

**MINUTES OF MEETING**

**STATE OF WISCONSIN  
GROUP INSURANCE BOARD**

**DRAFT**

**Tuesday, April 18, 2006**

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

**BOARD PRESENT:** Randy Blumer, Vice-Chair  
Martin Beil  
Janis Doleschal  
Cindy O'Donnell  
David Schmiedicke  
Gary Sherman  
Karen Timberlake

**BOARD NOT PRESENT:** Stephen Frankel, Chair  
Esther Olson, Secretary  
Robert Baird

**PARTICIPATING ETF STAFF:** Eric Stanchfield, Secretary  
Dave Stella, Deputy Secretary  
Tom Korpady, Administrator, Division of Insurance Services  
Bob Conlin, Director, Legislation, Communications and Planning  
Bill Kox, Director, Health Benefits and Insurance Plans Bureau  
Sharon Walk, Group Insurance Board Liaison

**OTHERS PRESENT:** Brian Bellford, Legislative Audit Bureau  
Marcia Blumer, Division of Insurance Services  
Jeff Bogardus, Division of Insurance Services  
Christopher Burke, Broadspire  
Andrea Darling, United Health Care  
Liz Doss-Anderson, Division of Management Services  
Jodi Dunaway, Mercy Care  
Rhonda Dunn, Executive Assistant  
Elizabeth Dye, Group Health Cooperative  
Linda Esser, Division of Management Services  
Colleen Evans-Carter, Compcare Blue  
David Fee, Humana  
Steve Grob, Division of Insurance Services  
David Grunke, Wisconsin Physicians Service  
Emily Halter, Group Health Cooperative South Central  
Ross Hampton, Wisconsin Education Association Trust  
Steve Hurley, Division of Management Services  
Kathy Ikeman, Unity Health Insurance  
Joy Kaiser, Medical Associates Health Plans  
Christina Keeley, Division of Management Services

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Jon Kranz, Office of Internal Audit and Budget  
Arlene Larson, Division of Insurance Services  
Paul Merline, Wisconsin Association of Health Plans  
Peg Narloch, Division of Insurance Services  
Deborah Nelson, Dean Health Plan  
Robert Parr, Delta Dental Plan  
Ryan Pelz, Mercy Care  
Paul Perkins, Group Health Cooperative  
Diane Poole, Division of Insurance Services  
Eric Reisenwitz, Aetna  
Beth Ritchie, University of Wisconsin System Administration  
Deb Roemer, Division of Insurance Services  
Paul Romuald, Minnesota Life Insurance Company  
Chris Schmelzer, Minnesota Life Insurance Company  
Sam Schmirler, Gundersen Lutheran Health Plan  
Ron Sebranek, Physicians Plus Insurance Corporation  
Mel Sensenbrenner, State Engineers Association  
Sonya Sidky, Division of Insurance Services  
Tammie Smithback, American Dental Plan of Wisconsin  
Joan Steele, Division of Insurance Services  
Steve Werner, Wisconsin Professional Police Association  
Brandon Widell, United Health Care  
John Verberkmoes, American Federation of Teachers-Wisconsin  
Allan Zimmerman, Navitus

Randy Blumer, Vice-Chair, Group Insurance Board (Board), called the meeting to order at 8:35 a.m.

Mr. Stanchfield recognized Steve Grob, Manager, Optional Plans, Division of Insurance Services, on the occasion of his retirement. He presented Mr. Grob with a Certificate of Commendation from Governor Doyle. Mr. Korpady also thanked him for his many years of dedicated service to the Department of Employee Trust Funds (ETF) and the Board.

#### **CONSIDERATION OF MINUTES OF FEBRUARY 21, 2006, MEETING**

***MOTION: Mr. Beil moved approval of the open and closed session minutes of the February 21, 2006, meeting as submitted by the Board Liaison. Ms. Timberlake seconded the motion, which passed without objection on a voice vote.***

#### **HEALTH INSURANCE**

##### **Dual-Choice Enrollment Dates**

Mr. Korpady recommended that the Board establish October 9-27, 2006, as the period for Dual-Choice Enrollment for coverage effective on January 1, 2007.

***MOTION: Mr. Beil moved to establish October 9-27, 2006, as the Dual-Choice Enrollment dates. Ms. Doleschal seconded the motion, which passed without objection on a voice vote.***

### **2007 Guidelines and Uniform Benefits**

Mr. Kox discussed the Guidelines and Uniform Benefits for the 2007 Benefit Year. A guidelines discussion group met on February 28 and March 16, 2006, to establish recommendations for consideration by the Board. A comprehensive memorandum describing the proposed changes and clarifications was presented to the Board for review.

#### **Guidelines**

**Modifications to Health Plans' Optional Offering of Dental Benefits:** The discussion group considered whether optional dental benefits offered by health plans should be set at a uniform benefit level. The discussion group does not recommend any modifications to the optional offering of dental benefits at this time but will continue to work on this issue.

**Requiring Annual Estimated Premium Bids:** In the past, the health plans were required to submit an estimated premium bid in odd-numbered years. The actuary has indicated that it is very useful to receive this information ahead of time. The discussion group recommends that an estimated premium bid be submitted annually beginning in 2007.

**Segregating State Maintenance Plan (SMP) Based on Efficiency of Provider Groups:** The group discussed providing flexibility in the guidelines that would allow the SMP to be split into different tiers if it is determined that certain provider groups in the SMP network are higher cost and should be Tier 2. According to the Board's actuary, the SMP is currently not a true Tier 1 plan. As a result, only those participants residing in an SMP county are eligible for SMP, which is a change from past practice and a concern for some. The group recommends language be added allowing the Board to determine whether the SMP should be split based on the premium setting process, and that residency requirements for eligibility for the SMP be amended.

**Health Plans' Educational Efforts About Quality Initiatives:** The group discussed ways to provide greater clarity to health plans regarding accountability on quality performance. In the past, health plans have been asked only to respond to questions about quality improvement efforts. The group recommends that health plans submit further documentation to the Department detailing the efforts made.

#### **Discussion of Changes to the Local Contract**

**Allowing SMP as Low-Cost Plan:** In counties that do not have a qualified plan, the Standard Plan is used as the low-cost qualified plan for purposes of

determining employer contribution under the 105% approach. Periodically, employers have requested that the Standard Plan not be considered the low-cost qualified plan for determining employer contribution parameters as it can create financial hardship for municipalities. In those counties with no qualified alternate health plan, the group recommends the SMP be the low-cost qualified plan when the SMP meets the minimum provider requirements used for qualifying the alternate health plans.

**Underwriting:** In the past, the Board has approved implementing an underwriting process to protect the program from large employers (100 or more eligible employees) with poor risk characteristics from adversely impacting the pool at the time they join the program by assessing a variable surcharge for up to 24 months based on the risk of the group. At this time, no employers participating in the program are being assessed a surcharge.

The process was designed for employers who join the program at one time as a group. The Department has allowed employers to temporarily retain a separate group health plan outside this program for one or more of its bargaining units by temporarily waiving the 65% participation requirement. There is now a concern that a large employer may come into the program with a relatively small portion of its group to serve its surcharge period. This would potentially allow a large portion of the group to come in later and avoid the surcharge.

Staff consulted with the Board's actuary to determine whether the surcharge requirement can be modified to address this situation. The Board's actuary supports a requirement whereby at least 50% of eligible employees are enrolled initially with the appropriate surcharge applied to those employees until the remaining eligible employees are enrolled, at which time the variable surcharge for the group will be assessed for up to 24 months based on the risk of the entire group. It is recommended that this process be implemented immediately so that the surcharge is not limited to 24 months for those large employers who do not join the program at one time as a group.

In addition, an issue has arisen in which a portion of a municipality may be splitting off, joining with another municipality and perhaps creating a new entity. The new entity would like the ability to have a waiver of the 65% participation requirement. Staff recommends a change to the guidelines that will allow the waiver of the 65% participation requirement to be extended in the case of municipal consolidation that creates a new participating local government employer.

#### **Discussion of Uniform Benefits**

**Pharmacy Annual Out-Of-Pocket (OOP) Maximum:** The group recommends the OOP maximum be increased to \$320/\$640 in 2007.

There were other issues that were considered by the guidelines discussion group but resulted in no recommended changes. These issues included:

1. Nominal copayment after OOP is met.
2. Dental implants following accidental injury.
3. Osteotomy and/or orthognathic surgery. Mr. Korpady mentioned that each Board member received a copy of a letter from a participant concerning this issue. The participant asked that this surgery be included as part of Uniform Benefits. The discussion group considered this request but decided to make no recommendation at this time.
4. Complications from non-covered services.
5. Education therapy/developmental delay.
6. Weight loss surgery (gastric bypass).
7. Mental health benefits/gambling addiction.

***MOTION: Ms. O'Donnell moved to approve the changes as recommended by the guidelines discussion group and to allow staff to make technical changes as necessary. Ms. Timberlake seconded the motion, which passed without objection on a voice vote.***

Mr. Blumer thanked staff for the excellent memo and presentation.

#### **PURCHASE OF BROADSPIRE BY AETNA**

Christopher Burke, Senior Account Executive for Broadspire, and Eric Reisenwitz, President of Disability and Absence Management for Aetna, provided the Board with information regarding the purchase of Broadspire by Aetna. Mr. Burke and Mr. Reisenwitz stressed that customer service will continue to be the major objective. Aetna brings industry experience and resources to Broadspire. Broadspire, in turn, has extensive experience in managing disability programs.

#### **MISCELLANEOUS**

Mr. Conlin provided the Board with a legislative update. He reported that the current legislative session is due to end at the beginning of May. So far this session there have been approximately 1,900 bills introduced. Of these, 347 have been signed into law. A number of legislators have indicated they will not be seeking reelection next fall. Mr. Conlin mentioned two legislators, Representatives Gregg Underheim and Curt Gielow, who have been widely recognized for their interest and expertise in health care and health insurance and who will not be seeking reelection.

On March 21, 2006, Representatives Curt Gielow and Jon Richards introduced the Wisconsin Health Plan (2005 Assembly Bill 1140). This plan would provide health care for all state residents who meet certain criteria. The one key piece that is missing is the funding approach. The bill has been introduced in the hope of promoting discussion.

On March 29, 2006, Governor Doyle signed Act 228, relating to the Wisconsin Health Information Organization (WHIO). This is an opportunity for ETF and the Department of Health and Family Services to partner with the private sector on health data collection and analysis. Secretary Stanchfield and Nancy Nankivil-Bennett, Director of Strategic

Health Policy, worked closely with the authors, Representative Gregg Underheim and Senator Alberta Darling, on this plan.

Mr. Korpady referred to the various miscellaneous items included in the board packets. He noted that the 2007 Group Insurance Board meeting dates have been set.

Mr. Korpady mentioned that there have been discussions with Navitus regarding the possibility of invoking the extension for the pharmacy benefit manager services. The contract calls for two 2-year or one 4-year extension. An extension must be approved six months prior to the end date of the contract which will occur at the end of this year. The Department will present a recommendation to the Board on whether to extend the contract at the June 13, 2006, meeting.

#### **ADJOURNMENT**

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

The Board adjourned at 9:42 a.m.

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

Signed: \_\_\_\_\_

Esther Olson, Secretary  
Group Insurance Board