



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 27, 2006
TO: Group Insurance Board
FROM: Arlene Larson, Manager, Self-Insured Health Plans
SUBJECT: Report on Contract Implementation with WPS

This memo is to update the Board on the status of the implementation of the Administrative Service Only Standard Plans with WPS Health Insurance (WPS). WPS began administering the program January 1, 2006. The Department has been meeting with WPS regularly and, as discussed below, all parties agree that the transition has gone quite well.

This memo is for informational purposes only. No Board action is required.

Subsequent to the Board's issuance of the intent to award the contract to WPS subject to negotiation of the final terms, which were settled successfully, WPS and staff have met regularly to address the transition. Weekly meetings between the transition teams from the Department, WPS, and Blue Cross & Blue Shield of Wisconsin (BCBSWI) commenced in early June of 2005. The teams worked cooperatively and addressed in detail the comprehensive transition areas listed. While most areas resolved well, there have been a few areas that had negative results as described below, primarily with the Beech Street network for out-of-state members in the State Standard Plan, and some small concerns with identification (ID) cards. The main areas of discussion were:

1. Eligibility
2. ID cards
3. Booklets
4. Set-up of provider networks
5. Claims, both medical and prescription drug from Navitus
6. Benefits
7. Information provided to members through the mail, the Internet, and person to person
8. Billing
9. Reporting for the Board and Department
10. 'Cut-over' from BCBSWI to WPS in late December

Description of outcomes:

1. Eligibility: A favorable outcome resulted from the Department and WPS' development and implementation of an electronic enrollment and eligibility process between them, to eliminate paper applications and communicate all necessary information electronically. The process is running and a similar process will be utilized in the future for all participating plans. There were no major problems.

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

Signature

Date

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2. ID cards were printed and mailed in mid to late December with mainly positive results. The largest population enrolled in the program (members in the Medicare Plus \$1,000,000 plan) received their cards prior to January 1st. Some of our members in other plans received their ID cards in early January. WPS customer service was able to provide identification information to members and their providers as needed until the card was received. However, some of these members expressed their dissatisfaction.
3. Booklets have been finalized for all self-funded plans. Most booklets were mailed in mid-December. All self-funded plan booklets were mailed by early January. In cases where the booklet was not ready to accompany the ID card mailing, it was sent separately to assure that the member received their ID card as soon as possible.

However, booklets for members in the Local Annuitant Health Plan (LAHP), the small, fully insured product available to certain local annuitants, are being finalized as of the writing of this memo. We expect them to be distributed soon. It should be noted that benefits for the approximately 300 subscribers in the Medicare Supplement program are not changing, so the negative impact of this delay is lessened. Benefits for the five subscribers in the program for annuitants under age 65 are having their benefits change from a copay plan to a Preferred Provider Plan (PPP). They have received mailings educating them on the change.

4. Mixed customer satisfaction results arrived with the implementation of provider networks for the PPPs and the State Maintenance Plan (SMP). These networks and all others offered through WPS were established in time for the Dual Choice period. WPS and ETF staff held discussions regarding the SMP network to assure that adequate access was available in all SMP counties while controlling the costs of the network.

Unfortunately, the Department received approximately 35 complaints from out-of-state members in states where the providers they were accustomed to utilizing are not members of the Beech Street network. Beech Street is the provider network that serves members in the State Standard Plan who reside outside of Wisconsin. WPS and ETF staff have been working with these members and Beech Street in order to provide in-network alternatives and attempt to contract with the providers in question.

5. A positive result occurred with the claims history transition from BCBSWI and Navitus. This data transfer allows WPS to monitor lifetime maximums and any third quarter carry over of deductibles. The transfer also allows WPS to combine the data with their incurred claims information so reports to the Department will be more complete when analyzing trends.
6. Benefits for all programs were successfully loaded onto WPS' system to facilitate claim adjudication. WPS began processing claims on January 9th. All claims were audited before releasing to payment to assure accuracy. At the time this memo was written, auditing was still occurring for plans where a lower amount of claims has been seen.
7. Materials were sent to members in a timely manner regarding the change to WPS including information about their benefits, networks, and WPS policies. Information was sent to existing members in late September and again with their IDs and booklets at the end of the year. New members were able to receive information at Dual Choice health fairs and again with their IDs and booklets.

8. The billing process for the Department and direct pay members was established smoothly. Direct pay members were given more access to paying their premiums through Automated Clearing House (ACH) with their banks. WPS states that response to this program has been good. Direct pay bills were mailed in early December to provide subscribers 30 days to pay their premium in accordance with standard industry practice.
9. Staff and WPS are reviewing report options in order to provide the Board with more timely and proactive utilization reports, in addition to standard staff reports. We expect to have an abbreviated utilization report to the Board at the June meeting.
10. The 'cut-over' from BCBSWI to WPS, consisting of transfer of managed care cases and files and communication of approved pre-certifications and SMP referrals, was accomplished successfully.