

**MINUTES OF MEETING**  
**STATE OF WISCONSIN**  
**GROUP INSURANCE BOARD**

**Tuesday, June 8, 2004**

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

**DRAFT**

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

**BOARD NOT PRESENT:** None

**PARTICIPATING ETF STAFF:** 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

**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.  
Arlene Dumbrowicki, Prevea Health Plan  
Kendra Eppler, Legislative Audit Bureau  
Brian Fusie, Office of State Employment Relations  
Charlotte Gibson, Department of Justice  
David Grunke, Wisconsin Physicians Service  
Mary Haffenbredl, Atruim Health Plan  
Emily Halter, Blue Cross Blue Shield of Wisconsin  
Kathy Ikeman, Unity Health Insurance  
Patrick Kenney, CORE, Inc.  
Eileen Mallow, Office of the Commissioner of Insurance  
Tony Mason, Legislative Fiscal Bureau  
Beca Nix, Minnesota Life Insurance Company

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Kathy O'Neil, The Alliance  
Tom Reener, Prevea Health Plan  
Beth Ritchie, University of Wisconsin System Administration  
James Searcy, Deloitte Consulting LLP  
Chris Schmelzer, Minnesota Life Insurance Company  
Ron Sebranek, Physicians Plus Insurance Corp.  
Mel Sensenbrenner, State Engineers Association  
Lisa Stenk, Wisconsin Education 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  
Steve Wegner, Wisconsin Professional Police Association  
Art Zimmerman, Legislative Fiscal Bureau

Mr. Frankel, Chair, called the meeting to order at 8:34 a.m.

Chairman Frankel explained that the Preliminary Discussion on Medicare Drug Benefit (first bullet of agenda item 6) would be handled in open session and then the Group Insurance Board (Board) will take a break and handle the item New Participating Health Plan Proposals (second bullet of agenda item 6) in closed session.

**CONSIDERATION OF MINUTES OF APRIL 20, 2004, MEETING.**

***MOTION: Mr. Blumer moved approval of the minutes of the April 20, 2004, meeting as submitted by the Board Liaison. Ms. Hamblen seconded the motion, which passed without objection on a voice vote.***

**INCOME CONTINUATION INSURANCE (ICI) PROGRAM**

Mr. Searcy presented the State Income Continuation Insurance Plan Actuarial Review to the Board. Since the funded status of the plan is in the targeted range, a premium increase is not being recommended at this time.

***MOTION: Ms. Olson moved to keep premium rates for the State Income Continuation Insurance program the same as the previous year. Mr. Blumer seconded the motion, which passed without objection on a voice vote.***

Mr. Searcy presented the Local Income Continuation Insurance Plan Actuarial Review to the Board. Mr. Searcy reported that in 1996 it was discovered that some claims were double-counted, which resulted in the program being in the well-funded status it is in today. He is not recommending a rate increase at this time. A premium holiday is not being recommended as this program is subject to substantial volatility and even a slight increase in claims could reduce the net fund balance significantly.

***MOTION: Mr. Baird moved to keep premium rates for the Local Income Continuation Insurance program the same as the previous year. Ms. Doleschal seconded the motion, which passed without objection on a voice vote.***

## **LONG-TERM DISABILITY INSURANCE (LTDI) PROGRAMS**

Mr. Korpady gave an overview of the LTDI election history. The department has completed an analysis and has determined that an election is not needed at this time. Mr. Searcy has reviewed the department's analysis and recommends the Board extend the deadline for the election.

***MOTION: Mr. Blumer moved to extend the deadline for the election of LTDI or §40.63 benefits to January 3, 2007. Ms. Timberlake seconded the motion, which passed without objection on a voice vote.***

## **ADMINISTRATIVE RULE SCOPE STATEMENT**

### **Wisconsin Public Employers (WPE) Premium Tiering Plan**

Mr. Kox presented the proposed rule change for local government health insurance contributions under ETF 40.10 (2) (b). Mr. Kox explained that if the Board approves this scope statement, the Department would be authorized to begin the promulgation process to modify this administrative rule to allow local government employers the option of offering a tiered structure for health insurance premiums. Premium Tiering was authorized under Wis. Stat. § 40.51 (6) for State of Wisconsin employers effective January 1, 2004.

***MOTION: Ms. Hamblen moved approval WPE Premium Tiering Scope Statement. Ms. Timberlake seconded the motion, which passed without objection on a voice vote.***

## **MISCELLANEOUS**

**Controlled Correspondence Summary:** Mr. Korpady presented a summary to the Board of correspondence received by the Department since the last Board meeting on April 20, 2004. Mr. Korpady asked the Board if there is anything they'd like to see added or changed to make this summary more useful to them. The Board asked that the related correspondence received addressed to the Department Secretary and others in the Department be included on the report if possible.

**Annual Grievance and ETF Complaint Report:** Included for the Board's information.

**Pending Appeals Status Report:** Included for the Board's information. The Group Insurance Board currently has 19 appeals pending.

**Long-term Care Insurance (LTCI) Program Update:** Included for the Board's information. There are nearly 6,000 policies issued by the three carriers, up from 5,000 last year. About 3,300 of these are annuitants; the rest are active employees, spouses or parents.

**Spectera Update:** Informational; no action. Twenty-four state agencies opted to participate in this optional, employee pays all vision benefit program and 2,132 employees enrolled. There are currently over 500 providers within Wisconsin; approximately 200 are private practice providers, the rest are retail providers.

#### **PRELIMINARY DISCUSSION ON MEDICARE DRUG BENEFIT**

Mr. Searcy presented to the Board preliminary information with regard to the Medicare Prescription Drug Improvement and Modernization Act of 2003. Based on the current facts, it appears that it could be advantageous for the State to implement a carve-out plan. Mr. Korpady added that this is background information only at this point. This will be an important issue in the future and therefore will be brought back to the Board at the November or February meeting when more information becomes available.

#### **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) and (e) for quasi-judicial deliberations and for deliberations which involve competitive bargaining aspects involving expenditure of public funds. ETF staff and Jim Searcy were invited to remain during the New Participating Health Plan Proposals discussion. Mr. Fusie and Ms. Godt 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. Stat. § 19.85 (1) (a) and (e) for quasi-judicial deliberations and for deliberations which involve competitive bargaining aspects involving expenditure of public funds. Ms. Timberlake seconded the motion, which passed without objection on the following roll call vote:***

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

**Members Voting Nay: None.**

The Group Insurance Board convened in closed session at 9:35 a.m. and reconvened in open session at 11:04 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:

**New Participating Health Plan Proposals**

- The Board accepted a proposal from Wisconsin Physicians Service called Patient's Choice on a non-qualified basis for the first year contingent upon the acceptability of the premium rates and rate review information due by July 23, 2004.

**Appeal**

- **2003-029-GIB.** The Board rejected the hearing examiner's proposed decision and adopted an alternate decision affirming the determination of the Department.

**ADJOURNMENT**

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

The Group Insurance Board adjourned at 11:07 a.m.

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

Secretary: \_\_\_\_\_  
Esther Olson