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**CORRESPONDENCE MEMORANDUM**

**DATE:** January 15, 2004  
**TO:** Group Insurance Board  
**FROM:** Sonya Sidky, Project Manager  
Division of Insurance Services  
**SUBJECT:** 2004 Dual-Choice Enrollment Results

The purpose of this memo is to highlight and explain major shifts in enrollment by health plan resulting from the 2004 dual-choice enrollment period. This report is for information only, no Board action is required.

Attached are the 2004 dual-choice charts for Active State Employees, Total Contracts, State Annuitants, Graduate Assistants, and Local Employees. These charts illustrate the changes in the number of contracts by health plan from December 2003 to January 2004 that are a result of a dual choice. The number of contracts added by health plan in 2004 and deleted by health plan in 2003 is broken down by coverage type (single and family). The percentage change in total contracts for each plan is included.

Approximately 13,319 applications were submitted during the Dual-Choice enrollment period. Active State Employees accounted for about 76 percent (10,057) of the applications.

There were about 26% more dual choice applications submitted for 2004 than there were for 2003 (10,559). In spite of tiering, after accounting for the dual choices that were mandatory due to health plans no longer being available for 2004, there were a similar number of voluntary dual choices as in 2003. This is likely because there were changes in the relative cost to employees for health plans in both years.

The loss of CompcareBlue North and Standard Plan II accounted for about 5700 dual choices, leaving about 7600 dual choices, most of which were voluntary and some of which were caused by changes in network availability within some health plans.

**CHANGES IN HEALTH PLANS**

CompcareBlue North withdrew from the program for 2004. This resulted in about 3800 subscribers selecting other health plans and another 100 canceling their health insurance coverage. 2003 CompareBlue North Subscribers primarily moved to:

- SMP (3136), Standard Plan (392) and Atrium (111)

Because the Board approved the Standard Plan PPP plan design, Standard Plan II was

Reviewed and approved by Tom Korpady, Division of Insurance Services.  
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Signature Date

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removed as an option for 2004. Any subscriber who did not dual choice into another health plan was automatically moved into the Standard Plan unless they cancelled their health insurance benefits. The vast majority (85%) switched into the Standard Plan. Likewise, most of the new Standard Plan contracts came from Standard Plan II: fewer subscribers dual choiced into the new Standard Plan than expected. The most HMO contracts came from CompcareBlue North (392), followed by 57 from Humana Eastern and 36 for Dean.

CompcareBlue Southeast was added as a new plan for 2004 and competes directly with Humana Eastern in Kenosha, Ozaukee, Racine, Walworth, Washington, and Waukesha counties. The majority (88%) of the 2126 contracts gained were from Humana Eastern.

### **FAMILY TYPE CHANGES AND HEALTH INSURANCE CANCELLATIONS**

Of the 13,319 dual choice applications that were filed, 697 (5%) were family type changes. The majority (498) decreased their level of coverage from family to single contracts while the minority (198) increased coverage from single to family contracts. The increase in the number of family type changes for 2004 is likely the result of the increase in cost of health insurance to employees.

In fact there were a high number (519) of subscribers who decided to cancel their health insurance coverage effective 12-31-03 (these were not included in the dual choice numbers). The health plans with the most canceled contracts were:

- Dean (-87)
- CompcareBlue North (-82)
- Humana Eastern (-71)
- Unity-UW (-40)

The majority of the contract holders (70%) who canceled their insurance benefits had family coverage.

### **HMO CONTRACTS GAINED AND LOST**

Major contract gainers include:

- SMP had a net gain of 3281 contracts which represents a 3204% increase in contracts
- The Standard Plan had a net gain of 2021 contracts which represents a 26% increase in contracts (most from Standard Plan II) When considering active state employees only, the Standard Plan gained 1127 contracts which represented a 276% increase in contracts
- Prevea had a net gain of 742 contracts which represents a 47% increase in contracts
- Atrium had a net gain of 563 contracts which represents a 40% increase in contracts

Major contract losers include:

- CompcareBlue North had 3837 contracts that switched to other plans
- Humana Eastern, a tier 2 plan, had a net loss of 2154 contracts which represents a 23% decrease
- Standard Plan II had 1847 contracts that switched, mainly into the Standard Plan
- GHC Eau Claire, a tier 2 plan, had a net loss of 542 contracts which represents a 34% decrease
- CompcareBlue Northeast, a tier 2 plan had a net loss of 340 contracts which represents a 32% decrease

Although Valley Health Plan is a tier 2 plan for 2004, they only lost 10% of their contracts (201). This is likely because the relative price to employees went up in 2003 and they lost 40% of their contracts then.

### **CONTRACT SHIFTS BETWEEN HEALTH PLAN**

Of the 12622 dual choices between plans, the major shifts were:

- 3135 switched from CompcareBlue North to SMP
- 1876 switched from Humana Eastern to CompcareBlue Southeast
- 1569 switched from Standard Plan 2 to the Standard Plan
- 447 switched from GHC Eau Claire to Atrium
- 432 switched from Unity UW to Physicians Plus
- 391 switched from CompcareBlue North to the Standard Plan
- 349 switched from Gundersen Lutheran (discontinued dental benefits for 2004) to Health Tradition
- 231 switched from Humana Eastern to CompcareBlue Aurora Family

### **CONTRACT SHIFTS BY COUNTY**

#### **Dane County**

In Dane County, there were 1958 dual applications submitted with 1687 subscribers switching health plans:

- 402 switched from Unity UW to Physicians Plus
- 341 switched from Standard Plan II to the Standard Plan
- 153 switched from Dean to Unity UW
- 100 switched from GHC SC to Unity UW

In Dane County, the four main HMOs are all offered at the same tier 1 price for state employees. Physicians Plus ended up with a net gain of 461 contracts, gaining back some of the contracts it lost to Unity UW in 2003. Although Unity UW lost a lot of contracts to Physicians Plus, it gained enough contracts from the other health plans to leave it with a net loss of only 84 contracts in the county.

#### **Portage County**

In Portage County there were 1304 dual applications submitted with 1301 subscribers switching health plans:

- 1140 switched from CompcareBlue North to SMP
- 139 switched from CompcareBlue North to the Standard Plan

With the withdrawal of CompcareBlue North from the Northern region of the state, Portage was one of the many counties in which SMP was established as the only qualified and in most cases the only available HMO. In fact of the 13 counties in which CompcareBlue North qualified in 2003, only four counties were left with qualified plans and 2 were left with nonqualified plans, leaving an additional 9 counties (total of 11, up from 2) with no HMO option available.

#### **Milwaukee County**

In Milwaukee County there were 961 dual choices with 880 switching health plans:

- 307 switched from Standard Plan II to the Standard Plan
- 213 switched from Humana Eastern to CompcareBlue Aurora Family
- 191 switched from Humana Eastern to CompcareBlue Southeast

Humana Eastern's status as a tier 2 plan caused it to lose contracts to CompcareBlue in the eastern region of the state. For subscribers living in Milwaukee County, some chose to seek healthcare in neighboring counties because of the availability of different provider networks. CompcareBlue Southeast providers overlap with those offered by Humana Eastern and thus subscribers are choosing the cheaper option. CompcareBlue Aurora Family pulled out of all counties except for Milwaukee County.

### **Racine County**

In Racine County there were 951 dual choices with 925 switching health plans. The majority of the switched from Humana Eastern to CompcareBlue Southeast because the overlapping providers available to state employees at a tier 2 and a tier 1 level of employee contribution respectively.

### **Brown County**

In Brown County there were 328 dual choices with 308 switching health plans. Although this county was not among the counties with the most dual choices, it is noteworthy because of the dramatic number of contracts gained by Prevea Health Plan. Overall, Prevea had a net gain of 184 contracts in the county, gain most contracts from CompcareBlue Northeast, a tier 2 plan. CompcareBlue Northeast also lost 78 contracts to Touchpoint in the county.