



STATE OF WISCONSIN  
Department of Employee Trust Funds  
Eric O. Stanchfield  
SECRETARY

801 W Badger Road  
PO Box 7931  
Madison WI 53707-7931  
1-877-533-5020 (toll free)  
Fax (608) 267-4549  
TTY (608) 267-0676  
<http://etf.wi.gov>

**CORRESPONDENCE MEMORANDUM**

**DATE:** January 20, 2005  
**TO:** Group Insurance Board  
**FROM:** Sonya Sidky, Project Manager  
Division of Insurance Services  
**SUBJECT:** 2005 Dual-Choice Enrollment Results

The purpose of this memo is to highlight and explain major shifts in enrollment by health plan resulting from the 2005 dual-choice enrollment period. This report is for information only; no Board action is required.

Attached are the 2005 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 2004, to January 2005, that are a result of a dual-choice. The number of contracts added by health plan in 2005, and deleted by health plan in 2004, is broken down by coverage type (single and family). The percentage change in total contracts for each plan is included.

Approximately 5,397 applications were submitted during the dual-choice enrollment period. Active State Employees accounted for about 58 percent (3,147) of the applications.

There were about 40 percent fewer dual-choice applications submitted for 2005 (5,397) than there were for 2004 (13,319). The loss of Valley Health Plan accounted for 1,658 dual-choices and the loss of State Maintenance Plan status in a few counties accounted for 16 dual-choices, leaving 3,723 dual-choices that were voluntary. This is just over half the number of voluntary dual-choices in 2004. This may be because the relative cost to employees remained the same, with the exception of GHC Eau Claire, which was a tier 2 plan in 2004 and is a tier 1 plan in 2005.

**CHANGES IN HEALTH PLANS**

- Valley Health Plan withdrew from the program for 2005. This resulted in about 1,658 subscribers selecting other health plans and another 22 canceling their health insurance coverage. 2004 Valley Health Plan Subscribers primarily moved to:
  - Humana Western (1,183)
  - Standard Plan (223)
  - GHC Eau Claire (141)
  - Atrium (87)
  - CompCareBlue Northwest (21)

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

Signature \_\_\_\_\_

Date \_\_\_\_\_

Board	Mtg Date	Item #
GIB	2/15/2005	6

- CompcareBlue Northwest was added as a new plan for 2005 and is available in the following counties: Barron, Burnett, Chippewa, Eau Claire, Pepin, Pierce Polk, St. Croix, Washburn. The Northwest Network only gained 57 existing contracts and has a total of 60 contracts for 2005, mostly Locals (51 out of 60). This relatively poor showing may be due to the lack of the Midelfort clinic in the network.
- GHC Eau Claire changed from a tier 2 plan in 2004 to a tier 1 plan in 2005, and as a result, had a net gain of 373 contracts. GHC Eau Claire picked up 215 contracts from Atrium and 141 contracts from Valley Health Plan.
- The state Standard Plan, including Medicare plus \$1,000,000, had a net gain of 234 contracts. From 2004 to 2005 the Standard Plan Medicare policy was changed from having a yearly limit of \$100,000 to a lifetime limit of \$1,000,000 which resulted in a slightly lower premium. The premium for the Medicare policy was greatly affected by the cost savings from Navitus since pharmacy is such a large part of total claims cost. The resulting reduction in premium likely accounts for the majority of subscribers that switched to the Standard Plan. Of the 493 subscribers that moved to the Standard Plan, 347 were Medicare contracts.

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

Of the 5,397 dual-choice applications that were filed, 470 (9%) were coverage level changes. The majority (258) increased their level of coverage from single to family contracts while the minority 212 contracts decreased coverage from family to single contracts. This is a reversal of the trend in 2004, in which the majority of contract level changes were decreases from family to single contracts, most likely because under tiering, it was the first year in which all employees had to pay something for health insurance.

The number of subscribers who decided to cancel their health insurance coverage effective 12/31 also leveled off from 2004 (519) to 2005 (229). The slow down in decreases in the level of health insurance coverage as illustrated by the decrease in family to single dual-choices and the decrease in 12/31 cancels is expected since this is the second year in which tiering is in effect for state employees.

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

Major contract gainers include:

- Humana Western had a net gain of 1,162 contracts, which represents a 37 percent increase subscribers; most of the contracts gained were from Valley Health Plan.
- GHC Eau Claire had a net increase of 373 contracts, which represents a 37 percent increase in subscribers. Most of the contracts gained came from Atrium Health Plan (215) because GHC Eau Claire's 2005 status as a tier 1 plan is no longer more expensive than Atrium to employees. GHC Eau Claire also gained a number of contracts from Valley Health Plan (141).
- CompcareBlue Southeast had a net increase of 324 contracts, which represents a 14 percent increase in subscribers. The vast majority of contracts gained are from Humana Eastern (327), which remains a tier 2 plan for 2005.
- The state Standard Plan, including Medicare plus \$1,000,000, had an increase of 234 contracts, which represents a 2 percent increase in subscribers. As discussed above, the premium for the Medicare policy decreased from 2004 to 2005.
- Network had a net increase of 176 contracts, which represents a 4 percent increase in subscribers. Network newly offers dental benefits to state and local employees and retirees in 2005 and directly competes with Unitedhealthcare, which does not offer dental benefits. Network gained 146 contracts from Unitedhealthcare.

- Physicians Plus had a net increase of 110 contracts, which represents a one percent increase in subscribers. This is consistent with the 2004 trend of Physicians Plus gaining contracts back from Unity UW after Physicians Plus lost thousands of contracts two years ago when the cost to employees greatly increases in Dane county. Physicians Plus gained 131 contracts from Unity UW.

Major contract losers include:

- The majority (1,658) of Valley Health Plan subscriber switched to a different health plan; others cancelled health insurance with the state.
- Humana Eastern had a net loss of 409 contracts, which represents a 6 percent decrease in subscribers. As described above, most of these contracts were lost to CompcareBlue Southeast (324), which has an overlap of providers with Humana Eastern and is a tier 1 plan. A number of subscribers also switched to CompcareBlue Aurora (89), a tier one plan that competes with Humana Eastern in Milwaukee County and the Standard Plan (57).
- CompcareBlue Northeast, a tier 2 plan, had a net loss of 211 contracts, which represents a 30 percent decrease in subscribers. The majority of contracts lost (181) were to Unitedhealthcare, which is a tier 1 plan and therefore a cheaper option for employees.
- Atrium had a net loss of 126 contracts, which represents a 6 percent decrease in subscribers. As described above, Atrium lost 215 contracts to GHC Eau Claire which for 2005 is newly a tier 1 plan. Atrium managed to offset some of the loss by gaining contracts from Valley Health Plan (87).
- Standard Plan Wisconsin (Local) had a net loss of 96 contracts, which represents a 37 percent decrease in subscribers. As this plan is becoming increasingly expensive to local employees, they are moving to cheaper options such as Dean Health Plan (29), SMP (22), GHC Eau Claire (16), and Humana Eastern (14).

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

Of the 4927 dual-choices between plans, the major shifts were:

- 1,183 switched from Valley Health Plan to Humana Western
- 327 switched from Humana Eastern to CompcareBlue Southeast
- 219 switched from Unitedhealthcare to Network Fox Valley
- 217 switched from Valley Health Plan to the Standard Plan
- 215 switched from Atrium to GHC Eau Claire
- 181 switched from CompcareBlue Northeast to Unitedhealthcare
- 146 switched from Network Fox Valley to Unitedhealthcare

### **CONTRACT SHIFTS BY COUNTY**

#### **Dane County**

In Dane County, there were 862 dual applications submitted with 673 subscribers switching health plans:

- 124 switched from Unity UW to Physicians Plus
- 76 switched from Dean to Unity UW
- 58 switched from GHC SC to Unity UW
- 51 switched from Dean to GHC SC
- 43 switched from Physicians Plus to Unity UW
- 43 switched from Dean to Physicians Plus

In Dane County, the four main HMOs are all offered at the tier 1 price for state employees. Physicians Plus ended up with a net gain of 108 contracts, continuing the trend of gaining back 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 gain of 30 contracts in the county. Dean had a net loss of 102 contracts in the county and GHC SC had a net gain of 10 contracts in the county. The Standard Plan had a net loss of 39 contracts in the county.

### **Eau Claire County**

In Eau Claire County, there were 823 dual applications submitted with 819 subscribers switching health plans:

- 532 switched from Valley Health Plan to Humana Western
- 118 switched from Valley Health Plan to the Standard Plan
- 95 switched from Atrium to GHC Eau Claire

### **Chippewa County**

In Chippewa County, there were 363 dual applications submitted with 355 subscribers switching health plans:

- 161 switched from Valley Health Plan to Humana Western
- 89 switched from Atrium to GHC Eau Claire
- 49 switched from Valley Health Plan to the Standard Plan

### **Dunn County**

In Dunn County, there were 354 dual applications submitted with 352 subscribers switching health plans:

- 276 switched from Valley Health Plan to Humana Western
- 30 switched from Valley Health Plan to the Standard Plan
- 15 switched from Valley Health Plan to Atrium

### **Milwaukee County**

In Milwaukee County there were 323 dual choices with 275 switching health plans:

- 83 switched from Humana Eastern to CompcareBlue Aurora Family
- 35 switched from CompcareBlue Southeast to Humana Eastern
- 31 switched from Humana Eastern to CompcareBlue Southeast
- 30 switched from the Standard Plan to Humana Eastern
- 28 switched from Humana Eastern to the Standard Plan

Humana Eastern remains a tier 2 plan for 2005 and continues to lose contracts to CompcareBlue Aurora Family, CompcareBlue Southeast and the Standard Plan. CompcareBlue Southeast providers overlap with those offered by Humana Eastern and thus subscribers are choosing the cheaper option.

### **Barron County**

In Barron County, there were 314 dual applications submitted with 311 subscribers switching health plans:

- 109 switched from Valley Health Plan to Humana Western
- 78 switched from Valley Health Plan to GHC Eau Claire
- 55 switched from Valley Health Plan to Atrium

**Attachments:**

Table 1: 2005 Dual Choice Statistics All Contracts: New Coverage, Old Coverage and Net Change in Contracts by Health Plan

Table 2: 2005 Dual Choice Statistics--Active State Employees

Table 3: 2005 Dual Choice Statistics—Locals

Table 4: 2005 Dual Choice Statistics—Graduate Assistants

Table 5: 2005 Dual Choice Statistics—Annuitants and Continuants