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CORRESPONDENCE MEMORANDUM

DATE: May 25**,** 2006

TO: Group Insurance Board

FROM: Steve Hurley, Director, Quality Assurance Services Bureau
Christina Keeley, Ombudsperson, Quality Assurance Services Bureau
Liz Doss-Anderson, Ombudsperson, Quality Assurance Services Bureau

SUBJECT: 2005 Health Plan and Pharmacy Benefit Manager Grievance and Independent Review Report

This report on health plan grievances and independent review activity is provided for informational purposes. This information is used to identify notable trends within the health insurance and pharmacy benefit manager (PBM) programs that warrant attention by the Department. A summary chart of the data will also be included in the Report Card section of the *2007 It's Your Choice* booklet.

I. 2005 Grievance Report for State of Wisconsin and Local Employees

Below is a summary of annual data provided to the Department of Employee Trust Funds (ETF) by all plans participating in the state group health insurance program, including the PBM program. The report was compiled by reviewing each plan's annual grievance report. The grievance reports were submitted to ETF on March 1, 2006. A grievance is defined as any dissatisfaction with a provision of services or claim denial that is submitted in writing to the insurer by or on behalf of a member. Highlights include:

- Health plans reported 1002 grievances for 2005, compared to last year's total of 741.

  The increase is mainly due to higher grievance numbers reported by CompcareBlue Southeast, the Standard Plans, Humana Eastern, and Humana Western. In addition, the transition to UnitedHealthcare of Wisconsin from Touchpoint resulted in increased grievance numbers.

- In 2005, 14 of 22 plans experienced outcomes in favor of the member (overturns) for 50% or more of their total grievances. Two plans had overturn rates of 85%.

  While high overturn rates demonstrate the benefit to members of utilizing the plan grievance process, it may also signify a need for ETF staff to work with plans to ensure consistent interpretation and application of benefits.

- The Emergency Room Services (ER) category increased dramatically for Humana Eastern and Humana Western in 2005. Humana reported 74 grievances relating to ER claims, compared to eight for that category in 2004. In 72 of the 74 grievances Humana overturned the initial denial and paid the claim.

Reviewed and approved by Pam Henning, Administrator, Division of Management Services.

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Signature Date

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Humana informed ETF that in August 2004, they changed the way they processed ER claims but will review this process at the Department's request. ETF staff will continue to work with the plan on this issue.

- The total number of PBM grievances for 2005 was 315, down from 494 grievances reported in 2004. The overturn rate for PBM grievances in 2005 was 25%. The categories with the most grievances were: requests for copayment reduction (70.5%), denial of non-covered drugs or supplies (12.7%), and prior authorization requests (10.2%).

  The decrease in the total number of PBM grievances is an encouraging outcome and likely indicates that members are now accustomed to the PBM structure and level of benefits. ETF staff will continue to work with members and educate them about their PBM benefits.

II. 2005 ETF Independent Review Report

This report summarizes independent review (IR) requests by ETF members. Members who request IRs must have completed the plan grievance process and may have also completed all or part of the administrative review process available within ETF.

To be eligible for a review through an independent review organization (IRO), a member must have an adverse determination (grievance decision) involving an out-of-network referral or a denial of a claim or service deemed by the plan/PBM to be experimental or not medically necessary. The IR process allows members the opportunity to have an independent consultant review their grievance to determine if benefits are payable. Members must pay a $25 fee to request an IR, and the IRO's decision is binding on both the plan/PBM and the member.

The Quality Assurance Services Bureau is responsible for educating members regarding the IR process. When the Department processes a new health insurance complaint, it is reviewed by an ombudsperson, and if appropriate, the member is contacted and informed about the advantages and disadvantages of requesting an IR. The Department also monitors health plan grievance decision letters to ensure that members are given IR rights when applicable.

For 2005, plans notified ETF of 17 requests for independent reviews by state group health insurance program members. Of the 17 reviews requested, six (35%) of the reviews resulted in favorable resolutions for the member. Ten of the reviews (59%) upheld the original plan decision, and one (6%) request was declined by the IRO because the dollar amount did not meet the minimum requirement for an independent review.

The number of IR requests reported continues to be low in comparison with the total number of medical necessity or experimental treatment denials, indicating that only a small percentage of members entitled to an IR elect to take advantage of this option. The Department will continue to work with plans to ensure compliance with the contract requirement of providing IR language in grievance decision letters and in reporting all IR requests made by our members to ETF.

The attached charts provide detailed grievance data. Quality Assurance Services Bureau staff will be available at the meeting to answer questions. Thank you.

Attachments

Grievances for
State and Local Government Employees
2003 - 2005
(as reported by individual plans)

Plan Name	2003	2004	2005	Net Change (2004 to 2005)	Total Contracts (As of June 2005)
Atrium	28	17	14	-3	1,878
CompcareBlue Aurora Family	30	13	13	0	2,177
CompcareBlue Northeast	0	30	18	-12	477
CompcareBlue Northwest	NA	NA	0	NA	61
CompcareBlue Southeast	NA	10	43	33	2,714
Dean Health Plan	134	118	125	7	24,543
GHC Eau Claire	4	0	0	0	1,368
GHC South Central	42	74	61	-13	8,836
Gundersen Lutheran	17	18	22	4	2,367
Health Tradition	20	26	20	-6	1,945
Humana Eastern	187	161	230	69	6,497
Humana Western	54	35	92	57	4,295
Medical Associates	0	0	4	4	523
MercyCare	10	10	10	0	625
Network Health Plan	30	24	32	8	4,122
Physicians Plus SC	49	32	30	-2	9,413
Prevea	17	16	23	7	801
Standard Plans - BCBSWI	43	70	121	51	11,877
Touchpoint*	28	28	NA	NA	NA
UnitedHealthcare of Wisconsin*	NA	NA	99	NA	4,314
Unity Community Health Plan	1	6	6	0	863
Unity UW Health Plan	35	38	32	-6	12,030
Valley Health Plan**	14	15	7	NA	NA
Grievance Totals (Health)	**743**	**741**	**1,002**	**261**	101,726

**UnitedHealthcare acquired Touchpoint Health Plan prior to 1/01/2005.*

***Valley Health Plan did not participate in the state group health insurance program in 2005.*

Data represents grievances processed in 2005.

Navitus Health Solutions	NA	494	315	-179	NA

Grievance Totals (all)	**743**	**1,235**	**1,317**	**82**

Grievances for
State and Local Government Employees
2005

(as reported by plans)

HEALTH PLAN NAME	AC	BL	CC	EE	ER	EX	GN	MN	NC	QA	RF	RX	SV	UA	UC	OT	TOTAL	Overturned Member's Favor	Plan Compromise	Percent Overturned	2005 State Contracts (includes annuitants)	Percentage of Total Contracts	Percentage of Total Grievances
Atrium	0	0	0	0	0	0	0	0	6	0	4	0	1	0	0	3	14	11	0	79%	1,878	1.85%	1.40%
Compcare Blue-AF	0	0	0	0	0	0	0	0	6	0	0	0	0	7	0	0	13	7	0	54%	2,177	2.14%	1.30%
Compcare Blue NE	0	0	0	0	0	0	0	2	6	0	0	0	0	9	0	1	18	8	1	50%	477	0.47%	1.80%
Compcare Blue NW	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA	NA	61	0.06%	0.00%
Compcare Blue SE	0	0	0	1	0	0	0	3	15	0	0	1	0	22	0	1	43	28	2	70%	2,714	2.67%	4.29%
Dean Health Plan	2	7	0	1	0	3	0	10	33	8	24	0	0	32	0	5	125	44	4	38%	24,543	24.13%	12.48%
GHC Eau Claire	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA	NA	1,368	1.34%	0.00%
GHC South Central	0	4	0	0	15	0	0	14	5	0	19	1	0	3	0	0	61	39	1	66%	8,836	8.69%	6.09%
Gundersen Lutheran	0	1	0	0	0	0	0	4	11	0	2	0	0	4	0	0	22	9	1	45%	2,367	2.33%	2.20%
Health Tradition	0	0	0	1	0	1	0	0	7	0	2	0	0	7	0	2	20	9	3	60%	1,945	1.91%	2.00%
Humana Eastern	4	0	1	0	49	1	0	8	27	0	19	0	45	37	0	39	230	154	41	85%	6,497	6.39%	22.95%
Humana Western	0	0	0	0	25	1	0	1	19	0	1	0	19	6	0	20	92	70	8	85%	4,295	4.22%	9.18%
Medical Associates	0	0	0	0	0	0	0	0	2	0	0	0	0	2	0	0	4	2	0	50%	523	0.51%	0.40%
MercyCare	0	0	0	0	0	0	0	0	1	0	4	0	1	4	0	0	10	5	0	50%	625	0.61%	1.00%
Network Health Plan	0	0	0	0	0	0	0	4	18	1	0	0	1	2	0	6	32	18	0	56%	4,122	4.05%	3.19%
Physicians Plus SC	7	0	0	0	0	0	0	1	18	0	1	0	2	1	0	0	30	10	6	53%	9,413	9.25%	2.99%
Prevea	0	2	0	0	0	2	0	1	4	0	4	0	0	10	0	0	23	7	0	30%	801	0.79%	2.30%
Standard Plans*	0	0	0	0	1	7	0	26	36	0	0	0	0	50	0	1	121	53	3	46%	11,877	11.68%	12.08%
UnitedHealthCare	0	9	2	4	0	5	0	0	16	0	0	0	10	0	0	53	99	56	0	57%	4,314	4.24%	9.88%
Unity Community	0	0	0	0	0	0	0	0	6	0	0	0	0	0	0	0	6	1	0	17%	863	0.85%	0.60%
Unity-UW Health	0	4	0	0	0	2	0	1	23	0	1	0	0	1	0	0	32	6	2	25%	12,030	11.83%	3.19%
Valley Health Plan**	0	0	0	0	0	0	0	2	4	0	0	0	0	1	0	0	7	4	0	57%	0	0.00%	0.70%
Total	**13**	**27**	**3**	**7**	**90**	**22**	**0**	**77**	**263**	**9**	**81**	**2**	**79**	**198**	**0**	**131**	**1,002**	**541**	**72**	**61%**	**101,726**	**100.00%**	**100.00%**
% of Total Grievances	1.3%	2.7%	0.3%	0.7%	9.0%	2.2%	0.0%	7.7%	26.2%	0.9%	8.1%	0.2%	7.9%	19.8%	0.0%	13.1%							

**Standard Plans" includes: Standard Plan, State Maintenance Plan, Medicare Plus $1,000,000, and Local Annuitant Health Plan (all administered by Blue Cross Blue Shield of Wisconsin in 2005).*

***Valley Health Plan did not participate in the state group health insurance program in 2005. Data represents grievances processed during 2005.*

PHARMACY BENEFIT MANAGER (PBM)	CR	EX	GN	MN	NC	PA	OT	TOTAL	Overturned Member's Favor	Plan Compromise	Percent Overturned
Navitus Health Solutions	222	1	13	7	40	32	0	315	78	0	25%

Key to grievance categories:

AC - Access
BL - Billing/Claim Processing
CC - Continuity of Care
CR - Copayment Reduction***
EE - Enrollment/Eligibility
ER - Emergency Services/Copayment
EX - Experimental/Investigational
GN - General Program Provisions/Design
MN - Not Medically Necessary
MO - Mail Order***
NC - Non-Covered Benefit
OT - Other
PA - Prior Authorization***
QA - Quality of Care
RF - Referral
RX - Prescription Medications
SV - Plan Service/Administration
UA - Unauthorized Services
UC - Usual & Customary Charges

****applies only to pharmacy benefit*

Most frequent types of grievances reported (health):

26.2% Non-covered Services
19.8% Unauthorized Services
13.1% Other

Most frequent types of grievances reported (PBM):

70.5% Requests for Copayment Reduction
12.7% Denial of Non-covered Drugs or Supplies
10.2% Prior Authorization Requests

Grievances for
State and Local Government Employees
2005
(as reported by plans)

Independent Review Requests for
State and Local Government Employees
2005
(listing only those plans that had IR Requests)

Plan Name	Number of IRs Requested	Overturned	Upheld	Compromise	Other
Compcare - Aurora Family	1	0	1	0	0
Dean Health Plan	7	4	3	0	0
GHC South Central	1	0	1	0	0
Humana Eastern	1	0	1	0	0
Prevea	1	0	0	0	1
Standard Plans - BCBSWI*	3	1	2	0	0
Navitus Health Solutions	3	1	2	0	0
IR Totals	**17**	**6**	**10**	**0**	**1**

**Standard Plans" includes: Standard Plan, State Maintenance Plan, Medicare Plus $1,000,000, and Local Annuitant Health Plan (all administered by Blue Cross Blue Shield of Wisconsin in 2005).*