proposed solution includes implementation and administration of all the core functions identified in the RFI. Solix: The proposed solution includes implementation and administration of all the core functions identified in the RFI. FAST: FAST proposes to provide only the software needed to effectively administer Oregon's PFMLI program. It does NOT propose to provide the human infrastructure for administration of the core functions. FastUI software includes a fully functional set of modules and subsystems to support the complete lifecycle of claim and benefit distributions.
Q2: (a) What are the intake capabilities of the solution proposed by your firm? (b) What is your firm's capacity to promptly review benefit claims for eligibility and satisfy claims processing timelines? (c) How does your proposed solution address interruptions to services caused by system failures or other events? (d) How does it address unanticipated workload fluctuations?
The Standard: (a) For our current PFML offerings, we offer claim intake telephonically and via mail/fax. (b) Our typical turnaround time is 4 business days from receipt of complete information to decision on a claim. We have claims operations in Portland, Oregon, White Plains, New York and Altavista, Virginia. (c) We have dedicated service teams for our systems that limit interruptions. (d) The Standard has multiple claims teams supporting Leaves and Disability claims. Alternate teams can provide backup support if an unanticipated influx of claims were to occur. Solix: (a) Solix accepts applications and supporting documentation through the program website, mail, fax, and email.

(b) Our process for application intake including operations; systems; quality assurance; and eligibility decisions is summarized in the following: Step 1 – Intake, Scanning, Document Separation, PII, & Storage; Step 2 – Document Review and Quality Assurance; Step 3 – Decision Documentation: Provide the applicant with a correctible denial letter and disbursement of the benefit amount (see RFI response for more details). Each year, Solix scans 30 million documents and images and reviews a million applications in support of public benefit programs.

(c) The software program Entellitrak can be deployed utilizing cloud resources that include redundant servers across multiple availability zones (e.g. proxy, application, database servers). This redundancy is used to avoid service interruption in the unlikely event of system failure. These resources can also scale horizontally and vertically real-time during unanticipated workload fluctuations.

(d) With consideration to program cycles, we quickly mobilize, train, and/or equip staff to perform efficiently and accurately, scaling accordingly to fluctuations in volume. Our technology solution provides seamless scaling, with the ability to manage the intake and processing of documents in support of the PFMLI program. With the implementation of data analytics and business intelligence, Solix has successfully predicted volume fluctuation and reduced unanticipated workload fluctuation in other programs we support.

FAST:
(a) FastUI's e-Services functions increase the operational efficiency of agency personnel by minimizing or eliminating labor-intensive data capture that is instead completed online by customers.

(b) Our Case Management subsystem supports multi-stage cases for business activities such as claims intake and auto-adjudication of claims. The system monitors the progress of the case, including appeals and collection cases, and directs it to the attention of appropriate users according to agency-specified business rules. At each stage of a case, agency users (or system automation) can perform actions, such as creating correspondence to send to customers, generating work items to assign work to others, updating case records, and changing a stage to reflect case progress. FastUI reduces the need for manual intervention in claims and adjudication processes, drives down error rates, and increases use of online self-services by claimants and employers. It retains the ability of State of staff to make individual determinations on complex or sensitive issues that should be decided only by human intervention and/or determination.

(c) FastUI is designed to have no single point of failure. Redundancy is provided by using a server cluster or by having multiple servers that perform the same function. Business operations within the solution are typically processed as distinct units of work that either succeed or fail. When an online or batch update operation is disrupted, the transaction simply rolls back, and a user may retry. Each message request that is passed through the application server will only commit if successful. Our hosted services provide disaster recovery services in the event the primary site is unavailable. We use replication technologies to transfer data changes to an offsite location. The replication frequency is dependent on the recovery time and recovery point objectives for the solution.

(d) The platform is designed for high availability as follows:

- A separate reporting database server is used so that production users are not impacted by the processing demands of report generation.
- Middleware components provide the ability to detect server outages and route to redundant servers.
- Microsoft cluster servers are used for database failovers.
- Network Load Balancing is used for web services.
- All servers, services, and components in the solution's production environment are configured in a redundant manner so that a failure in any one component is extremely unlikely to result in unplanned downtime.
- No standard system administration tasks involve interruption of client sessions. If a client session is interrupted for some reason, the most recent completed transaction will already be committed and will not require any restoration activity.
- The system is designed to have no single point of failure in the production environment.

Q3: (a) What is your proposed solution's process for ensuring customer satisfaction? (b) How will your firm address customer complaints or concerns (e.g., late or inaccurate payments)?

The Standard:

(a) The Standard provides a post-call survey option for all members calling into our Customer Contact Center and Claim Intake Centers. Additionally, we may offer a claimant survey with our Oregon PFML offering.

(b) Customer complaints and concerns can be directed to the National Accounts Consultant who will serve as a liaison between The State and The Standard's various departments.

Solix:

(a) Solix has vast experience with multiple feedback gathering methods including IVR based, email, and web based surveys. Each of these survey delivery methods can be customized to be sent at any frequency with the ability to easily modify survey questions and scoring methodologies depending on requirements from the OED. Solix regularly conducts both types of surveys with our clients and performs post analysis upon receipt. Solix will work with the OED to finalize the survey approach including the timing, questions, and delivery method. Survey frequency and distribution will be driven by OED desired goals. Solix has a history of successfully using survey results to identify systematic, operational processing, and procedure adjustments that enhance the customer's experience while maintaining the integrity of the program.

(b) Solix is more than a vendor; we partner with our clients to provide high-quality, transparent service and support to their customers. We design our service delivery model with the customer at the highest priority and always seek to resolve questions and issues without the need for escalation. In those instances when an issue arises that requires escalation, our proposed system of record will be the epicenter and workflow for tracking and resolving the cases. Our documented program procedures will provide guidance for resolving escalations or complaints from customers. Depending on the nature of the issue, a member of our escalation team will collaborate with the applicable parties to facilitate resolution while providing updates to the filer, as applicable. The individuals who manage escalations possess a deep understanding of the program process and procedures and have direct access to decision makers at the OED to help determine resolution as needed.

FAST:

(a) FastUI's e-Services provides a clean and consistent user interface throughout all its screens, ensuring quick adoption and high usability of the system. By providing a fully responsive web design out of the box, the application is also easy to use on many different devices without any need for additional configuration or user interface design, including but not limited to desktops, laptops, tablets, and mobile phones. All claimants can perform several standard functions within the application to maintain their information and customize their user experience. Claimants can easily view and update all demographic information, including names, addresses, benefit payment method, tax withholding elections, and other relevant information. Available and displayed actions and links can be tailored to certain user types and roles in order to better accommodate the common needs of different customers. Alerts and errors can also be configured to display to users when any required activity or review is needed.

(b) Claimants using e-Services are also able to upload supporting claim documentation, respond to eligibility fact-finding questionnaires, and submit appeals to unfavorable decisions. Customers are also able to reach out and communicate with an agency through FastUI's secure messaging system. Customers can view and maintain their history, communication preferences, and interaction with an agency or the application. A full history of all correspondences can be viewed in e-Services.

Q4: How does your firm's proposed solution address the program's need to provide access to services for all persons wishing to file a benefits claim, including those who do not read, write, or speak English fluently, those who have special needs, or those who do not have reliable access to online systems? How does your solution mitigate navigation challenges for individuals seeking to access the PFMLI program?

The Standard:

The Standard recognizes the importance of accessibility, and has taken great strides to ensure administrators and employees have access to content on our website. We developed our public website to be fully accessible. In addition, the majority of our web applications comply with the federal law Section 508 (See RFI response for details). As we replace and implement future systems, we'll continue to follow the established set of website and application development standards. Our goal is to align with Web Content Accessibility Guidelines (WCAG) 2.0 level AA.

Assistance we may provide customers includes:
- TTY calls for customers with speaking or hearing impairment
- Verbal release of information for those with visual impairment
- Interpretation of calls from Spanish-speaking customers
- Acceptance of written and signed paperwork to release information to a third party when needed

Solix:

Solix possesses experience across a broad range of programs with applicants who have varying levels of access to the internet, language requirements, special needs, and reading ability. A key component of our approach to program administration is to support inclusion of all applicants, as described below:
- Application intake methods – With experience across programs, Solix understands that not all applicants will have ready access to the program website; therefore, applicants have the option to call our contact center to request a paper application to be completed and mailed to Solix' processing center.

- Languages supported – Solix has live agents who speak both English and Spanish. For other language requirements, we engage a translation service.
- Customer Care – Solix' contact center agents are available to assist applicants through every step of the application process, from answering questions to completing the application over the phone.
- Section 508 Compliance – The Entellitrak system is compliant with the Rehabilitation Act - Section 508 accessibility requirements. A Voluntary Product Accessibility Template (VPAT) is available upon request.

Fast:

FastUI's core capabilities support any number of additional languages for claimants accessing eServices. All screen text is created from reference table "decodes" that tell the system what to display. These decodes can be configured for multiple natural languages (for example, English, Spanish, or French) based on claimant preferences. Language decodes are also used to customize terminology to the agency. Claimants can indicate their natural language preference for correspondence and, if the correspondence template exists in that language, it is used automatically.

FastUI is designed for ADA compliance by allowing easy navigation using keyboard shortcuts and can be configured for use with screen readers, such as JAWS® for Windows®, to provide accessibility for visually impaired persons. Since our solution is browser-based, it can be displayed using ADA-compliant features incorporated into the latest versions of major web browsers.

FastUI responds to mouse input and keyboard commands and is designed to offer internal users and customers an intuitive and rich user experience with easy-to-use graphical controls, wizards, and automated workflows.

FAST also has a Voluntary Product Accessibility Template (VPAT) for FastUI and our other software products based on FAST's core software architecture. The purpose of the VPAT is to assist contracting officials and other buyers in making preliminary assessments regarding the availability of commercial "Electronic and Information Technology" products and services with features that support accessibility.

FastUI screens are derived from a core set of classes and Cascading Style Sheets that result in improved performance and a more consistent and flexible design. This core design set also allows agencies to configure and customize the appearance of the application and web-based customer interfaces to align with federal, state, and/or agency web design and accessibility standards.

For claimants that do not have access to a computer, FastUI supports the intake of claims taken over the phone by staff or inputted manually from a paper claim form.

Q5: Employers and employees already engage with the Department through its Unemployment Insurance program. Consequently, there are existing contact points for employers and employees regarding claims, benefits, and other services provided by the Department. How would a solution proposed by your firm provide a streamlined experience for Oregon's employers and employees? How would your firm be able to work within the parameters of the Department's policies, processes, and technology to provide Oregonians a streamlined experience?

The Standard:

We can customize materials and determine how we will route employer and employee communications as needed. During implementation, The Standard will work with The State and its employers to understand current processes. We would need to fully understand current processes to propose a detailed solution.

Solix:

Entellitrak is designed based on open standards with all layers of the application fully exposed for simultaneous access and data exchange with other systems. This allows the OED to leverage investments in other technologies in their environment. The vast majority of Entellitrak implementations involve integration with other government, or external systems, some of which are Web-based, some client-server, and some mainframe. Solix will work with the OED and any other external systems who require access to exchange information tracked within Entellitrak. Those requirements, combined with open standards, will ensure Entellitrak and the end system can interface with all systems required to make the case management solution operate efficiently and effectively. Entellitrak's open architecture enables the ability to integrate with any SOAP/REST-based web service or Java EE API, including merchant APIs such as PayPal, VitalChek, or other merchant service providers. Additionally, Entellitrak may make remote calls directly to credit card payment providers in order to accept payments submitted through credit cards.

The proposed solution will be based on open standards, allowing the system to act as both a consumer and a provider of Web Services. The proposed solution will be able to send and receive data exchange files through any secure protocol that is compatible with the external system. Common protocols for secure file exchange are https and sftp. Entellitrak is capable of integrating with virtually any database infrastructure via an API which has the correct capabilities to export information from and using the information to populate form fields. The only requirement for seamless integration with other solutions is the availability of APIs from the systems. Entellitrak supports a multitude of interfaces to store and retrieve tracked data. Manual storage and retrieval methods include: Graphical User Interface (GUI), Comma Separated Value lists (CSV), Tab Separated Value lists (TSV), most delimited formats, Data Interchange Format (DIF), and eXtensible Markup Language (XML). Entellitrak allows for the manual importation and exportation of information throughout most areas of the application.

The Solix team has vast experience working with state governments and understanding the policies and procedures to successfully implement program enhancements and elevate the customer experience. The following provides some tangible benefits Solix has implemented in the programs we support.

- For a large insurance provider, Solix reviewed and revised the agent training program to reduce the training and on-boarding time by half.
- Solix implemented an automated review process for one of our largest commercial Lifeline programs, which reduced the approval time from seven days to near real-time.
- For a discount broadband provider, Solix implemented artificial intelligence (AI) and machine learning to automate the reviews of supporting documents, thereby improving delivery time and increasing program efficiency.

We are committed to providing continuous program improvement and implementing process efficiencies for our clients. As we engage with the OED, we are well-positioned to leverage our program experience and technology solutions to implement best practices for program management from applicant engagement to benefit disbursement.

FAST:

FAST has the knowledge and experience to create a streamlined approach with our software for Oregon's employers and employees. FAST has a distinct understanding of the challenges that agencies face during implementation of a modernized system. To overcome these challenges, we rely on our experienced project personnel, our expertise and best practices gained from multiple integrated projects across our markets, our flexible software architecture, and our proven FAST Implementation Methodology to engage our client agencies and their personnel in successful project delivery.

FAST is currently serving the citizens of Oregon through our active projects in the Department of Revenue and Department of Motor Vehicles, giving us an in-depth understanding of many existing state policies, processes and technologies.

FAST and the agency work together during the implementation to identify opportunities for streamlining processes for claimants and employers. Some of these opportunities may come from leveraging data from OED partners. The FastUI Gateway manages data exchanges with other systems (be they in house, other government agencies, or third parties.) Gateway services include the ability to utilize web services for data exchange. The web services are explicitly defined based upon the agency's desires to share or receive data from other systems.

Q6: The administration of benefit and claims processes requires coordination with other areas of the PFMLI program. For example, benefit payment amounts are based on an analysis of employee wages, which will be reported to the Department as part of an employer's quarterly reporting requirements. Benefits are funded by payroll premiums paid to the Department and are maintained in a trust fund held by the State Treasury. How does your firm propose to coordinate with the Department and its state partners to obtain the necessary information to evaluate an individual's eligibility for benefits and the amount of benefits to be paid, and to issue benefit payments to eligible recipients? What would a solution proposed by your firm require of state employees and existing state technology systems? How would your firm's proposed solution integrate with existing state information technology systems and processes, including information technology approval processes, both during implementation of the program and on an ongoing basis as system modifications are made?

The Standard:
The Standard believes the best way to administer this program would be to establish a data feed connection transmitting eligibility information to us. The frequency of updated feeds would be established during implementation. If timeliness issues result in employees not showing on the data feed, we could potentially establish an eligibility verification process outside of the feed.

Solix:
Entellitrak is able to send and receive data exchange files through any secure protocol that is compatible with the external system. Common protocols for secure file exchange are https and sftp. Entellitrak is capable of integrating with virtually any database infrastructure via an API which has the correct capabilities to export information from and using the information to populate form fields. The only requirement for seamless integration with other solutions is the availability of APIs from the systems (See Q5 and REFI response for more details).

FAST:

FastUI includes the FAST Gateway, which implements a communication mechanism for interaction with external software applications. The FAST Gateway provides a central point for outside agencies and external systems to access publicly offered agency web services (incoming). The FAST Gateway provides the communication mechanism for FastUI to interface with external web services (outgoing). The FAST Gateway is designed with Enterprise Service Bus (ESB) and Service-Oriented Architecture (SOA) principles to promote agility and flexibility with regard to communication between applications.

Full integration of all key benefit functions result in a streamlined interface between FastUI processes, data, and agency support systems. Hundreds of interfaces are currently in production for our clients, including interfaces to existing wage data lookups, remittance processing, web filing, electronic data interchange, electronic funds transfer, online payment, interactive voice response, banking, data-capture, financial management/general ledger, and many local, state, and federal systems.

Q7: As part of your firm's proposed solution, will your firm engage subcontractors to perform activities related to any part of the third-party administrative functions? If so, please explain.

The Standard:
The Standard does not have this information available at this time.

Solix:
Solix, Inc. is an experienced program administrator and will not engage with a subcontractor for any of the administrative functions. As a MicroPact Global Partner, we have engaged with Tyler Technologies (parent company of MicroPact) to bring a state-of-the-art, proven system to the OED's PFMLI program.

FAST:
FAST does not plan to engage subcontractors to perform related activities.

Q8: All information relating to the administration of PFMLI benefits is confidential. How will your firm ensure that any private information it obtains in the course of administering the benefits program is handled securely and is not inappropriately disclosed? What policies, procedures and practices would your firm put into place to prevent improper access to systems containing private information?

The Standard:
The Standard takes seriously our obligation to protect personal information received in connection with insurance transactions. We comply with applicable federal and state laws addressing privacy, including the Gramm-Leach-Bliley Act, and do distribute annually to our policyholders our Privacy Policy, which is also located at https://www.standard.com/legal- privacy.

In addition, all transactions processed are subject to a random audit to ensure quality. The volume of transactions selected for audit vary by transaction type and by the experience level of each individual associate. A greater percentage of transactions processed by new associates or for any associates where quality issues have been

discovered are selected for audit than for seasoned associates consistently achieving their quality standards. On average, 10% of all transactions processed are selected for audit. Quality SLA's (service level agreements) are established on a transaction-by transaction basis within each work order to establish metrics for each transaction to provide further accountability for achieving the quality standards.

Our third party administrator undergoes annual ISO 27001:2005 audit and SSAE 18 assessment, both of which are conducted by external certification bodies. The SSAE 18 audit is process-specific and done only if the customer has requested it. The results of both audits are shared wherever it is contractually mandated. We do not provide copies of our audit results as these results are considered confidential information by each of our customers.

Solix:
Physical Security: Solix has a robust security program that includes a comprehensive set of policies, procedures and controls that are implemented and managed by Solix' Information Technology department, Operations Management and the Compliance Office. Solix' security program is based on laws, regulations and best practices for the businesses we administer. Solix manages compliance through the use of: policies and procedures; internal controls; awareness and training; and monitoring and auditing. Our facilities are physically secured with controlled access by staff role or function, and we can provide 24/7 operations, 365 days per year as dictated by the scope of services. Controls are in place in regards to: Facility Access; Data Center Restricted Access; Hardcopy Data Security; Workstation Security; Device and Media; and Secure Disposal of Data and Media (See RFI response for more details).

System Security: Tyler's Entellitrak product has been produced using well-defined practices and procedures, such as 48 CFR, Chapter 1, Part 12 (Federal Acquisition Regulation (FAR) Part 12). The Entellitrak COTS solution meets or exceeds established Government and SBA standards for IT systems and specifically business process management systems. Tyler is one of several providers to receive a FedRAMP accreditation for the security of the Tyler (formerly MicroPact) Product Suite, against the FedRAMP Moderate level baseline. In addition to FedRAMP accreditation, the Entellitrak software has passed several A&As (Assessment and Authorization) based on NIST 800-53, DIACAP and DCID 6/3 standards. These A&As, are conducted at a FISMA Moderate security level, and have resulted in Authority to Operate (ATO) from a wide variety of agencies including Civilian, Defense, and Intelligence agencies. Other built-in security features of Entellitrak include: Role-based Permissions; Data Encryption; Audit Log; Login and Authentication; and Digital Signatures (See RFI Response for FedRAMP list and more details).

Role-Based Permissions: The Entellitrak role-based security and access model is configurable to mimic any organizational structure. Because system access is role-based, users see only the data that is pertinent to their domain, enabling them to quickly focus on relevant information and tasks. Functions that the user is not authorized to execute will be prohibited and not visible. Data (by case type, case instance, or field-level) that the user is not authorized to view or access will be prohibited. For example, a particular role/group may have the ability to view a case but not modify it. Likewise, certain users may not be allowed to view full SSN values. Once a user is established, he or she is assigned to internal organizations, regions, or offices and applicable roles within Entellitrak.

Entellitrak stores all system information in an audit log, including information on user identification, user logon and logoff date/times, transaction type, database access type (i.e., create, read, update, delete, search, report), and before/after views of the record accessed. Entellitrak' audit mechanism is designed for system and database

administrators to view user activity and/or database modifications within the system. The audit log provides historical reporting for all data.

FAST:

FAST understands and agrees to handle state data with due diligence and in a manner to prevent unauthorized access. In addition to adhering to the State's security principles, FAST further protects the state data by including features to easily track data access. User activities in the system are logged to form a permanent record of user access. FastUI can track all actions performed by a user, including inquiry access to an account. The tracking tool can provide information about a user, such as the date and time an account was accessed, how many times an account was accessed, and whether a user was denied access. A higher-level overview identifies how frequently a user has performed various functions over time.

FAST maintains a system security plan for our hosted clients to ensure the appropriate security best practices and data protection policies are followed. FAST ensures private information remains secure by ensuring all network-transmitted data sent to, from, and through FastUI is protected through use of the following best-practice security designs and safeguards. FastUI uses industry-standard message specifications and formats for communications with external applications. Business services use standard parameters encoded in binary format. (See RFI Response for more details).

Q9: As mentioned above, the Department is responsible for exercising oversight of a third-party administrator's activities related to the PFMLI program. Is your firm willing to cooperate with the Department's oversight of the implementation and administration of a benefits program, including: a. Regular auditing of your firm's operations, finances, and compliance with all legal requirements? b. Requiring regular, detailed reports from your firm regarding the benefits program? c. Interfacing with state technology systems in order to facilitate the Department's oversight activities?

The Standard:

(a) The Standard will permit The State or an agreed-upon, third-party inspector (not a competitor) to perform inspections. We would require the inspection to be subject to applicable privacy and confidentiality laws and The Standard's internal privacy and confidentiality policies and procedures. Prior to the inspection, we will hold a discussion between all parties (client, third-party auditor, and The Standard) to determine the desired process, as well as the amount of staff time required. If the third-party inspector anticipates a charge for time based on the inspection request, we will discuss these fees and agree to terms prior to any onsite visit.

(b) The Standard will provide regular reports for The State. As an example of what will be provided, we have included a sample of our New York PFL reports for your review.

(c) The Standard provides several different options to transmit data back and forth to customers. We would aim to work with The State to establish a connectivity solution that works for both parties.

Solix:

Solix is committed to supporting OED's quality control plan, ensuring quality reviews in the grant administration and application intake and review processes, and providing OED with accurate documentation and reports necessary for program audits. Solix supports a range of complex programs, which require federal, state, and local oversight. Solix maintains regimented and documented quality assurance processes and data/physical retention policies for programmatic documentation. Since our inception in 2000, Solix has been complying and assisting with audits by government entities such as the FCC, state and local PUCs, major metropolitan cities, and USAC.

We recognize that state oversight is an important component to the success of the program. All of our federal and state funded contracts are subject to oversight and audits by authorized entities. Solix neither selects nor pays for the audits that are conducted on the funds that Solix administers on behalf of our clients. Solix has and continues to fully cooperate with regular oversight and audits from multiple federal and state entities such as the Federal Communications Commission, Universal Service Administration Company, Office of Inspector General, and state Public Utility Commissions. Historically, this has involved supplying all documentation related to the eligibility determination from applicant/client submitted documentation to financial disbursements and related transactions. We will cooperate with OED in your oversight of this program and any required audits.

FAST:
(a) FAST will comply with auditing procedures to ensure compliance with all legal requirements. FAST will cooperate with OED directly or with the OED's oversight of any third-party administrator chosen by OED to manage its PFMLI program.

(b) FAST will cooperate with OED and its partners to provide regular, detailed reports regarding the benefits program. FastUI has mature, sophisticated reporting capabilities that will facilitate such reporting.

(c) FAST can interface with state technology systems in order to facilitate the Department's oversight activities. Such interfaces are routine in virtually all FAST implementations.

Q10: What amount of time would your firm require, from the date of contract award, to develop and implement a claim and benefits management system and process, and small business grant system and process, that satisfies the requirements of the PFMLI law?

The Standard:
Depending on the specific needs of The State, we would develop a detailed timeline with milestone dates upon notice of contract award. As a point of reference, the Standard implemented an equivalent, private plan program for businesses in Washington, which took approximately 12 months to fully implement, including system integration.

Solix:
Based on our experience, Solix estimates the project will span 8 months from start to go-live; however, this may change based on the final scope of work and project requirements.

FAST:

FAST has an iterative methodology that allows for rapid deployment of FastUI. Iterative methodologies require engagement of agency subject matter experts to review and provide feedback during the iterative cycle. An implementation of this sort would likely be able to be completed within 12 months.

Q11: In the event that, at the completion of any contract for the administration of the PFMLI benefits program, your firm were no longer to continue as the third-party administrator, what steps would be taken to ensure that a disruption of services for individuals seeking or receiving benefits would not occur? How would your firm coordinate with a new third-party administrator or the Department to seamlessly transition management of the benefits program?

The Standard:
The Standard typically provides the necessary materials for plan administration to the policyholder when a plan terminates. We can discuss transition with a future administrator as needed.

Solix:
At the end of the contract, Solix will fully cooperate in transitioning all OED-owned work products and program information. During the Transition-Out period, we will make all reasonable efforts to support OED and to ensure a smooth transition and continuity of service for the applicants. We will cooperate in turning over program control, responsibility, and information, and will support a full transition of program artifacts. We will remain committed to the continued success of OED and the PFMLI program.

FAST:
FAST is not proposing to act as the third-party administrator of the PFMLI program.

Q12: Would your firm's solution be sufficiently adaptable to promptly make modifications to the operation of the benefits program in response to any future legislative, rule, or policy changes affecting the PFMLI program? How quickly would your firm be able to make such changes and what cost model would it apply?

The Standard:
Yes, The Standard's Oregon PFMLI program will make modifications to operations as legislation, rules or policy changes take effect. Changes as a result of legislation will not incur a cost for the customer. Changes due to the State's request may incur a cost, and will be determined on a case by case basis.

Solix:
The Entellitrak solution stands apart from competitors with its robust configuration capability, which allows users to define key elements of the system, such as the data model, workflow, business rules, roles, permissions, forms, and reports by configuring functionality already built into the platform. The OED does not need to spend long development cycles or waste money on traditional programming efforts.

Since no customization of the source code is required, functionality can be delivered quickly, in agile sprints, and initial operating capability can be achieved in far less time and money than custom applications. The average ratio of time saved on development with Entellitrak compared to custom software builds is 6:1. Since configuration is

primarily "point-and-click," Tyler can train administrators to take over installation, configuration, and maintenance of the Entellitrak software over time. Tyler has experience empowering agency and partner teams to become self-sufficient with their case management deployments.

FAST:
Our solution's configurable architecture facilitates legislative and administrative changes. The speed and cost of such changes would depend on their scope and urgency. FAST typically works on a "time and materials" basis for these changes.

FastUI provides configuration options that reduce the time and testing required for certain legislative changes. During the implementation, FAST and the agency work together to identify configuration options in the system that are subject to change in the future. For example, weekly benefit amount calculations often change, so we implement options to allow authorized agency staff to update the weekly benefit amount calculations without needing assistance from FAST or other agency technical staff. This is just one example where legislative changes can be implemented with relative ease.

FastUI also provides authorized agency staff access to update standard forms, letter templates, and web messages through an intuitive interface. This access allows the agency to make updates to determination letters, agency notices, and other outbound correspondence with little to no assistance from FAST or other agency technical staff. FastUI also provides a structure to allow the agency to update common letter fields easily.

Q 13.The PFMLI law gives covered individuals the right to request a hearing when their claims are denied or to seek review of a weekly benefit amount. How would a solution proposed by your firm address such appeals? What degree of coordination with the Department would be required? If appeals were to be handled by the Department, how would your proposed solution provide the Department with the information it would need to timely resolve issues that are appealed?

The Standard:
The Standard will adapt our appeal procedures for Oregon PFMLI to comply with applicable laws. Below is an example of how our typical appeal process for Leave and Disability claims is handled. The Standard handles all claim decisions carefully. When we must decide to limit, close or deny a claim, we give the employee the chance to appeal. Employees are notified of:

- Their right to ask for a review of the decision within 180 days of receiving the decision letter.
- The reasons for limitation, denial or closure.
- Additional information that may be helpful if he or she requests a review, including the decision from the Social Security Administration, if applicable.
- Our policy of reviewing all information the employee submits.
- Any internal guideline used in in evaluating the claim.
- Notice of the right to receive relevant documents without charge.
- Notice of Important Language Information.

Employees must submit requests for review in writing. They are not required to submit more information to exercise their review rights. The employee (or the employee's authorized representative) has the right to review relevant claim documents and to submit comments in writing for The Standard to review.

If a review is requested, the Benefits Examiner immediately refers the claim file to the Administrative Review Unit (ARU) for an independent review. An ARU Benefits Review Specialist analyzes the claim facts. They will conduct more investigation, if needed. If the original claim involved a Physician Consultant, we consult with a different Physician Consultant during the appeal. The ARU Benefits Review Specialist informs the employee at least every 15 days about the claim's review and investigation status and guides the employee in writing about the results of the independent review. The Standard will review appeals for all decisions made by us.

Solix:

Solix understands it is critical to engage with applicants in a professional, friendly and caring manner, while delivering a service experience that exceeds your expectations. Solix has experience establishing a complaint and appeals process through which applicants can dispute an eligibility decision. Our case managers will work through the appeals process with the applicant, assist with correcting errors in the application or documentation, and will issue a final decision to the applicant. Solix will collaborate with OED to establish a workflow and parameters on which an appeal can be filed.

FAST:

FastUI Case Management functionality supports multi-stage cases for business activities such as adjudication and appeals. A case is a business activity comprised of several steps, stages, decisions, and actions that must be taken to complete an activity. The agency defines the stages and rules to be followed when performing a given activity. The system monitors the progress of the appeals case and directs it to the attention of appropriate users according to agency-specified business rules. At each stage of a case, agency users (or system automation) can perform actions, such as creating correspondence to send to customers, generating work items to assign work to others, updating case records, and changing a stage to reflect case progress. This functionality can serve the needs of OED and/or a third-party administrator. Decisions can be automated or not, depending on the requirements and preferences of the agency.

Q14. What types of practices, procedures, or monitoring systems does your firm's proposed solution include to deter fraudulent conduct and to prevent improper payments from being issued?

The Standard:

In our experience, many states have specific fraud monitoring guidelines in the PFML requirements. The Standard is staying informed as rules and regulations for the Oregon PFML program are rolled out, and our intent is to establish a process that will comply with all guidelines.

The Standard's case managers have many ways to detect and investigate suspicious claims. This includes:
Special Investigations Unit (SIU):
- Internal Special Investigation personnel provide support and guidance on possible fraudulent claims.

- Surveillance Vendors: SIU coordinates the use of a national network of video surveillance vendors. These vendors have been selected with care. Each meets our strict guidelines regarding staff, training, licensing and insurance requirements. Surveillance is only performed for integrated STD and leave cases.
- Training: All case managers receive initial and refresher training on fraud detection and investigation procedures. They are given an objective list of red flag indicators. This serves as a "first alert" to identify questionable claims.

Solix:

Solix' comprehensive set of program integrity services, including audit-ready reporting, program monitoring, and consulting, help customers effectively meet intricate regulatory requirements. In addition, Solix' Certified Fraud Examiners help ensure a program's integrity throughout the process from application intake to results reporting.

Customers have chosen Solix to manage programs with intricate rules-based criteria that are often subject to extensive regulatory guidelines. Solix possesses deep experience and expertise in managing highly regulated programs that include complex processes and require strict adherence to compliance standards. In addition to independent audits, the company has an internal control risk assessment process led by Solix' Corporate Compliance Office, which is under the general supervision of the Audit Committee of the Company's Board of Directors.

The internal control risk assessment process is a top down, risk-based approach to conduct the identification of high-risk areas in order to allow for the creation of audit programs that will result in audit efficiencies. Internal Audit Risk assessment involves an iterative process to identify and analyze risks to achieving the Company's objectives. These assessments form a basis for determining how risks should be managed.

Solix' position as a trusted partner to federal agencies requires a high level of internal controls, ethical conduct, and transparency. Solix has taken these responsibilities one step further by voluntarily submitting to Service Organization Control One (SOC 1) Type II audits.

Entellitrak provides comprehensive system logging that collects and preserves a complete audit history on every action and record in the system. This read-only audit log tracks all data entry, modification, and update actions. These actions are tracked by user identification; the user's IP address, the actions taken, the data entered, accessed or modified; and the date and time of the actions. The administrator can manage and maintain audit logs that may be kept on the application for as long as required. Only the system administrator has the capability to archive audit logs. Archived audit logs are stored in a condensed format and can be retrieved at any time. The Entellitrak data retention capability can be configured to match any record retention policies, and to archive and store any required records.

FAST:

In FastUI, there are several ways an agency can approach the prevention and detection of claim fraud based on the agency rules, the type of fraud, and the potential impacts. The Fraud subsystem allows OED to implement fraud plans that validate and score customer information in real-time. Authorized staff can make updates to fraud plans using feedback from the analytics modeling and previous fraud plan results. Staff have control over the scoring and threshold configuration to allow maximum flexibility in managing the department's workload. FastUI provides many tools and methods for validating claimant identity and minimizing fraudulent activity. Some of these methods require a data sharing agreement with external agencies (See RFI Response for examples).

Q15 How does your firm's proposed solution address the filing of PFMLI benefit claims by your own employees or employees of other employers with whom your firm either has a business or financial relationship or a competitive business relationship? What types of measures would your firm take to ensure that, in such a situation, employees receive an impartial review of their claims and the full amount of benefits to which they are entitled?

The Standard:

Disability Claims for our own internal employees are handled by our Employee Disability Claims Representative, within our Administrative Review Unit (ARU), in a process that does not overlap with our external customer-facing claim structure. The Employee Disability Claims Representative is able to access full clinical and vocational resources in order to assist them in adjudicating the claim. Appeals for denied claims are also handled within ARU, but will be conducted by a representative who has no prior knowledge of the case and is fully empowered to overturn the original claims decision should we receive sufficient medical information. Communications regarding status of leave requests for our employees are handled separately by our HR department.

Solix:

For more than twenty years, Solix has been a trusted, neutral third-party administrator for government and commercial programs. Program integrity is multi-faceted, requiring the inclusion of team members who do not have a stake in the decision rendered and the documentation of procedures that outline the requirements for program eligibility that are applied consistently and accurately regardless of who the applicant is.

From our inception, Solix has enacted multiple eligibility review models including initial/final reviews, quality assurance reviews through sampling a percentage of all decisions rendered, and automated reviews for less complex applications. For each of the review types the same individual never performs the final reviews or quality checks on an application for which they made the initial eligibility decision. The entire basis of a final review/quality check process is to verify and ensure the right eligibility determination was made based upon the established approved procedures.

Under the Solix proposed solution, our operations would not be conducted within the State of Oregon. As such, Solix employees would not be in a position to submit claims for paid family and medical leave insurance through the State of Oregon. In Section 3.A.6 we described the benefit to the State of having a vendor with operations outside of the state for purposes of business continuity during a natural disaster. Likewise, having a vendor that does not have employees who are eligible for the benefits ensures absence of conflict of interests.

If Oregon were to require one or more staff on the project to be Oregon residents, then we would put in place our standard oversights to ensure full compliance with program rules. This means if we were to have an employee covered by Oregon PFMLI and that employee were to apply for benefits under this program, then we would ensure that multiple members of our team reviewed their claims and determined the correct and full amount of benefits to which they would be entitled. This process would have an additional layer of quality assurance oversight to ensure that the application was managed properly with respect to confidentiality and privacy concerns of the covered individual. We would also notify the OED if a Solix employee were to file a claim, providing you with payment documentation for your review to ensure full compliance.

FAST:

FAST will not directly provide administrative support to the PFMLI program. However, FastUI has the capability to flag claims for individuals and put them in a work queue for special handling. How such a queue would operate would be at the discretion of OED but could be supported by the workflow capabilities of FastUI.

Q16 Were your firm to act as the third-party administrator of the PFMLI benefits program, what would be the estimated costs of providing such services, including start-up costs and ongoing administrative costs? This may include a range of costs. Please provide an explanation of how you arrived at your estimate.

The Standard:

The Standard needs to understand the full scope of the implementation and ongoing administration before establishing start up fees. We anticipate an ongoing administrative cost of between $2.00 - $7.00, per covered employee per month.

Solix:

The following provides estimates of program costs and are based on our experience with eligibility-based systems, system implementation and program administration. The actual program costs will depend upon the volume of applications, the complexity of the reviews, the scope of services to be performed, and the required service levels. In order to provide an accurate quotation, we would require a more detailed scope of work and business requirements.

Program Estimates	
System Implementation, Licensing & Training	$1,100,000- $1,300,000
Annual System Support & Maintenance	$50,000-$75,000
Program Administration and Operations	$500,000-$1,500,000

Assumptions

This budget and planning estimate is intended for planning purposes only. The information provided in this estimate does not constitute an offer to perform the services or to sell licenses at the stated prices.

- Statement of Work and Project Deliverables: Solix, OED, and Tyler will agree to a Statement of Work that outlines the Tyler/Solix project deliverables, and the Solix, OED and Tyler responsibilities.
- Statement of Work and Project Deliverables: The scope of all deliverables contained within this quote is based on the information provided in the OED's Request for Information Number OED-20147-20 and the subsequent Q&A clarifications. Changes or expansions of the project scope will affect the project pricing.

FAST:

If we were to compete for the project and were required to have an administrative partner, FAST would price start-up costs and ongoing administrative services at that time.

To: David Gerstenfeld, Acting Director, Oregon Employment Department

From: Gerhard Taeubel, Chair, PFMLI Advisory Committee

Re: Third-Party Administration of Benefits

Recommendation from PFMLI Advisory Committee:

By majority, the PFMLI Advisory Committee supports the PFMLI Division's recommendation that the department self-administer the benefits portion of the PFMLI program, rather than use a third-party administrator. Three members provided a minority dissenting opinion (attached) to this summary of Advisory Committee input.

Meetings and timeline:

- December 2, 2020 – PFMLI Advisory Committee members discussed and provided input on the PFMLI implementation program's draft recommendation that the department self-administer the benefits portion of the PFMLI program, rather than use a third-party administrator. Input during the discussion both expressed support and raised concerns about the recommendation. Additional time was provided for members to review the document and provide further comments.
- December 14, 2020 – Written input supporting the program's recommendation was received from a group of four members (attached).
- January 6, 2021 – PFMLI Advisory Committee members present (six, constituting a quorum) for the regularly scheduled monthly meeting discussed the updated recommendation. Five of the six members present expressed support for the recommendation. One member expressed opposition to the recommendation and agreed to provide input in writing by January 12, 2021.
- January 15, 2021 – Three members jointly summited a written dissenting opinion (program had agreed to an extended timeline for submission). The three members include the one who expressed opposition to the recommendation on January 6, 2021, plus two other members who had been unable to attend that meeting due to scheduling conflicts.

Background and Advisory Committee member discussions/input:

In February 2020 the PFMLI program released and published a Request for Information (RFI) to solicit information, including a non-binding price estimate, from interested parties capable of administering benefit and claims processes of the PFMLI program in accordance with the statutory requirements established by HB 2005 (ORS chapter 657B). The department used RFI responses to help evaluate whether it should contract with a third-party administrator to implement and carry out the delivery of benefit payments and related services or administer these functions of the PFMLI program itself. Based on its analysis of the RFI responses, the PFMLI Division drafted a recommendation that the department handle claim and benefits administration for the PFMLI program and that the department not contract with a third-party administrator at this time, which it presented to the PFMLI Advisory Committee.

Input received during the December 2, 2020, PFMLI Advisory Committee meeting included:

- Overall concern shared around the theoretical and unclear estimate of cost for a third party to administer benefits v. what it would cost the department.
- Concerns were voiced about the timeline of Oregon's Stage Gate process, which is required for major information technology projects, and the program being able to meet statutory deadlines for implementation. A request was made for additional information on the impact of the Stage Gate process on timelines for third-party administration v. the agency self-administering.
- Some committee members voiced that they were concerned with the timeline and felt that it was necessary to make this decision quickly to move forward with the procurement process.
- One committee member commented in agreement with the draft recommendation, saying the agency is headed in the right direction. Further, this committee member commented that self-administration would make the agency more transparent, and that the agency already has experience with managing similar programs.
- One member requested that there be an acknowledgement within the draft recommendation of concerns shared within this discussion, as well as the timing of the proposed Stage Gate process for the development of the benefits administration by the agency.
- Overall, consensus was reached that committee members needed more time to read the draft recommendation.
- Members agreed to provide any additional input in writing by December 11, 2020.

Input received from four members (Andrea Paluso, Linda Herrera, Jessica Giannettino Villatoro, and Eva Rippeteau) on December 14, 2020 provided the following comments in support of the division's recommendation and some additional concerns:

- Their primary and greatest concern is a strong belief that there should be no profit-making motivation in administering this program and no incentive to deny claims of those paying into the program or to create an overly burdensome application or appeals process. This concern extended to ensuring appropriate language accessibility.
- There is no evidence that privatizing administration of a PFMLI program increases program efficiency or will be less costly. Rather, such a system will add layers of bureaucracy and additional costs related to necessary oversight and audits of such a vendor.
- This group has concerns with the significant unknowns related to how appeals processes would work with or within a third-party administrator and how that process would interact with administrative and judicial review provided for in the law.
- Additional concerns were expressed about the unknowns as to how a vendor might implement and track intermittent leave allowed under the program.
- Notation that none of the RFI responders provided input as to how they would meet all of the standards for implementation components identified in the RFI.
- This group strongly believes the full program should be administered by the department.

Advisory Committee discussion on January 6, 2021:
- Concern from one member that the program does not have a clear idea of the costs for the department to administer benefits; she expressed concern that the agency will discover that administration costs more than anticipated, which could result in employers having to pay more. She hopes the department will make every effort to make administration of benefits cost-effective and will not ask employers to bear the cost.

- Additionally this member expressed that the program's estimates of administrative costs are optimistic, and the comparison to other states (who already had disability programs in place) were flawed because it was not comparing apples to apples.
- Another member shared concerns that trying to hire a vendor when the program is not sure yet what it wants or needs is probably not appropriate; for that reason this member supports the recommendation. Additionally, he noted that managing a vendor requires, in itself, a big lift.
- Another member supporting the recommendation added that self-administering the benefits portion does not preclude the agency from entering into contracts to develop parts of the solution.

Written dissenting input received from three members (Paloma Sparks, Jenny Dresler, and Amanda Dalton) on January 15, 2021 included the following input:

- This program will demand a lot of understanding of leave utilization and consumer behavior. The program will also put a great strain on Oregon's IT system. Private sector providers already have staff, experience and resources to respond to those needs.
- Program's recommendation assumes the best-case scenario for state administration and ignores the fact that a TPA could likely make improvements more nimbly than the state can. Staffing costs and IT needs are still not clear; therefore, comparisons to how a TPA could likely make improvements are inconclusive.
- Program's estimation of five percent administrative costs is unsupported and based on the experience of other states' who implemented PFML programs with similar programs already in place, with existing infrastructure.
- Oregon's comparison to Washington's experience with claims and benefits should be revisited, given that Oregon's program is more generous than Washington's, and we should expect utilization to be at least as high as the initial rollout in that state, if not higher; as such, administrative costs for Oregon may be higher than estimated in the recommendation.
- Ultimately, these members expressed concern that the program's final administrative costs are uncertain, and any additional costs may be shouldered by employers who are already heavily sharing in program costs. Members seek assurances that the department will ask the legislature for any additional funding support needed rather than adding to the cost of employers.

The PFMLI Division's recommendation memorandum has been updated to address some of the earlier Advisory Committee input:

- Clarification that estimated procurement timelines apply to any formal procurement process, whether or not the process is subject to additional oversight through the state's Stage Gate oversight process for technology investments. At this time it is unknown whether a project to implement PFMLI benefits in partnership with a third-party administrator would be subject to the Stage Gate process. It is reasonable, though, to expect that some level of oversight may be required. Stage Gate checkpoints align with procurement and project management milestones, and State Gate and procurement processes run concurrently.
- Further explanation of administration costs the department projects to self-administer benefits; projections were based on other states' administration costs that self-administer their benefit programs.

State of Oregon
Employment Department
Paid Family and Medical
Leave Insurance

PFMLI Advisory Committee Recommendation
January 19, 2021

The recommendation document, updated to reflect the PFMLI Advisory Committee's input, is attached. Consideration of the committee's input has not changed the PFMLI Division's recommendation that the department handle claim and benefits administration for the PFMLI program and that the department not contract with a third-party administrator at this time.

December 13, 2020

To: Gerhard Taeubel, Acting Division Director
From: Andrea Paluso, Family Forward Oregon;
        Linda Herrera, PCUN;
        Jessica Giannettino Villatoro, Oregon AFL-CIO;
        Eva Rippeteau, Oregon AFSCME
Re: Comments on Proposed Decision on Responses to RFI: Third Party Administration of PFML Benefits

Collectively, our organizations represent over 400,000 workers in Oregon and in 2019 we worked as part of the Time to Care coalition to advocate for and pass Oregon's Paid Family and Medical Leave Act. As a coalition, we worked from a set of shared values and key principles that, to this day, continue to guide our work through what is now the implementation process. Central to these shared values is a focus on ensuring a policy that prioritizes racial, gender and class equity while creating a universally accessible program that enables all Oregonians to take the time they need to care for themselves, a family member or bond with a new child. We have long advocated for a state administered public insurance program and believe that handing over administration of a program as critical as PFML insurance to a private company poses great risk to the Oregonians who will rely on, and will pay for, the program. We want to ensure equitable access to the program and that it is administered efficiently and with transparency and believe that full state administration is the best way to achieve this goal.

In response to the Department's December 2, 2020 draft memo on third party administration of the PFMLI program, we agree with the many disadvantages to this approach that were identified; we also have some additional concerns we want to highlight and believe should also be incorporated into the memo.

Our primary and greatest concern is a strong belief that there should be no profit-making motivation in administering this program and no incentive to deny claims of those paying into the program or to create an overly burdensome application or appeals process. On the contrary, we want to incentivize making the application process smooth and easily understandable for all Oregonians, including those who may speak languages other than English; we want the forms to be clear and easy to understand. We did note that one of the Q&A documents provided to interested vendors, the need to have language accessibility (including, and in addition to, the top 5 languages when necessary) was specifically mentioned and yet only one vendor provided information on how they would provide services in languages other than Spanish and English. We agree with the Department's assessment that this may not provide the level of access desired and expected of the program.

We have yet to see any evidence that privatizing the administration of a PFMLI program increases program efficiency or will be easier, faster or cheaper. In fact, we believe the opposite to be true: OED already has access to individuals' employment history and wage data, and already has expertise determining eligibility and benefits levels for UI. Introducing a third party

administrator to PFMLI would add layers of bureaucracy between Oregonians and their benefits, not less. When a program is overseen by the public sector but administered by the private sector it creates additional bureaucratic pathways for consumers to navigate, often making it unclear with whom to take up a claim if they are experiencing a problem.

Additionally, we believe there would be additional costs to third party administration related to necessary oversight and audits of such a vendor by the Department. We appreciate that the memo does recognize that coordinating with a third party to implement benefits creates significant risks for the program, the Department and agencies it partners with.

We also have concerns with the significant unknown related to how the appeals process would work with or within a third party administrator and how that process would interact with administrative and judicial review provided for in the law. Both respondents talk about an internal claim review process for claims that are disputed, but both are silent on how this process would interface with the administrative dispute process. The memo does acknowledge this omission in both proposals and it is an area of great concern for us as well. Furthermore, if the Department decided to use a third party administrator for any part of the process, we believe there needs to be better oversight over even an initial and internal appeals process, before it goes to an administrative hearing. We believe either the Employment Department or DCBS should be given specific enforcement authority over this initial claims dispute process. We would also recommend regularly auditing case files to ensure that expectations around coverage determinations are, in fact, being met.

Similarly, another unknown we are concerned about in both responses is the failure to recognize or discuss how they might implement and track the intermittent leaves allowed under the PFML insurance program. Intermittent leave is somewhat unique to this program, yet is a critical component of supporting family caregivers and their actual leave needs. It is not something we understand to be typically offered in private disability insurance or by other state plans, so providing details about this key distinguishing feature seems essential.

Last, we think it is worth noting that in the Department's own analysis of the RFI responses received, none of the vendors comes even close to meeting all of the standards for the implementation components identified in the RFI. We see this as a strong indication that, after careful analysis by the Department, third party administration is not a viable solution for Oregon, nor will it be able to meet the required standards and expectations for the program, far from it. No other state has gone this route, nor should Oregon.

For our coalition, how to implement this program is clear: a publicly-owned and administered program is the best way to ensure public oversight and accountability. We strongly believe the full program should be administered by OED. We know now, more than ever before, how important this program will be to Oregonians and their families; let us keep the implementation of such a critical program in our hands -- not in the hands of a private, third party that will be focused long-term on maximizing their profits at the expense of Oregonians.

January 15, 2021

Lois Williams
Gerhard Taeubel
PFMLI Division
Oregon Employment Department
875 Union St NE
Salem, OR 97311

Lois and Gerhard:

Thank you for the opportunity to submit comments about the recommendations regarding the third-party administrator for benefits administration. We discussed this issue at last week's advisory committee meeting, and you asked if I would submit comments regarding my dissenting vote on the PFMLI recommendation to Director Gerstenfeld regarding a TPA for benefits administration. I am joined by Jenny Dresler and Amanda Dalton who are also business representatives on the PFMLI Advisory Committee but were unable to attend Jan. 6 meeting due to scheduling conflicts.

We want to thank you for the open process and frank discussions about this issue. We know that you are all working incredibly hard to get all the pieces ready so that this program can be ready to meet the demands it will have on it. Our concerns about the demands that will be placed on your division and agency and the needs of the constituents of this program are part of why we have expressed reservations about the decision to reject a third-party administrator.

This program will demand a lot of understanding of the leave utilization and consumer behavior. It will also put a great strain on Oregon's IT system. Private sector providers already have staff, experience and resources to respond to those needs.

While we are confident that OED and PFMLI will make every effort to have a system ready to meet the needs of this new program, we don't yet know the full picture of those needs. This recommendation assumes the best-case scenario for state administration and ignores the fact that a TPA could likely make improvements more nimbly than the state can.

We have no clear idea of the cost of staffing and IT needs for the division to administer this program. For example, the recommendation states that it is unclear that a TPA could administer intermittent benefits, but we have no record to show that this new division could do so either. PFMLI will have to build an entirely new structure to administer benefits and as of yet, we have no solid information about what that will take.

The division's recommendation presumes a 5% administrative cost with no real information to support that. All of this has been based on states that have programs very unlike Oregon's and have had programs in place for much longer or had existing infrastructure. The recommendation treats Washington's experience with benefits as an

anomaly but even without a pandemic they saw utilization way beyond their anticipated usage. Oregon's program is much more generous than Washington's, shouldn't we expect utilization to be at least as high as the initial rollout to the state with a program the most similar to our own? The administrative costs in Washington are well-above the costs estimated in the TPA proposals.

Ultimately, we are concerned that the final administrative costs for the program are quite uncertain. Businesses will be shouldering hefty costs with this program. Not only will we be paying contribution costs on top of existing labor costs, but we will also have to address the cost of replacing workers who may be gone for three months out of a year. Should the administrative costs exceed the division's estimations, we seek assurances that you will ask the legislature for funding support rather than adding that cost to employers.

Thank you for your consideration of our comments.

Paloma Sparks

Jenny Dresler

Amanda Dalton

Employment Department
875 Union St. NE
Salem, OR 97311-0024
(503) 947-1394
TDD (503) 947-1391
www.Employment.Oregon.gov

February 9, 2021

Amanda Dalton
Jenny Dresler
Jessica Giannettino Villatoro
Linda Herrera
Eric Hunter

Andrea Paluso
Eva Rippeteau
Paloma Sparks
Gerhard Taeubel

Dear Paid Family and Medical Leave Insurance Advisory Committee Members,

Thank you for your careful consideration of an important question regarding how the Paid Family and Medical Leave Insurance (PFMLI) program will serve Oregonians. Whether PFMLI benefits will be administered by the state or by a third party is an important question.

After carefully reviewing the Advisory Committee's advice, and comments submitted by Ms. Sparks, Ms. Dresler, and Ms. Dalton, dated January 15, 2021, and other comments submitted by Ms. Paluso, Ms. Herrera, Ms. Giannettino Villatoro, and Ms. Rippeteau dated December 13, 2020, I have decided to follow the Advisory Committee's advice. The Employment Department does not intend to contract with a third party to administer PFMLI benefits.

I understand the concerns expressed in the January 15, 2021, letter and the lack of concrete certainty of the costs to implement and administer the program, whether operated by the state or by a third party. We are focused on ensuring the PFMLI program will best serve all of those relying upon it – Oregon workers and businesses. The benefits of this program go to workers and to businesses, including grants to small businesses. Those benefits, and the cost of providing them, whether by the state or through a third party, are borne by both workers and employers. We are dedicated to keeping those costs as low as possible.

We do anticipate, and hope, that third parties will offer their own plans that employers may opt to use as "equivalent plans." That would create an open market for those third parties that are interested in providing such benefits on a competitive basis, and also provide more options to Oregon employers if they find those equivalent plans more desirable or less expensive.

The Employment Department is focused on making the PFMLI benefits administered by the state very effective, and cost effective, for all involved. This includes taking advantage of the opportunities to align PFMLI benefits with other programs administered by the Employment Department and by other state agencies.

I appreciate the serious thought and insights brought to bear on this issue. I know that here, and in other areas where the Advisory Committee does not have unanimous thoughts on advice to give, I and the rest of the Department will give very serious consideration to all viewpoints raised during the Advisory Committee's discussions.

Sincerely,

David K. Gerstenfeld
Acting Director