

**DRAFT**  
**05/20/03**

**MINUTES OF MEETING**

**STATE OF WISCONSIN  
GROUP INSURANCE BOARD**

**Tuesday, April 8, 2003**

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

**BOARD PRESENT:**

Stephen Frankel, Chair  
Randy Blumer, Vice-Chair  
Gale Dushack, Secretary  
Robert Alesch  
Martin Beil  
Jane Hamblen  
Esther Olson  
David Riemer  
Robert Sherwood  
Karen Timberlake

**PARTICIPATING ETF  
STAFF**

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  
Liz Doss-Anderson, Department of Employee Trust Funds  
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  
Cliff Morris, Health Choice  
Peg Narloch, Department of Employee Trust Funds  
Debra Nelson, Dean Health Plan  
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  
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 8:33 a.m.

Mr. Frankel introduced new members appointed to the Group Insurance Board: David Riemer, Administrator of Budget and Finance, Department of Administration designee; Robert Sherwood, Governor's designee; Karen Timberlake, Secretary, Department of Employment Relations; Randy Blumer, Deputy Commissioner, Office of the Commissioner of Insurance designee; and Jane Hamblen, Assistant Attorney General, Department of Justice designee.

**Consideration of Minutes of February 18, 2003, Meeting.** Ms. Hamblen requested that a notation be put in the February 18, 2003, minutes (before the appeals section) stating that she would be abstaining from voting during the appeals.

***MOTION: Mr. Sherwood moved approval of the minutes of the February 18, 2003, meeting as submitted by the Board Liaison with the notation requested. Mr. Alesch seconded the motion, which passed without objection on a voice vote.***

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

**Emergency Rule Effect on LTDI.** Mr. Korpady reported that the Board previously approved at the October 2002 meeting that the percentage by which LTDI benefits are adjusted should be consistent with the annual retirement fixed benefit adjustments. The ETF Board has taken action to delay the benefit adjustment to May 1. There will be no fixed adjustment in 2003, so this change will not affect LTDI benefits this year. Staff will return to the Board with a new recommendation on LTDI benefit adjustments once the ETF Board takes a position on the timing of the regular retirement benefit adjustments.

## MISCELLANEOUS

**Legislative and Budget Report.** Ms. Poole reported on the 2003-2005 Biennial Budget. She reviewed the following items specifically of interest to the Group Insurance Board:

*Group Insurance Board Flexibility / Health Insurance Changes and Pharmacy Benefit Purchasing Pool.* Ms. Poole noted that these proposals would be reviewed by the Joint Finance Committee in the next few weeks. There was considerable discussion regarding the *Health Insurance Changes* and what affect they would have on statutory language. Ms. Poole said that she would send the exact statutory language out to the Board members for their review.

*Manager of Strategic Health Policy and Manager of Collaborative Purchasing* positions. The Department has been granted one of the two positions requested.

*Customer Service Call Center.* Though it does not directly affect the Board responsibilities, Ms. Poole thought the Board should know that the Department received approximately half of the positions requested for the Call Center. Since service levels will likely decline, it is important for Board members to know about this situation in case they hear concern from constituents.

Ms. Poole also reported that a legislative proposal has been introduced allowing any individual in Wisconsin engaged in the business of farming, including any individual employed by a farm business, to elect to receive coverage under any health care coverage plan offered to state employees by paying ETF the full cost of the required premium.

Two senate bills have been introduced as a result of the work of the Special Committee on Mental Health Parity. Only one bill, SB 72, will have any impact on health insurance benefits. This bill proposes to increase the current benefit for Alcohol and Other Drug Abuse (AODA) by increasing the original limit to account for the effect of inflation (based on changes in the consumer price index for medical services). No cost estimate is available yet, but we will continue to monitor the proposed legislation.

**Pending Appeals Status Report.** Mr. Korpady reported that the Pending Appeals Status Report was included for information only. Mr. Dushack inquired about the increased number of complaints from 1<sup>st</sup> quarter 2002 to 1<sup>st</sup> quarter 2003. Mr. Korpady and Mr. Mills both reported that there were no known causes for the increase. Some complaints are group complaints dealing with retirement issues that, when resolved, would take care of a number of people at the same time. Mr. Mills also reported that the appeal backlog has gone from 305 appeals 18 months ago to 163 appeals at this time.

**Wisconsin Hospital Association (WHA) Steering Committee on Patient Safety.** Mr. Korpady reported that the Department continues to work on quality care issues. He reported that Mr. Stanchfield is currently serving on the WHA Steering Committee on Patient Safety. The Department is also involved in a number of other initiatives, including discussions with a number of employer groups around the state that are looking at increasing safety measures.

**Establish Dual-Choice Enrollment.** Mr. Korpady announced that the Department requests a delay in setting the Dual-Choice enrollment dates at this time. It has been recommended that the Board table this item until the June meeting in anticipation of potential program changes.

**2004 Guidelines and Uniform Benefits.** Mr. Kox explained that the Board annually reviews the "Guidelines for Comprehensive Medical Plans Seeking Group Insurance Board Approval" to Participate in the State of Wisconsin Group Health Benefit Program (ET-1136). At that time, necessary changes are made to the Board's requirements for health plan participation, the health insurance contract, and the Uniform Benefits package. As in the past, there will be no net material change in benefit level.

The Board's study group met with staff twice to establish recommendations for changes to the *2004 Guidelines and Uniform Benefits*. Group Insurance Board members on the study group were Bob Alesch and Marty Beil. Others who assisted included Eileen Mallow, Barb Belling, John Vincent, Brian Fusie, Jim Pankrantz, Tom Korpady, Bill Kox, Joan Steele, Arlene Larson and Kari Jo Zika.

Mr. Kox reported that the only recommended benefit change to Uniform Benefits is the *non-surgical removal of third molars*, which is cost neutral. He also reported on recommended changes to the GUIDELINES for 2004 that were noted in the March 17, 2003, memo.

***MOTION: Mr. Alesch moved approval of the GUIDELINES and Uniform Benefits for the 2004 Benefit Year as described in the memo dated March 17, 2003. Mr. Blumer seconded the motion, which passed without objection on a voice vote.***

**Health Insurance Portability and Accountability Act (HIPAA) Update.** Ms. Zika provided a verbal report on HIPAA. She introduced Steve Hurley, HIPAA Compliance Manager/Privacy Officer. She reported that the Deloitte & Touche gap analysis/risk assessment report was completed on March 7, 2003, and a presentation was given on March 17, 2003, to Department managers and staff. The Notice of Privacy Practices will be mailed by Blue Cross Blue Shield United of Wisconsin (BCBSUW) by April 14. The Administrative Services Only (ASO) Contract amendment was finalized for Board approval. A more detailed HIPAA briefing may be presented at the June Board meeting, depending on the status of implementation.

**ASO Contract Amendment/HIPAA.** Ms. Zika presented the HIPAA Contract amendment for the ASO Contract. Staff worked with BCBSUW to develop terms for the contract amendment in order to comply with HIPAA privacy rules. Consequently, staff recommended that the Board approve the submitted contract amendment.

***MOTION: Mr. Beil moved approval of the ASO Contract Amendment to HIPAA. Ms. Olson seconded the motion, which passed without objection on a voice vote.***

**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 involving the latter topic only.

***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. Timberlake seconded the motion, which passed without objection on the following roll call vote:***

***Members Voting Aye: Alesch, Beil, Blumer, Dushack, Frankel, Hamblen, Olson, Riemer, Sherwood, and Timberlake.***

***Members Voting Nay: None.***

The Group Insurance Board took a break at 9:34 a.m.

The Group Insurance Board convened in closed session at 9:52 a.m. and reconvened in open session at 11:29 a.m.

#### **Announcement of Action Taken on Business Deliberated During Closed Session.**

Mr. Frankel announced the following activity during closed session:

- Department staff has made continued progress on obtaining Pharmacy Benefit Management (PBM) services, which may be available by January 1, 2004.
- The Board approved the proposed disclaimer language for optional plan. The Board also approved the voluntary vision care benefit proposal from Spectera that was tabled at the February 2003 meeting.
- The Department updated the Board on its issuance of a Request for Proposal (RFP) for the Income Continuation Insurance (ICI) and Long-Term Disability Insurance (LTDI) Administrative Services Contract, due back on May 5, 2003. The Board will review Department recommendations and award the contract at the June 4, 2003, meeting.

#### **Appeals**

- **97-041-GIB**, the Board affirmed DETF's decision to adopt the Hearing Examiner's proposed decision.
- **2002-042-GIB**, the Board adopted the Hearing Examiner's proposed decision with amendments recommended by counsel.
- **99-047-GIB**, the Board adopted the Hearing Examiner's proposed decision with amendments recommended by counsel.
- **2002-048-GIB**, the Board has agreed to delegate final decision-making authority to the hearing examiner if the case is **factual**. They have agreed not to delegate final decision-making authority to the hearing examiner if the case is **legal, contractual or statutory**.

**Adjournment**

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

The Group Insurance Board adjourned at 11:29 a.m.

Dated Approved: \_\_\_\_\_

Secretary: \_\_\_\_\_  
Gale Dushack