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Department of Employee Trust Funds

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CORRESPONDENCE MEMORANDUM

DATE: May 22, 2007

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: 2006 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 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 *2008 It's Your Choice* booklet.

I. 2006 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, 2007. 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 of the data include:

- Health plans reported 956 grievances for 2006, compared to 1,002 in 2005.
Humana Eastern had the highest percentage of grievances among all health plans participating in the State Group Health Insurance Program, with over 26% of all grievances reported, and 7.4% of the total contracts.
- In 2006, 498 of the 956 grievances were partly or fully overturned in favor of the member. Two plans had overturn rates greater than 75%.
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 Uniform Benefits.
- The Emergency Room Services (ER) category for Humana Eastern and Humana Western continues to be much higher than other plans. Of the 127 ER grievances reported from all plans, Humana reported 112 grievances relating to ER claims. Humana reported 8 ER grievances in 2004 and 74 in 2005. Historically, Humana has had high overturn rates for this category. In 2005, Humana overturned the initial denial and paid the claim 97% of the time. In 2006, the

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

Signature _____

Date _____

overturn rate for this category was 98%.

ETF staff and Humana representatives have had several discussions regarding the ER grievance category. Humana indicated that in approximately June 2006, Humana changed its ER claims review process to permit regional medical directors to authorize payments without sending them to formal grievance. However, this change has not reduced Humana's ER grievance totals for 2006. We are working closely with Humana to determine if other strategies are necessary and will continue to monitor the ER grievance totals for the 2007 plan year.

- The total number of PBM grievances for 2006 was 248, down from 315 grievances reported in 2005. The overturn rate for PBM grievances in 2006 was 27%. The majority of PBM grievances related to denials of copayment reductions (55%); followed by prior authorization denials (12%).

The continued decrease in the number of PBM grievances is an encouraging outcome and likely indicates that members are 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. 2006 ETF Independent Review Report

This report summarizes independent review (IR) requests by State Group Health Insurance Program members. Members who request IRs must have completed the plan grievance process and may have completed a portion 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 a medical judgment wherein the amount at issue is in excess of \$274. Typically these are requests for out-of-network referral or denials of a claim or service that the plan/PBM has deemed 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 about 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 their IR rights when applicable.

For 2006, plans notified ETF of 29 requests for independent reviews by State Group Health Insurance Program members. Of the 29 reviews requested, 11 (38%) of the reviews resulted in favorable resolutions for the member. Seventeen of the reviews (59%) upheld the original plan decision. One request was declined by the IR organization.

The number of reported IR requests continues to be low in comparison with the total number of medical necessity or experimental treatment denials made by plans at the grievance level, 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. Percentages in the attached charts are approximate due to rounding. Quality Assurance Services Bureau staff will be available at the meeting to answer questions.

Grievances for State and Local Government Employees - 2004-2006
(as reported by individual plans)

Health Plan Name	Grievances 2004	Grievances 2005	Grievances 2006	Net Change (2005 to 2006)	% of Total Grievances	% of Total Contracts (as of Feb 2006)
CompcareBlue Aurora Family	13	13	17	4	1.78%	1.75%
CompcareBlue Northwest	NA	0	19	19	1.99%	0.68%
CompcareBlue Southeast	10	43	16	-27	1.67%	0.68%
Dean Health Plan	118	125	143	18	14.96%	22.42%
GHC Eau Claire	0	0	6	6	0.63%	3.83%
GHC South Central	74	61	34	-27	3.56%	8.48%
Gundersen Lutheran	18	22	14	-8	1.46%	2.12%
Health Tradition	26	20	34	14	3.56%	2.09%
Humana Eastern	161	230	252	22	26.36%	7.41%
Humana Western	35	92	73	-19	7.64%	2.64%
Medical Associates	0	4	7	3	0.73%	0.49%
MercyCare	10	10	7	-3	0.73%	0.59%
Network Health Plan	24	32	37	5	3.87%	4.21%
Physicians Plus	32	30	24	-6	2.51%	9.56%
Standard Plans*	70	121	57	-64	5.96%	12.86%
UnitedHealthCare Northeast**	NA	99	104	5	10.88%	4.26%
UnitedHealthCare Southeast**	NA	NA	23	NA	2.41%	0.95%
Unity Community	6	6	7	1	0.73%	2.13%
Unity UW Health	38	32	50	18	5.23%	11.79%
WPS Patient Choice 1***	NA	NA	7	NA	0.73%	0.20%
WPS Patient Choice 2***	NA	NA	3	NA	0.31%	0.03%
WPS Prevea	16	23	22	-1	2.30%	0.79%
All Other Plans <i>(no longer participating in the program or have been acquired by another company)</i>	90	39	0	NA	NA	NA
Grievance Totals (Health)	741	1,002	956	-46	100%	100%

Navitus Health Solutions	494	315	248	-67
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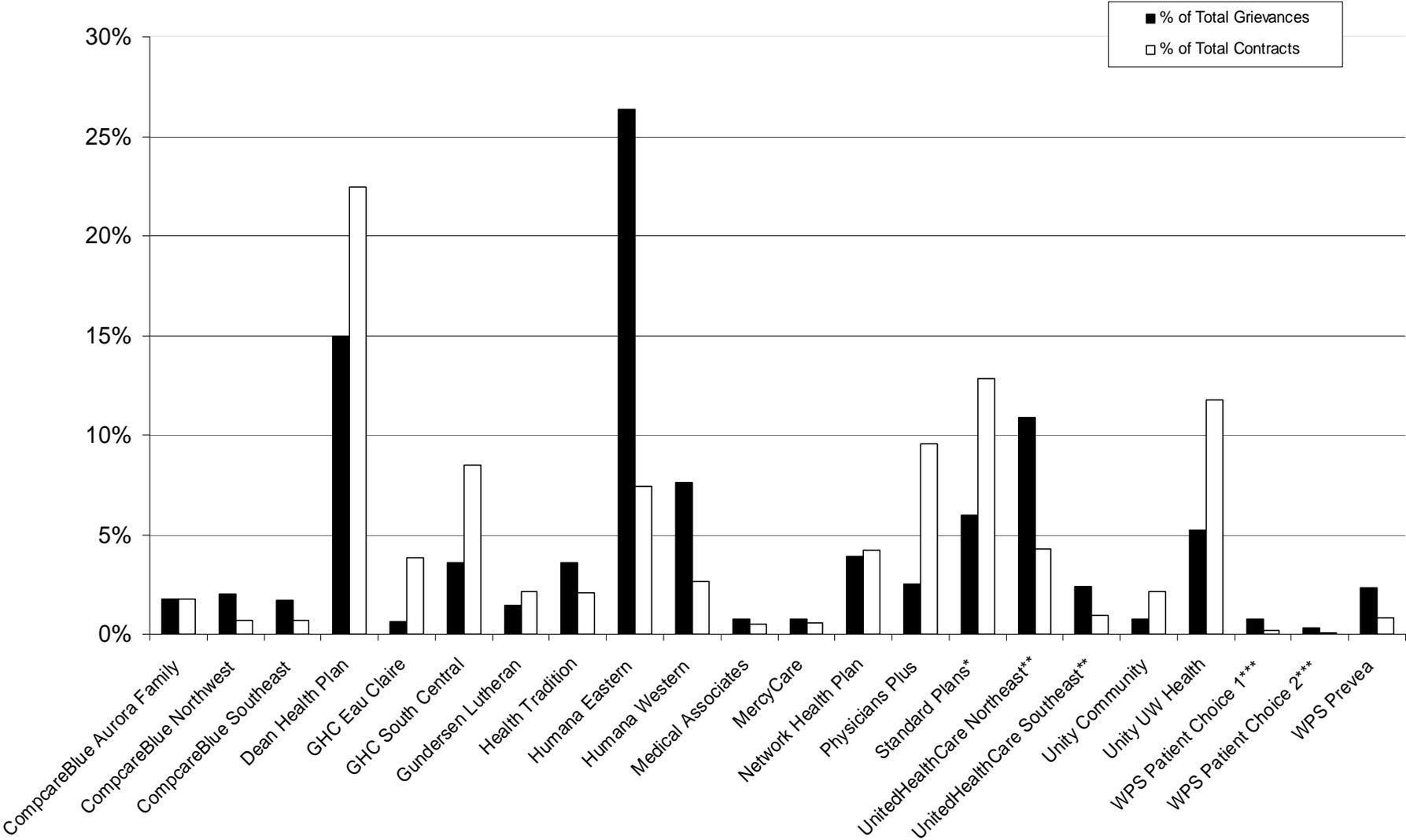
Grievance Totals (all)	1,235	1,317	1,204	-113
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*Standard Plans includes: Standard Plan; Medicare Plus \$1,000,000; Local Annuitant Health Plan; and State Maintenance Plan (administered by Blue Cross Blue Shield of Wisconsin in 2004 and 2005 and WPS Health Insurance in 2006)

**UnitedHealthcare (UHC) acquired Touchpoint Health Plan in 2005; UHC was one plan in 2005 and split into two regional plans in 2006

***WPS Patient Choice 1 and 2 were new to the health insurance program in 2006

Comparison of Total Grievances to Total Contracts



Grievances by Category for State and Local Government Employees - 2006
(grievances processed in 2006, as reported by individual plans)

HEALTH PLAN NAME	AC	BL	CC	EE	ER	EX	MN	NC	OT	PA	QA	RF	SV	UA	TOTAL	Overtured In Member's Favor	Plan Compromise	Percent Outcomes Partly or Fully in Member's Favor
CompicareBlue Aurora	0	0	0	0	0	1	5	9	0	0	0	0	0	2	17	10	0	59%
CompicareBlue NW	0	0	0	0	0	0	6	4	0	0	0	0	0	9	19	12	0	63%
CompicareBlue SE	0	1	0	1	0	0	2	5	0	0	0	0	0	7	16	6	0	38%
Dean Health Plan	0	14	0	4	1	7	8	23	4	0	7	40	3	32	143	45	5	35%
GHC Eau Claire	0	0	0	0	0	0	0	3	1	0	0	2	0	0	6	3	2	83%
GHC South Central	0	5	0	0	0	0	8	4	0	0	0	0	0	17	34	14	0	41%
Gundersen Lutheran	0	0	0	0	0	0	0	11	0	0	0	1	0	2	14	7	2	64%
Health Tradition	0	3	0	0	0	1	3	7	1	0	0	6	0	13	34	11	3	41%
Humana Eastern	2	0	1	0	88	10	1	45	53	30	3	12	7	0	252	183	2	73%
Humana Western	1	0	0	0	24	3	0	13	20	8	3	0	1	0	73	55	1	77%
Medical Associates	0	0	0	0	2	0	1	2	2	0	0	0	0	0	7	4	0	57%
MercyCare	0	0	0	0	0	0	0	3	1	1	0	2	0	0	7	4	0	57%
Network Health Plan	1	0	0	0	2	3	4	19	1	0	0	0	0	7	37	23	0	62%
Physicians Plus	7	0	0	0	0	0	1	12	0	0	0	1	2	1	24	4	1	21%
Standard Plans*	0	10	0	0	0	5	18	14	2	0	0	5	0	3	57	11	4	26%
UnitedHealthcare NE**	1	22	0	3	7	5	0	12	1	0	0	38	12	3	104	68	0	65%
UnitedHealthcare SE**	0	2	0	1	2	1	0	5	3	0	0	8	1	0	23	13	1	61%
Unity Community	0	0	0	0	0	1	0	6	0	0	0	0	0	0	7	1	0	14%
Unity UW Health	0	0	0	6	1	4	4	34	0	0	0	1	0	0	50	11	2	26%
WPS Patient Choice 1***	0	1	0	0	0	0	0	0	0	0	0	1	4	1	7	4	0	57%
WPS Patient Choice 2***	0	1	0	0	0	0	0	0	0	0	0	0	2	0	3	2	0	67%
WPS Prevea	0	0	0	0	0	2	1	6	2	0	0	1	10	0	22	7	0	32%
Total	12	59	1	15	127	43	62	237	91	39	13	118	42	97	956	498	23	54%
% of Total Grievances	1.3%	6.2%	0.1%	1.6%	13.3%	4.5%	6.5%	24.8%	9.5%	4.1%	1.4%	12.3%	4.4%	10.1%	100.0%			

*Standard Plans includes: Standard Plan, Medicare Plus \$1,000,000, State Maintenance Plan, and Local Annuitant Health Plan (administered by Blue Cross Blue Shield of Wisconsin in 2005 and WPS in 2006)

**UnitedHealthcare acquired Touchpoint Health Plan in 2005; UnitedHealthcare was one plan in 2005 and split into two regional plans in 2006

***WPS Patient Choice 1 and 2 were new to the health insurance program in 2006

PHARMACY BENEFIT MANAGER	CR	EX	GN	MN	PA	OT	TOTAL	Overtured In Member's Favor	Plan Compromise	Percent Overtured
Navitus Health Solutions	137	1	20	0	29	4	248	67	0	27%

Key to grievance categories:

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|---|--|-------------------|
| AC - Access to Care | GN - General Program Provisions/Design | SV - Plan |
| BL - Billing/Claim Processing | MN - Not Medically Necessary | UA - Unauthorized |
| CC - Continuity of Care | NC - Non-Covered Benefit | |
| CR - Pharmacy Benefit Copayment Reduction | OT - Other | |
| EE - Enrollment/Eligibility | PA - Prior | |
| ER - Emergency Services/Copayment | QA - Quality of Care | |
| EX - Experimental/Investigational | RF - Referral | |

Independent Review (IR) Requests for State and Local Government Employees - 2006
 (listing only those plans that had IR requests)

Plan Name	Number of IRs Requested	Overtured	Upheld	Compromise	Other/ Declined by IR Organization
GHC SC	3	2	1	0	0
CompcareBlue (AFN, NW, SE)	2	1	1	0	0
Dean	9	4	5	0	0
Humana Eastern	3	0	3	0	0
Navitus	1	1	0	0	0
Physicians Plus	1	0	0	0	1
Standard Plans*	4	3	1	0	0
Unity UW Health	2	0	2	0	0
UnitedHealthcare NE	1	0	1	0	0
UnitedHealthcare SE	1	0	1	0	0
WPS Prevea	2	0	2	0	0
IR Totals	29	11	17	0	1

**Standard Plans includes: Standard Plan, State Maintenance Plan, Medicare Plus \$1,000,000, and Local Annuitant Health Plan (administered by Blue Cross Blue Shield of Wisconsin in 2005 and WPS in 2006)*