

Review of Claims Administration Decision

March 2025

Options Presented in January 2024

Option 1

- Choose to continue with the TPA model
- Vote to exercise option to extend Aflac contract for 2 years (until 12/31/26) and
- Authority will begin working on a new RFP for claims administration

Option 2

- Choose to revamp the Authority to incorporate in-house claims administration
- Vote to exercise option to extend Aflac contract for 3 years (until 12/31/27) and
- Authority will begin effort to hire additional staff; procure office space, FFE, etc; and commence IT projects

The CT Paid Leave Authority must be

- Nimble and able to respond quickly to changes, such as
 - Fluctuations in claims & call volume
 - We continue to see variations in both claim & call volume
 - Claim volume is increasing
 - Variability in covered participants
 - The movement of private plan employers, sole proprietors, and - potentially – municipalities and boards of education into and out of the program affect both the Paid Leave Trust and claims volume
 - Federal paid leave solution
 - Whether the federal government enacts a federal paid leave program, the timing of such solution and the impact on the CT Paid Leave Program continue to be significant unknown factors
- Fiscally Prudent
 - Every dollar we spend is taken directly from the paychecks of CT workers.
 - We have a fiduciary duty to use this money wisely, to minimize risk, to minimize administrative costs, and to maximize the % of money that is available for benefits
- Able to provide stellar customer service
 - Accurate, timely, & compassionate claims administration
 - This is the primary basis upon which the success of the program is judged

Claims Administration Elements: Technology Needs

- Claims intake/call center
- An easy-to-use outward facing solution to allow
 - Workers to apply for income replacement benefits, track request and usage, and upload required documents
 - Employers and health care providers to submit required documents
- A robust claims processing platform to enable
 - Accurate and fast eligibility determinations
 - Comprehensive tracking of claims
 - Accurate and timely benefit processing
 - Audit and reporting functionality
- Seamless integration with the ctpaidleave.org portal
- Strong security & integrity protocols
- A thoughtful and achievable plan for updates

Building an IT solution involves a significant upfront investment. Once it is built, it will be a “sunk cost” - we cannot recoup the money in response to changes in the PFML landscape

Benefits of Utilizing a Third-Party Administrator

- TPAs already have the infrastructure needed for claims administration
- Contracting with a TPA gives the CT Paid Leave Authority the ability to pivot quickly to respond to changes
- The CT Paid Leave Authority is able to focus its resources on managing the TPA relationship closely
- Our experience thus far demonstrates that using a TPA provides claims experiences that are as good as (or better than) are available with other states' programs
- Working with a TPA is more cost-effective than building a program in-house

Cost Elements of Building a Program In-House

- Staffing:
 - Claims team equivalent to those currently *dedicated to* CT Paid Leave,
 - **Plus** staff currently *available to* CT Paid Leave
 - **Plus** expanded administrative staff (HR, EEO, Payroll, Fiscal, Facilities)
- Facility:
 - On-site workspace
 - Furniture, fixtures & equipment
 - Security
- IT:
 - Build-out of claim processing system & claimant portal (+ bond repayment)
 - Build-out of call center (+ bond repayment)
 - Licenses, maintenance, IT Consultants, etc
- Miscellaneous:
 - Print/Mail costs
 - 1099 costs
 - Additional insurance

About our costs compared to other programs

- **Structural Differences**

- Integrated medical leave and the family leave benefits
 - In legacy states, these are separate programs which may be reported separately
- Contributions are managed internally
 - In some states, another agency is responsible for managing contributions
- Private plans:
 - Not all states allow private plans
 - Some states charge for private plan applications
 - We perform private plan audits
- Structure of benefits adds to claim administration obligations
 - No elimination period
 - Benefits for intermittent leaves

- **Costs that we report that may not be reported by other programs**

- Pension & benefit load
- IT costs: staff, platform, software licenses, subscriptions, etc.
- HR/payroll support
- Outreach/engagement: staff, media buys, event costs, etc.
- Legal: staff, outside counsel
- Bond fund repayment