

**STATE OF WISCONSIN
DEPARTMENT OF EMPLOYEE TRUST FUNDS
801 West Badger Road
Madison, WI 53702**

CORRESPONDENCE MEMORANDUM

DATE: May 20, 2002

TO: Group Insurance Board

FROM: Bill Kox, Director, Health Benefits & Insurance Plans
Arlene Larson, Manager, Self-Insured Health Plans

SUBJECT: Contract Amendment to Include Independent Review Organization (IRO)

This is a follow up to the April 16, 2002 decision of the Group Insurance Board (GIB) to adopt the IRO rule promulgated by the Office of the Commissioner of Insurance for the self-insured health plan. Attached are two contract amendments to incorporate the IRO rule into the contract with Blue Cross & Blue Shield United of Wisconsin (BCBSUW).

Staff recommends that the Board adopt the attached amendments.

These amendments incorporate the IRO processes into the contract while preserving the GIB's authority over the health insurance program. At the April 2002 meeting, the GIB approved voluntarily following the IRO process that applies for all other insurers for the Standard plans. In the attached language, the Board retains its ability to hear appeals if the member chooses to follow that route, or if the IRO determines that the grievance is not within its jurisdiction.

There are two amendments provided. The first amendment affects the Administrative Services Only (ASO) contract. This is the financial agreement between the Board and BCBSUW. The second amendment changes the Health Benefit Plan contract for participants. Language in this part of the contract mirrors that which will be inserted into the member's booklet. Staff expects that at this time the IRO booklet language will be mailed to members of the plan as an insert. The booklets themselves will be re-issued in January of 2003.

Attachment A is the amendment to the ASO contract which:

- Authorizes BCBSUW to conform to the new IRO statutory requirement.
- Allows for the pass through of charges related to the IRO reviews.
- States that if a member addresses a complaint to the Department, and the Department forwards it to BCBSUW, that BCBSUW will then treat that complaint as a formal grievance if so instructed by the Department.

Attachment B is the amendment to the Health Benefit portion of the contract that:

- Follows the course established by statute and rule to allow for use of an IRO by a member.
- Retains the ability of a member to appeal through the Department and up to the GIB.
- Notifies the member that if he or she chooses to use an IRO, the Departmental process, if begun simultaneously, will be suspended until the IRO renders its final decision. If the IRO rules on the grievance, that decision is binding on all parties. If the IRO rules that it does not have jurisdiction, then the Department will continue its process.

If you have any questions or concerns, ETF staff will be available for questions.