

**DRAFT**

**MINUTES OF MEETING**

**STATE OF WISCONSIN  
GROUP INSURANCE BOARD**

**Tuesday, April 20, 2004**

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

**BOARD PRESENT:** Stephen Frankel, Chair  
Randy Blumer, Vice-Chair  
Robert Baird  
Martin Beil  
Janis Doleschal  
Jane Hamblen  
David Schmiedicke  
Karen Timberlake

**BOARD  
NOT PRESENT:** Esther Olson, Secretary

**PARTICIPATING ETF  
STAFF:** Eric Stanchfield, Secretary  
Dave Stella, Deputy Secretary  
Tom Korpady, Administrator, Division of Insurance Services  
Bill Kox, Director, Health Benefits & Insurance Plans Bureau  
Robert F. Weber, Chief Legal Counsel  
Deborah Godt, Group Insurance Board Liaison  
Sharon Walk, Board Liaison

**OTHERS PRESENT:** Larry Bach, Blue Cross Blue Shield of Wisconsin  
Laura Barnard, Minnesota Life Insurance Company  
Christine Bodilly, Dean Health Plan  
Christopher Burke, CORE, Inc.  
David Fee, Humana  
Emily Feinstein, Quarles & Brady  
Brian Fusie, Office of State Employment Relations  
David Grunke, Wisconsin Physicians Service  
Mary Haffenbredl, Atruim Health Plan  
Lisa Halbach, Blue Cross Blue Shield of Wisconsin  
Emily Halter, Blue Cross Blue Shield of Wisconsin  
Kathy Ikeman, Unity Health Insurance  
Joy Kaiser, Medical Associates Health Plan  
Nicholas Knutson, Legislative Audit Bureau  
Penney Leverenz, Network Health Plan  
Anita Materi, Touchpoint Health Plan  
Deb Nelson, Dean Health Plan  
John Parr, Wisconsin Professional Police Association

Robert Parr, Delta Dental Plan of Wisconsin  
Michael Pole, Group Health Cooperative  
Beth Ritchie, University of Wisconsin System Administration  
Carol Ruhn, Wisconsin Education Association  
Chris Schmelzer, Minnesota Life Insurance Company  
Louie Schubert, Wisconsin Association of Health Plans  
Ron Sebranek, Physicians Plus Insurance Corp.  
Mel Sensenbrenner, State Engineers Association  
Jeff Verrill, CORE, Inc.  
John Vincent, Office of State Employment Relations  
Al Wearing, Blue Cross Blue Shield of Wisconsin  
Mike Weber, Dean Health Plan  
Nancy Wenzel, Wisconsin Association of Health Plans  
Art Zimmerman, Legislative Fiscal Bureau

Mr. Frankel, Chair, called the meeting to order at 8:33 a.m.

Tom Korpady introduced Deborah Godt as the new Group Insurance Board Liaison.

#### **CONSIDERATION OF MINUTES OF FEBRUARY 17, 2004, MEETING.**

***MOTION: Ms. Timberlake moved approval of the minutes of the February 17, 2004, meeting as submitted by the Board Liaison. Mr. Blumer seconded the motion, which passed without objection on a voice vote.***

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

Christopher Burke, Senior Account Executive for CORE, Inc., (CORE) presented an update of the ICI and LTDI programs to the Group Insurance Board (Board). Jeff Verrill, Managing Director of CORE, informed the Board that CORE, a division of Fortis, was purchased by Broadspire on Friday, April 16, 2003. Eventually CORE will be known as Broadspire. The legal transfer is expected to be complete within the next three weeks, and the official name change will occur in the next six to eight months.

#### **HEALTH INSURANCE PROGRAM**

##### **Dual-Choice Enrollment.**

Bill Kox reported that staff is recommending setting the Dual-Choice enrollment period from October 11-29, 2004, for coverage effective on January 1, 2005.

***MOTION: Ms. Hamblen moved approval of the Dual-Choice enrollment dates as October 11-29, 2004. Ms. Doleschal seconded the motion, which passed without objection on a voice vote.***

## **2005 Guidelines and Uniform Benefits.**

Bill Kox presented the recommendations of the guidelines discussion group for the Board's consideration.

### **Discussion of Guidelines:**

**State Maintenance Plan (SMP):** The group recommends SMP be aligned with Uniform Benefits in 2005. This item will be taken up by the Board at the August meeting when the rate recommendations are reviewed.

**Qualification Criteria for Hospitals:** Current qualification criteria requires a plan to have in its network at least one hospital per county or major city. There are eight counties that do not have hospitals. The group recommends the hospital qualification criteria be waived for those counties without hospitals when a qualified plan in contiguous counties has the nearest hospital in its network. The recommendation for specific counties will be brought back to the Board in August.

**Segregating Provider Groups by Costs:** The ability of health plans to negotiate with their providers could be greatly enhanced by allowing them to segregate their provider groups in a given geographic area by high-cost and low-cost providers. The group recommends allowing plans the option of segregating their provider networks into separate plans based on the cost of provider groups and, if appropriate, share specialty providers.

**Three-Year Opt Out Provisions:** The current plan requires that any plan that opts out of participation in our program remain out for three years. This was done to prevent a plan from dropping out one year and coming back in the next year merely to stabilize its risk group. With the change in the structure of the employer contribution from 105% to the three-tier formula, the discussion group believes that a one-year exception would be in order. The group requests a one-time suspension of the three-year requirement to allow any plan that opted out to rejoin our program under the tiered premium contribution structure.

**Local Government Survey:** Mr. Kox presented a survey conducted by staff to gauge the interest of local government employers in alternative health plan benefit designs. Both participating and non-participating employers were surveyed. This was an informational item only and no action was required by the Board.

### **Changes to the Wisconsin Public Employers (WPE) Program:**

**Deductible Option:** Based on the survey results, the group recommends the Board authorize the Department to proceed with one of the two following options after consulting with the Board's actuary:

- a) \$250 individual / \$500 family deductible with a \$20 office visit copayment that would be assessed after the deductible is met for non-preventive office visits.
- b) \$500 individual / \$1000 family deductible.

**Underwriting:** To protect the program, the group recommends that all new groups with 100 or more eligible employees be assessed a variable surcharge for two years based on the risk of the group.

**Premium Tiering:** The group recommends local employers be allowed to exceed the 105% parameter for employer contribution if using the tiered premium approach. This will require an administrative rule change.

**Allowing Local Retirees to Escrow Sick Leave:** There have been requests from some local employers to extend the concept of sick leave escrow to the local program. Currently, local annuitants who opt out of our program are unable to rejoin. Unfortunately, resources are limited and the group is not recommending any change at this time.

**Prohibiting Local Employers to Incent Employees to Opt Out:** The group recommends contract language be added to prohibit local employers from providing incentives for employees to decline coverage under our program.

#### **Uniform Benefits:**

The guidelines discussion group does not recommend any benefit changes to Uniform Benefits for 2005 in light of the significant changes implemented in 2004. The only changes being recommended are clarifications to help administer the program. Definitions have been added for generic drug, brand-name drug, illness, generic equivalent, network pharmacy and self-administered injectibles. These are cost-neutral clarifications to the program.

#### **Other Issues:**

**Prescription Drug Out-Of-Pocket (OOP) Maximum:** Periodically the Board has modified the Out-Of-Pocket (OOP) Maximum to stay in line with inflation. Because of all of the changes this year, the group is not recommending any changes to the pharmacy benefit maximums for 2005.

**Gastric Bypass:** The group does not recommend adding this benefit for calendar year 2005.

**Discussion of Medicare Plus \$100,000:** The group recommends changing from a \$100,000 maximum illness/injury benefit to a \$250,000 lifetime maximum benefit. This change will be brought to the Board at the August meeting.

***MOTION: Mr. Blumer moved acceptance of the changes as outlined in the memo dated March 30, 2004, and as reviewed by Mr. Kox. Ms. Timberlake seconded the motion, which passed without objection on a voice vote.***

#### **HANDLING OF BOARD CORRESPONDENCE**

With the creation of tiers and the switch to a pharmacy benefit manager, a significant amount of correspondence has been received regarding these issues.

Mr. Korpady provided background on how correspondence is handled on behalf of the Board. In addition, Mr. Korpady asked the Board for suggestions on handling future correspondence. The Board asked that the Department continue the current practice of responding on the Board's behalf, but also asked that a summary be provided on a periodic basis. They also commended staff on past handling of inquiries.

#### **EDUCATIONAL TOPIC: FIDUCIARY TRAINING**

Mr. Korpady introduced Department of Employee Trust Funds Chief Legal Counsel, Robert Weber. Mr. Weber conducted a presentation and training in fiduciary responsibility specifically related to the roles and responsibilities of board members. Mr. Weber discussed in detail the following five areas of fiduciary duty: loyalty, protect the trust assets, impartiality, prudence, and respect the specific terms and purpose of the trust.

#### **MISCELLANEOUS**

**Legislative Update.** Included for the Board's information.

**Pending Appeals Status Report.** Included for the Board's information. The Group Insurance Board currently has 20 appeals pending.

#### **MOTION TO CONVENE IN CLOSED SESSION**

Mr. Frankel announced that the Group Insurance Board would convene in closed session pursuant to the exemptions contained in Wis. Stats. § 19.85 (1) (a) for quasi-judicial deliberations. Mr. Fusie, Ms. Godt and Ms. Walk were invited to remain during all portions of the closed session.

***MOTION: Mr. Beil moved to convene in closed session pursuant to the exemptions contained in Wis. Stats. § 19.85 (1) (a) for quasi-judicial deliberations. Mr. Baird seconded the motion, which passed without objection on the following roll call vote:***

**Members Voting Aye: Baird, Beil, Blumer, Doleschal, Frankel, Hamblen, Schmiedicke and Timberlake.**

**Members Voting Nay: None.**

The Group Insurance Board convened in closed session at 11:10 a.m. and reconvened in open session at 11:47 a.m.

#### **ANNOUNCEMENT OF ACTION TAKEN ON BUSINESS DELIBERATED DURING CLOSED SESSION**

Mr. Frankel announced that the Board took the following action during the closed session:

**Appeal**

- **2000-058-GIB.** The Board voted to set aside the hearing examiner's proposed decision and to remand the case to the hearing examiner with instruction to take further testimony.

**ADJOURNMENT**

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

The Group Insurance Board adjourned at 11:50 a.m.

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

Secretary: \_\_\_\_\_

Esther Olson