

Employee Assistance Program

The State has traditionally offered an Employee Assistance Program (EAP) as a behavioral health program available to State and school district employees and members of their household. The EAP services include a helpline, counseling, health tips, work-life tools, legal and financial consulting, etc. The EAP program also benefits the State and school districts by providing additional support for employees during stressful circumstances and by providing an alternative to traditional disciplinary or management practices.

EBD currently offers these services to all state and public school employees, as well as any member of an employee's household. The contracted vendor, New Directions, is available through the end of the calendar year (12/31/22) and was procured as part of a "bundled" contract with the state's third-party administrator, Health Advantage.

The purpose of this procurement would be to extend EAP benefits under a new contract which would be directly procured by EBD. The current contract is projected to cost the ASE/PSE plans about \$1.5m annually.

	Per Employee Rate PCPM	Employees	As Awarded	Projected 12-month Cost
Employee Assistance Program Costs (CY22)	\$ 1.33	96,000	\$ 1,555,200	\$ 1,532,160

However, current utilization of this contract is comparatively low, less than 4%, meaning the state is paying for a benefit that many employees are not utilizing. For the future contract, EBD requests a recommendation to issue an RFP which would offer EAP services but would make the following changes:

- Seek proposals based on a variety of pricing models, including one based on strict utilization, and not limiting pricing to a PCPM/PMPM basis. Under this model, evaluators would determine the best possible options for EAP programs and the appropriate pricing structure.
- Allow online or virtual counseling. Current practices require in-person counseling, resulting in significant delays in access to services.
- Give broad leeway to vendors to propose solutions appropriate for a large, statewide organization.

Actuary

EBD relies heavily on its contracted actuarial firm vendor for healthcare consulting as well as financial reporting, compliance and other issues. The current vendor, Milliman Inc., has played a significant role in helping manage EBD through its funding issues, identifying best practices and implementing managerial practices and approaches. The

contract with Milliman, like that with New Directions, was procured through a bundled contract with Health Advantage.

Currently, Milliman is paid on an hourly basis. EBD meets with Milliman on a weekly call, and the actuary traditionally presents to the board monthly. A copy of this month's report is attached. Milliman also performs actuarial and consulting services on an as-needed basis.

Currently, our utilization of the actuary contract is quite heavy. Original three-year projections had estimated an annual cost of \$726,000. Over the past 18 months however, our reliance on the actuary has increased these costs to about \$960,000 across a 12-month period. The most recent monthly billings are as follows:

	<u>ASE</u>	<u>PSE</u>	<u>Total</u>
Jul-21	\$32,865	\$49,310	\$82,175
Aug-21	\$26,103	\$39,135	\$65,238
Sep-21	\$33,883	\$50,825	\$84,708
Oct-21	\$22,423	\$33,639	\$56,063
Nov-21	\$40,348	\$60,516	\$100,863
Dec-21	\$38,451	\$57,677	\$96,128
Jan-22	\$34,037	\$43,239	\$77,277
Feb-22	\$39,836	\$45,953	\$85,789
Mar-22	\$46,062	\$57,823	\$103,885
Apr-22	\$29,369	\$44,049	\$73,418
May-22	\$32,302	\$26,301	\$58,603
Jun-22	\$38,007	\$40,987	\$78,994
Total	\$413,688	\$549,453	\$963,141

Going forward, EBD requests a recommendation to issue an RFP for actuary services which would:

- Continue to provide direct actuarial services as well as healthcare consulting and other support
- Assist EBD in projecting the fiscal impact of new legislation, in compliance with Act of 112 of 2022
- Establish responsibilities for the actuary in responding to the needs of the advisory commissions and the State Board of Finance

Contracts procured through the requested RFPs for both EAP and Actuary would have potential implementation dates of Jan. 1, 2023.