

## SUMMARY – Department of Employee Trust Funds 2005-2007 Biennial Budget Request

### I. Direct Service Staffing

**Member Services Bureau Staffing** – Continue to meet the service needs of a growing population of active, inactive and retired participants. By 2007, as the impact of the aging “baby boom” generation will hit the Wisconsin Retirement System (WRS) in full force, the number of active WRS participants eligible to retire is estimated to be 91,002, a 79% increase over the 50,850 active WRS members that were eligible to retire during 1996. By adding positions, the Department expects to provide more timely and accurate information to all WRS participants about employee benefit programs, as well as process applications and pay benefits more expeditiously. For instance, the Department’s goal is to provide retirement estimates to 25% of WRS eligible-to-retain population within 15 days of receiving the request and disability estimates within five days of request. Additionally, the Department’s goal is to have members schedule an appointment within three weeks of contacting the Department.

*Requested: \$ 253,800 SEG in the first year (\$198,000 ongoing/\$55,800 one time) and \$209,700 SEG in the second year and 4.5 FTE SEG permanent positions (includes conversion of 3.5 FTE GPR positions).*

**Customer Service Call Center** – Continue support of the Customer Service Call Center, which provides critical “one-stop” telephone services to members. The Department has experienced, and expects to continue to experience, unprecedented demand for services and growth. Developing and maintaining a highly qualified, well-trained staff is one of the most important factors in the success of the Call Center. The addition of positions will allow more member phone calls (about 31,400 calls per year) to be directed to trained personnel in a reasonable amount of time while reducing the average time on hold.

*Requested: \$107,200 SEG in the first year and \$142,800 SEG in the second year and 2.5 FTE SEG permanent positions.*

**Privacy and Security Officer** – Continue the need for a full-time Privacy and Security Officer as required under and to maintain compliance with the federal Health Insurance Portability and Accountability Act (HIPAA). The request converts the existing project position to permanent to ensure the Department’s privacy policies and procedures remain compliant with federal and state regulations while protecting the interests of our members.

*Requested: \$36,900 SEG in the first year and \$73,900 SEG in the second year and the conversion of 1.0 FTE SEG project position to permanent.*

Board	Mtg Date	Item #
GIB	11/16/2004	4

## II. New Initiatives

**Value-Based Health Care Purchasing** – Seek resource and funding flexibility for the Department to evaluate the long-term value, effectiveness and quality of current and potential health care cost containment initiatives for state and local government employees. The Department's health insurance program is the largest single non-federal health plan in the state and provides coverage to over 230,000 state and local government employees, retirees, and their dependents with annual expenditures of over \$900 million. The Department's ability to purchase services to research, evaluate and propose value-based strategies can provide positive long-term effects on health care quality and cost containment. Such value-based initiatives may include assessing Centers of Excellence, establishing best practices in disease management, and evaluating compliance with copayment levels under the Pharmacy Benefit Manager program.

*Requested: \$23,400 SEG in both years (for limited-term employees and supplies and services) and statutory language changes to the Health Insurance Data Collection and Analysis appropriation to provide flexibility to purchase services for health care cost containment and quality improvement initiatives.*

## III. Other

**Statutory Cost To Continue Increases** – Provide funding for increases associated with hearings and appeals services of the Division of Hearings and Appeals at the Department of Administration and for required actuarial audits conducted by the Legislative Audit Bureau, including the five-year audit of the WRS and annual audits of the Department's financial statements and accounting controls.

*Requested: \$192,700 SEG (\$65,000 one time) in the first year and \$135,300 SEG in the second year.*

**Sum Sufficient Appropriation** – Re-estimate of GPR funding requirements for annuity supplements and payments due to the reduction in number of eligible recipients.

*Requested: \$1,908,800 GPR in the first year (-\$451,400) and \$1,549,000 GPR (-\$811,200) in the second year.*

#### IV. Statutory Language Changes

- A. **Insurance Program Flexibility** – Allows the Group Insurance Board (GIB) to contract with any public or private entity for administrative services for group insurance plans administered by the GIB. The language changes the current annual appropriation to a continuing appropriation for funding through the Public Employee Trust Fund.
- B. **Administrative Appropriation Flexibility** – Changes the current annual appropriation to a continuing appropriation for funding of all administrative expenses from the Public Employee Trust Fund. This provides flexibility to the Department to increase funding based upon needs of our participants.
- C. **Position Control Flexibility** – Provides the Department flexibility to create positions by seeking approval through the Joint Committee on Finance’s 14-day passive review process. The Department currently may only request position authorization through the biennial budget process or the emergency s. 13.101 process.
- D. **Litigation Costs Funding Change** - Permits any future costs of legal representation of the Employee Trust Funds Board by special counsel to be paid directly from the trust funds instead of being billed to the Department of Justice’s GPR special counsel appropriation.
- E. **Office Maintained by the Department** – Deletes the requirement in law to always maintain an office in Milwaukee. This change provides the Department with the flexibility to better serve the needs of members throughout the state by using a variety of strategies to provide information and counseling.
- F. **Gifts and Grants Appropriations** – Creates the ability to receive and expend both federal and non-federal gift and grant dollars.

V. **Fiscal and Position Summary**

	<b>FY 2005-2006</b>	<b>FY 2006-2007</b>
<b>Positions (FTE) Requested</b>	<b>4.5*</b>	<b>4.5*</b>
<b>New Permanent</b>	3.5	3.5
<b>Converted from Project to Permanent</b>	1.0	1.0
<b>Ongoing SEG Funding Requested</b>	\$493,200	\$585,100
<b>One-Time Funding Requested</b>	\$120,800	\$0
<b>Total Budget (SEG)</b>	<b>\$614,000**</b>	<b>\$585,100**</b>
<b>Total Budget (GPR) – Benefit Supplements for Older Annuitants</b>	<b>\$1,908,800**</b>	<b>\$1,549,000**</b>

\*The positions (FTE) do not include 3.5 FTE GPR positions that are requested for conversion from the existing base GPR to SEG. The Department's total position count for each year of the biennium is 199.35 FTE.

\*\*These figures represent items shown in the budget summary. The Department's total SEG budget, including all positions, supplies, etc., is \$20,705,000 for fiscal year 2006 and \$20,650,800 for fiscal year 2007. This reflects an increase of 1.6% in operational costs over the prior budget. The Department's GPR budget decreased 26.75%.