

Board	Mtg Date	Item #
GIB	4/08/2003	1

MINUTES OF MEETING

STATE OF WISCONSIN GROUP INSURANCE BOARD

Tuesday, February 18, 2003

**Sheraton Hotel - Madison
706 John Nolan Drive
Madison, WI 53719**

- BOARD PRESENT:** Stephen Frankel, Chair
Randy Blumer, Vice-Chair
Gale Dushack, Secretary
Robert Alesch
Martin Beil
Jane Hamblen (*DOJ designee*)
Esther Olson
Karen Timberlake
John Vincent (*Temporary DER designee*)
- BOARD ABSENT:** Marc Marotta
Robert Sherwood
- PARTICIPATING ETF STAFF** Eric Stanchfield, Secretary
Dave Mills, Deputy Secretary
Tom Korpady, Administrator, Division of Insurance Services
Bill Kox, Director, Health Benefits & Insurance Plans Bureau
Vicki Poole, Director of Legislation and Planning
Kari Zika, Director, Quality Assurance Services Bureau
Dawn Duren, Group Insurance Board Liaison
- OTHERS PRESENT:** Laura Barnard, Minnesota Life Insurance Company
Marcia Blumer, Department of Employee Trust Funds
Paul Brazeau, Wisconsin Physician's Service
Ralph Bultman, Bultman Financial
David Burnett, Health Choice
Paul Cameron, Humana Health Plan
Susan Chamberlain, University of Wisconsin Systems Admin.
Liz Doss-Anderson, Department of Employee Trust Funds
Rhonda Dunn, Department of Employee Trust Funds
Colleen Evans-Carter, CompCareBlue
Mike Ehrle, Spectra Vision
David Fee, Humana Health Plan
Lou Formentini, Spectra Vision
Brian Fusie, Department of Employment Relations
Steve Grob, Department of Employee Trust Funds
Mary Haffenbredl, Atrium Health Plan
Lisa Halbach, Cobalt Corporation
Emily Halter, Cobalt Corporation

Dave Hinrichs, Department of Employee Trust Funds
Steve Hurley, Department of Employee Trust Funds
Kathy Ikeman, Unity Health Insurance
Joe Kachelski, Wisconsin Association of Health Plans
Audrey Koehn, Department of Employee Trust Funds
Jon Kranz, Department of Administration
Arlene Larson, Department of Employee Trust Funds
Kathy Ledvina, Cobalt Corporation
Christina Licari, Department of Employee Trust Funds
Pam Licht, Department of Employee Trust Funds
Steve Maike, Innovative Resource Group
Eileen Mallow, Office of the Commissioner of Insurance
Cliff Morris, Health Choice
Peg Narloch, Department of Employee Trust Funds
Debra Nelson, Dean Health Plan
Paul Ostrowski, Department of Employment Relations
John Parr, Wisconsin Professional Police Association
Robert Parr, Delta Dental Plan of Wisconsin
Jason Perlman, CompcareBlue
Mary Pierick, Department of Employee Trust Funds
Nicole Popovich, Cobalt Corporation
Jim Searcy, Deloitte & Touche LLP
Chris Schmelzer, Minnesota Life Insurance Company
Ron Sebranek, Physician's Plus
Mel Sensenbrenner, State Engineers Association
Sonya Sidky, Department of Employee Trust Funds
Penny Siewert, Cobalt Corporation
Joan Steele, Department of Employee Trust Funds
John Vincent, Department of Employment Relations
Mike Weber, Dean Health Plan
Tom Wendlick, Cobalt Corporation

Mr. Frankel, Chair, called the meeting to order at 8:37 a.m.

Mr. Frankel introduced new members appointed to the Group Insurance Board: Jane Hamblen, designated by Peggy Lautenschlager, Department of Justice; John Vincent, temporarily filling in for Karen Timberlake as the Department of Employment Relations representative; and Randy Blumer, Deputy Commissioner, as the designee for the Office of the Commissioner of Insurance.

Consideration of Minutes of November 19, 2002, Meeting

MOTION: Mr. Blumer moved approval of the minutes of the November 19, 2002, minutes as submitted by the Board Liaison. Ms. Olson seconded the motion, which passed without objection on a voice vote.

Mr. Frankel read the Resolution of the Group Insurance Board honoring Peter Fox for his years of service on the Board.

Election of Officers

NOMINATION: Mr. Vincent nominated Stephen Frankel to remain as Chair of the Board. Mr. Alesch seconded the nomination.

MOTION: Hearing no further nominations, Mr. Blumer moved to close the nominations and cast a unanimous ballot for Stephen Frankel as the Chair of the Group Insurance Board. Ms. Hamblen seconded the motion, which passed without objection on a voice vote.

NOMINATION: Ms. Olson nominated Randy Blumer to serve as Vice-Chair of the Group Insurance Board. Mr. Alesch seconded the nomination.

MOTION: Hearing no further nominations, Mr. Alesch moved to close nominations and cast a unanimous ballot for Randy Blumer as Vice-Chair of the Group Insurance Board. Mr. Vincent seconded the motion, which passed without objection on a voice vote.

NOMINATION: Mr. Vincent nominated Gale Dushack to serve as Secretary of the Group Insurance Board. Mr. Blumer seconded the nomination.

MOTION: Hearing no further nominations, Ms. Olson moved to close nominations and cast a unanimous ballot for Gale Dushack as Secretary of the Group Insurance Board. Ms. Hamblen seconded the motion, which passed without objection on a voice vote.

INCOME CONTINUATION INSURANCE (ICI) & LONG-TERM DISABILITY INSURANCE (LTDI)

ICI & LTDI Amendment to Contract. Mr. Korpady announced that due to recent changes within CORE, Inc., new officers have been identified to receive official notices. This requires an amendment to the contract to list the new officers. The Board's approval is needed for the seventh contract amendment for administrative services with CORE to be effective February 18, 2003.

MOTION: Mr. Dushack moved approval of the seventh amendment contract. Mr. Alesch seconded the motion, which passed without objection on a voice vote.

Negotiated Lum Sum Payments. Mr. Korpady introduced a memo requesting approval of seven negotiated lump sum payments to Income Continuation Insurance recipients whose benefits are less than \$200 per month. Acceptance by the recipient is voluntary.

Mr. Frankel asked what percentage of recipients typically accept lump sum payments. Ms. Koehn responded 70%.

MOTION: Mr. Alesch moved approval of the seven negotiated lump sum payments. Mr. Vincent seconded the motion, which passed without objection on a voice vote.

MISCELLANEOUS

Legislative Report. Ms. Poole reported that there were no new legislative bills to discuss. However, initial draft language has been developed by Representative Terri McCormick in response to recommendations from the Local Government Health Partnership Task Force. Ms. Poole reported that ETF staff met with Representative McCormick to share concerns about two of the initial task force recommendations (the creation of a new council at ETF and some suggestions for flexibility in eligibility requirements to the Group Health Insurance Program and the publishing of experience ratings). As a result of the meeting, Representative McCormick agreed to not include those recommendations in the draft language. Ms. Poole said she would update Board members on any further developments.

Participation in the Wisconsin Public Employers' Group Health Insurance Program and Income Continuation Insurance Plan. Mr. Korpady introduced a memo stating the number of employers joining and terminating participation in the Group Health Insurance Programs during the prior year. He noted 287 employers were currently participating in the Group Health Insurance Program for local governments and 138 employers were participating in the ICI Plan for local governments. He stated that both programs continue to grow. It was noted that 11 employers have already passed resolutions to join the Group Health Insurance program in 2003.

Dual-Choice Enrollment Statistics. Mr. Korpady reported that there were no significant changes to the statistics. He noted that there were quite a few Plan changes in the Madison area, where there was a significant out-of-pocket premium contribution difference between Unity Health Plan and Physicians Plus.

Pending Appeals Status Report. Mr. Korpady reported that the Pending Appeals Status Report was included for information only. No questions were asked.

Milwaukee Teachers Update. Mr. Korpady reported that the reserves of the Milwaukee Teachers Death Benefit Program has fallen below the range approved at the August 27, 2002, Group Insurance Board meeting. At that time, the Board approved the conversion from an annual term life insurance to a paid-up lifetime benefit, provided the fund balance fell within \$1,000,000 and \$1,095,000. The Board had asked to reconsider the conversion if the balance fell out of that range. Mr. Korpady reported that approval of staff recommendations for the conversion of the Milwaukee Teachers Death Benefit Program would be discussed during closed session under the agenda item of Group Life Insurance.

Health Insurance Portability and Accountability Act (HIPAA) Update. Ms. Zika provided a verbal report on HIPAA. She reported that on December 17, 2002, the Joint Finance Committee met and approved a request for a three-year project position for a HIPAA Compliance Manager and funding to procure consultant services to conduct a HIPAA assessment. Deadline for compliance with the privacy regulations is April 14, 2003. Deloitte & Touche was hired on January 21, 2003, to conduct the assessment and their final report is due February 28, 2003. Ms. Zika also introduced Steve Hurley as the HIPAA Compliance Manager, who will also serve as the Privacy Manager. Additional reports on HIPAA will be provided to the Board at future meetings.

HEALTH INSURANCE

GUIDELINES/Uniform Benefits – Timeline and Discussion Regarding Contract Changes and Clarifications for Year 2004. Mr. Kox was asked to join the Board to present the anticipated timeline for the 2004 Uniform Benefits contract. He reported that ETF staff will have a discussion group on or about February 25 to identify any issues that warrant clarification in the GUIDELINES or Uniform Benefits. Mr. Kox reported on the issues for discussion under the GUIDELINES/Administrative Provisions and Uniform Benefits that may be reviewed during the discussion group meeting for consideration of the 2004 contract. Plans will be sent a draft of the 2004 GUIDELINES/Administrative Provisions and Uniform Benefits around February 28, which will be due back on March 14. On or about March 19, the discussion group will meet again to finalize recommendations to the Group Insurance Board. The discussion group's written recommendations are due by March 25 and will be presented to the Board for approval at the April 8, 2003, meeting.

Mr. Kox noted that any Board member interested in joining ETF staff in the GUIDELINES discussion meeting should contact him personally.

Mr. Beil joined the Board at 9:14.

Update on Recommendations from the Group Health Insurance Study Group. Mr. Korpady presented the five recommendations previously approved in concept by the Board and reported on the progress to date. He noted that staff has communicated with a variety of people and organizations on the recommendations and some of the material will need to go into closed session for further discussion. Progress on the recommendations was reported:

1. Carve out and consolidate all members under one Prescription Benefit Manager (PBM). This recommendation has had the most activity. If the Board decides to adopt this for implementation on January 1, 2004, they must make a decision by the June 2003 meeting. This would provide time for the Plans to prepare and give PBMs the time needed for conversion.
2. Change the current contribution formula. This cannot be implemented without statutory changes and collective bargaining. Staff has been studying this issue to determine what type of information is necessary to proceed with this recommendation.
3. Convert the Standard Plan & Standard Plan II to a Preferred Provider Plan (PPP). This recommendation would also involve changes to statute and collective bargaining. Staff has done some preliminary investigation with Blue Cross & Blue Shield United of Wisconsin (BCBSUW) and they reported back that the change could be performed quite easily. Staff has also investigated the extent of BCBSUW's provider network and found that 90% of providers are in network in Wisconsin, Minnesota and Illinois. More issues may arise in other states and will continue to be evaluated.

4. Implement a uniform free-standing dental plan. Enough work has been done on this in the past, so staff has already determined what a “reasonable state contribution rate” might be.
5. Implement quality and safety initiatives through Leapfrog and the National Quality Forum (NQF). Staff has requested that health plans ask their participating hospitals to report on the Leapfrog Internet site. If they do not meet qualifications, they will be listed as such on their website. Plan administrators were also encouraged to have their participating hospitals report on the quality and safety measures endorsed by the Wisconsin Hospital Association.

Discussion. Mr. Dushack inquired whether we would be reporting quality measures and safety standards to several different entities, or if the preference is to report to one entity. Mr. Stanchfield reported that our goal is to move in the direction of uniform reporting.

Motion to Convene in Closed Session. Mr. Frankel announced that the Group Insurance Board would convene in closed session pursuant to the exemption contained in Wis. Stats. § 19.85 (1) (a) for quasi-judicial deliberations & (e) for deliberations involving competitive bargaining aspects of public fund expenditures. Staff from the Department of Employee Trust Funds, Department of Administration, Department of Employment Relations, and the Office of the Commissioner of Insurance were invited to remain during closed session deliberations.

MOTION: Mr. Beil moved to convene in closed session pursuant to the exemptions contained in Wis. Stats. § 19.85 (1) (a) & (e) for quasi-judicial deliberations and for deliberations which involve competitive bargaining aspects of public fund expenditures. Ms. Olson seconded the motion, which passed without objection on the following roll call vote:

Members Voting Aye: Alesch, Beil, Blumer, Dushack, Frankel, Hamblen, Olson and Vincent.

Members Voting Nay: None.

The Group Insurance Board took a break at 9:35. Ms. Timberlake joined the Board at this time.

The Group Insurance Board convened in closed session at 9:57 a.m. and reconvened in open session at 12:28 p.m.

Announcement of Action Taken on Business Deliberated During Closed Session.

Mr. Frankel announced the following activity during closed session:

- The Board approved proceeding with a proposed procurement process for Pharmacy Benefit Management services.
- The Board tabled the motion to approve the voluntary vision care benefit proposal from Spectera, pending creation of disclaimer language which will describe the nature of the Board approval being pro forma, not a benefit

comparison or endorsement. The Board also requested that the Department review the approval process.

- The Board approved the voluntary dental care benefit proposal from Delta Dental Plan of Wisconsin.
- The Board approved releasing the Request for Proposal (RFP) for administration of the Wisconsin Public Employers Group Life Insurance Program.
- The Board approved conversion of the Milwaukee Teachers Life Insurance Program.
- The Board approved to extend for one year the contract with CORE, for the administration of the ICI and LTDI programs, with amendments to the contract incorporating new performance standards and financial incentives.

Appeals

- **2001-036-GIB**, the Board adopted the Hearing Examiner's proposed decision.
- **2001-057-GIB**, the Board affirmed the Department of Employee Trust Fund's determination in adopting the Hearing Examiner's proposed decision with amendments recommended by counsel.

Adjournment

MOTION: Mr. Alesch moved adjournment. Mr. Beil seconded the motion, which passed without objection on a voice vote.

The Group Insurance Board adjourned at 12:32 p.m.

Dated Approved: _____

Secretary: _____
Gale Dushack