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CORRESPONDENCE MEMORANDUM

DATE: May 22, 2007

TO: Group Insurance Board

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

SUBJECT: Employee Trust Funds (ETF) 2006 Insurance Complaint Report

This report is provided for informational purposes. It contains information regarding health insurance, disability insurance and pharmacy benefit manager (PBM) program complaints processed by the Department in 2006 and is used to monitor trends and address emerging issues in the insurance programs. A summary of select data will also be included in the Report Card section of the 2008 *It's Your Choice* booklet.

2006 ETF Complaint Activity Report

Following is a summary of formal and informal insurance complaints processed by the Department in calendar year 2006. As in past years, the Department collected information regarding formal written complaints submitted to the Quality Assurance Services Bureau (QASB) for administrative review. The Department also collected data on informal complaints. Informal complaints are primarily received by telephone and are typically resolved within a few weeks. Informal complaints frequently involve difficulties with a prior authorization, enrollment and eligibility, and claims processing.

The total number of new complaints processed across all program types increased in 2006 to 699 compared to 549 in 2005. While the overall number of complaints increased in 2006, complaints relating to the PBM continue to decline. The Department continues to work closely with Navitus Health Solutions to educate members about their benefits and to resolve issues as efficiently as possible.

A. Health Insurance and Pharmacy Benefit Manager Complaints

Some highlights regarding health insurance and PBM complaints received by the Department in 2006 include:

Formal Complaints

- Medical Associates has not had a formal written complaint for the state group in the last five years. MercyCare only had one formal complaint in the last five years (2004).

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

Signature

Date

- The Standard Plans (administered by WPS) had the most formal complaints of all the health plans, with approximately 24% of all formal complaints received by the Department regarding health insurance.
- The three most frequent types of formal complaints were: denials of excluded or non-covered benefits (15%), unauthorized services (14%), and billing/claim processing (14%).
- Formal complaints involving the PBM program continued to decrease in 2006 with 21 complaints, down from 30 in 2005, and 102 in 2004.
- Of the 107 formal complaints processed by ETF Ombudspersons in 2006, 40% were resolved in favor of the member.

Informal Complaints

Informal complaints for all program types increased from 425 in 2005 to 592 in 2006. For several years the number of informal complaints has increased as we continue to educate members that working with their plan to resolve their issues prior to a grievance is often in their best interest. Working collaboratively with members, health plans and employers, Ombudspersons often act as mediators and attempt to facilitate a quick resolution to member issues. In addition, informal handling of complaints often eliminates the need for further administrative action by either the plan or the Department.

- The Standard Plans (administered by WPS) had the most complaints with approximately 36% of all informal complaints received by the Department regarding health insurance.
- The three most frequent types of informal complaints were: enrollment and eligibility (29%), billing and claims processing (27%), and general program provisions or design (12%).
- Of the 592 informal complaints in 2006, 193 were "inquiry only," where the member had questions for staff, rather than an issue that required resolution. Of the remaining 399 informal complaints with the possibility of a favorable or unfavorable outcome, Ombudspersons were able to resolve about 88% of those complaints in favor of the member.
- For pharmacy benefit complaints, there were only 48 complaints regarding Navitus, which served approximately 224,000 members as of February 2006.
- Fifty complaints were received that involved DeancareRX/Dean Health Insurance, which provides Medicare D pharmacy benefits for Wisconsin Public Employer retirees - approximately 2,000 members as of February 2006.

The number of favorable outcomes for both formal and informal complaints illustrates the value of Ombudsperson services for members. Ombudspersons will continue efforts to educate members on the most effective ways to navigate the health care system and to work with their health plans to obtain benefits to which they are entitled.

B. Disability Complaints

Disability complaints include complaints or inquiries related to Income Continuation Insurance (ICI), Long-Term Disability Insurance (LTDI), § 40.63 disability retirement and § 40.65 duty disability programs. Within the Disability Programs, the primary role of an ETF Ombudsperson

is to educate members regarding disability benefit program design, assist members in navigating the claim process, and advise members of administrative review rights. In addition, the ETF Ombudsperson works directly with the Aetna Ombudsperson to facilitate resolution of member concerns and provide feedback related to customer service to Aetna.

In 2006, the Department logged 16 disability benefit complaints, compared to 23 in 2005, and 176 in 2004. Disability complaints have declined over the past three years. This result reflects well on Aetna's proactive approach to handling claims and use of the case ownership model initiated in late-2005, in which a member is assigned a case owner/case manager within 48 hours of their claim being initiated.

ETF Insurance Complaint Surveys

As in previous years, QASB surveyed members about their satisfaction with services after completion of Ombudsperson review of the member's formal complaint. The 2006 health insurance/PBM survey response rate was 58%, with 42 surveys returned.

The following table reflects responses received from members who requested an Ombudsperson review of a formal complaint in 2006 in comparison with 2005:

SURVEY RESPONSES HEALTH INSURANCE/PBM FORMAL COMPLAINTS		
Survey Category:	2005	2006
Provided Timely Services	70%	86%
Services Were Helpful	79%	82%
Professional & Courteous	94%	92%
Satisfied Overall	79%	76%

The survey data indicates that in general, members are satisfied with the Ombudsperson services offered through ETF and consider it a valuable service. We plan to continue surveying members who use the formal complaint process via Ombudsperson services.

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.

Formal Complaints by Program, Complaint Type and Resolution Type - 2006

Formal Complaints by Program Type

Health Plans*	84	78.5%
Pharmacy Benefit Manager (Navitus)	21	19.6%
Disability Programs	1	0.9%
Vision Benefit Manager	1	0.9%
Total	107	100.0%

Formal Complaints by Complaint Type

Excluded or Non-covered Benefit	16	15.0%
Unauthorized Services	15	14.0%
Billing/Claim Processing	15	14.0%
Not Medically Necessary	14	13.1%
Copayment Reduction**	12	11.2%
Prior Authorization	10	9.3%
Experimental or Investigational	7	6.5%
Referral	4	3.7%
General Program Design	4	3.7%
Enrollment/Eligibility	4	3.7%
Emergency Services/Copayment	3	2.8%
Plan Service & Administration	1	0.9%
Usual, Customary & Reasonable	1	0.9%
Other	1	0.9%
Total	107	100%

Formal Complaints by Resolution and Program Type

	Health Plans	Pharmacy Benefit Manager	All Others	Total	Percentage of Total
No Change to Decision	46	13	0	59	55.1%
In Favor of Member	34	8	1	43	40.2%
Compromise	3	0	0	3	2.8%
Closed No Action	1	0	0	2	1.9%
Total	84	21	1	107	100%

**Includes all self-funded and alternate plans - a detailed breakdown of formal complaints by health plan is provided on Attachment B*

***Applies only to pharmacy benefits*

Formal Health Insurance Complaints by Plan - 2006

Plan Name	ETF Complaints	Percentage of Total ETF Health Insurance Complaints	Percentage of Total Contracts
CompcareBlueAurora Family	0	0.00%	1.76%
CompcareBlue Northwest	2	2.38%	0.68%
CompcareBlue Southeast	5	5.95%	0.68%
Dean Health Plan	11	13.10%	22.42%
GHC Eau Claire	1	1.19%	3.83%
GHC South Central	4	4.76%	8.48%
Gundersen Lutheran	1	1.19%	2.12%
Health Tradition	2	2.38%	2.09%
Humana Eastern	8	9.52%	7.41%
Humana Western	2	2.38%	2.64%
Medical Associates	0	0.00%	0.49%
MercyCare	0	0.00%	0.59%
Network Health Plan	3	3.57%	4.21%
Physicians Plus	3	3.57%	9.56%
Standard Plans*	20	23.81%	12.87%
UnitedHealthcare Northeast	2	2.38%	4.26%
UnitedHealthcare Southeast	2	2.38%	0.95%
Unity Community	1	1.19%	2.13%
Unity UW Health	10	11.90%	11.79%
WPS Patient Choice 1	2	2.38%	0.20%
WPS Patient Choice 2	0	0.00%	0.03%
WPS Prevea	2	2.38%	0.79%
All Other Plans <i>(no longer participating in the program or have been acquired by another company)</i>	3	3.57%	NA
Total	84	100%	100%

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

See Attachment E for Comparison Graph

Informal Complaints by Program, Complaint Type and Resolution Type - 2006

Informal Complaints by Program Type

Health Plans*	452	76.4%
Pharmacy Benefit Manager - Medicare D (Dean Health Insurance)	50	8.4%
Pharmacy Benefit Manager (Navitus)	48	8.1%
Disability Benefit Programs	22	3.7%
Other	6	1.0%
Vision Benefit Manager	5	0.8%
EPIC Life Insurance Company	5	0.8%
Wisconsin Retirement System	2	0.3%
Employee Reimbursement Account	1	0.2%
Dental	1	0.2%
Total Complaints Received	592	100.0%

Informal Complaints by Complaint Type

Enrollment/Eligibility	173	29.2%
Billing/Claim Processing	162	27.4%
General Program Provision or Design	72	12.2%
Coordination of Benefits	31	5.2%
Access	26	4.4%
Excluded or Non-covered Benefit	22	3.7%
Not Medically Necessary	12	2.0%
Other	12	2.0%
Prior Authorization	10	1.7%
Plan Service & Administration	9	1.5%
Overpayment	9	1.5%
Copayment Reduction	7	1.2%
Mail Order	6	1.0%
Unauthorized Services	6	1.0%
Prescription Drug	6	1.0%
Usual, Customary & Reasonable	6	1.0%
Referral	5	0.8%
Emergency Services/Copayment	5	0.8%
Experimental or Investigational	3	0.5%
Integration of Benefits	2	0.3%
Annual Deductible	2	0.3%
Medical Recertification	2	0.3%
Payment Error	1	0.2%
Initial Disability Claim Processing	1	0.2%
Dental	1	0.2%
Disability Evaluation	1	0.2%

Informal Complaints by Resolution and Program Type

	Health Plans	PBM (Navitus)	PBM Medicare D (DHI)	All Others	Total	Percentage of Total
In Favor of Member	269	30	39	12	350	59.1%
Inquiry Only	144	16	9	24	193	32.6%
No Change to Decision	32	0	0	5	37	6.3%
Compromise	7	2	2	1	12	2.0%
Total	452	48	50	42	592	100%

*Includes all self-funded and alternate plans - a detailed breakdown of formal complaints by health plan is provided on Attachment D

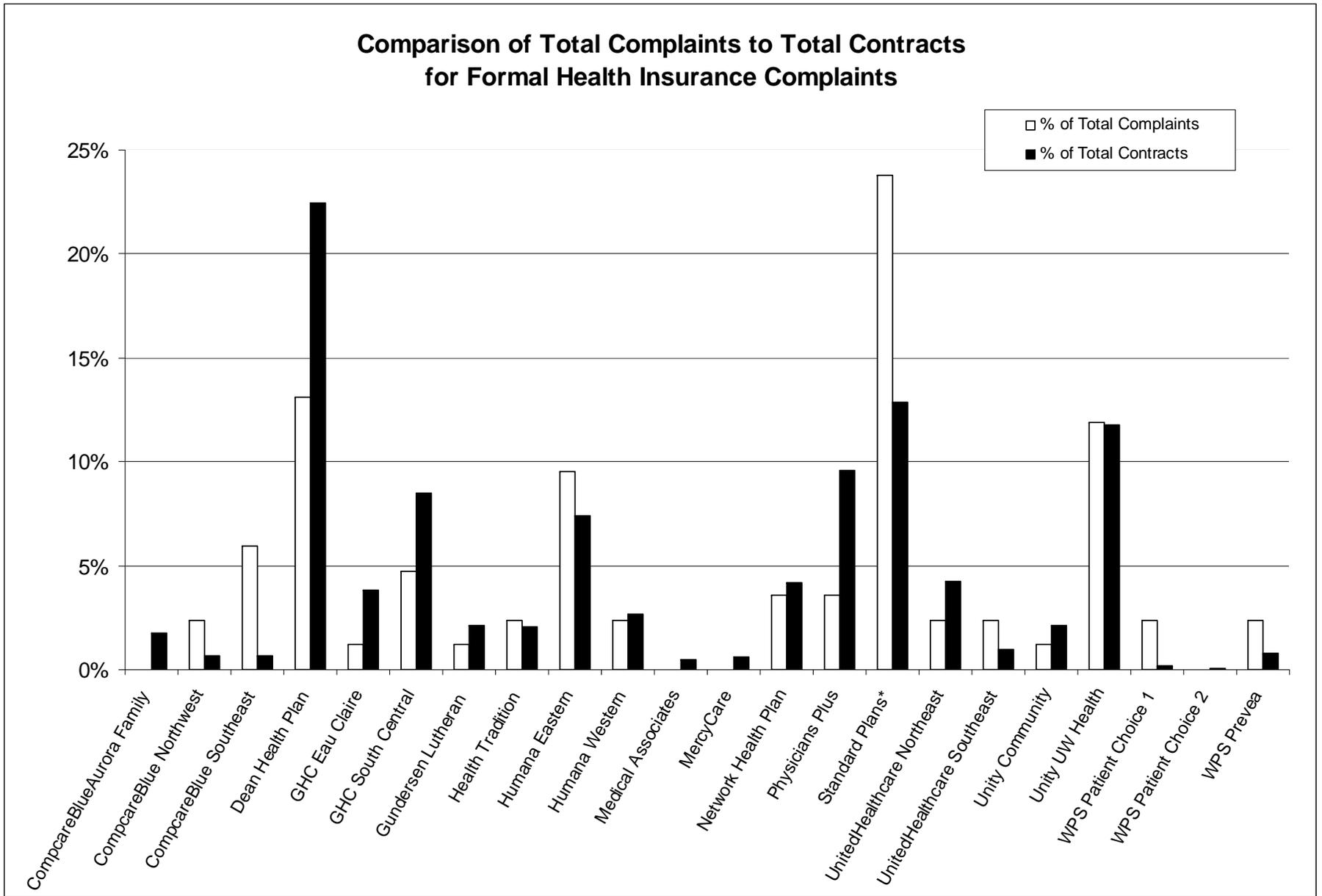
Informal Health Insurance Complaints by Plan - 2006

Health Plan Name	ETF Complaints	Percentage of Total ETF Health Insurance Complaints	Percentage of Total Contracts (as of February 2006)
CompcareBlueAurora Family	4	0.88%	1.76%
CompcareBlue Northwest	35	7.74%	0.68%
CompcareBlue Southeast	9	1.99%	0.68%
Dean Health Plan	49	10.84%	22.42%
GHC Eau Claire	10	2.21%	3.83%
GHC South Central	2	0.44%	8.48%
Gundersen Lutheran	2	0.44%	2.12%
Health Tradition	4	0.88%	2.09%
Humana Eastern	39	8.63%	7.41%
Humana Western	20	4.42%	2.64%
Medical Associates	0	0.00%	0.49%
MercyCare	1	0.22%	0.59%
Network Health Plan	10	2.21%	4.21%
Physicians Plus	15	3.32%	9.56%
Standard Plans*	162	35.84%	12.87%
UnitedHealthcare Northeast	53	11.73%	4.26%
UnitedHealthcare Southeast	7	1.55%	0.95%
Unity Community	7	1.55%	2.13%
Unity UW Health	11	2.43%	11.79%
WPS Patient Choice 1	4	0.88%	0.20%
WPS Patient Choice 2	0	0.00%	0.03%
WPS Prevea	2	0.44%	0.79%
All Other Plans <i>(no longer participating in the program or have been acquired by another company)</i>	6	1.33%	NA
Total	446	100%	100%

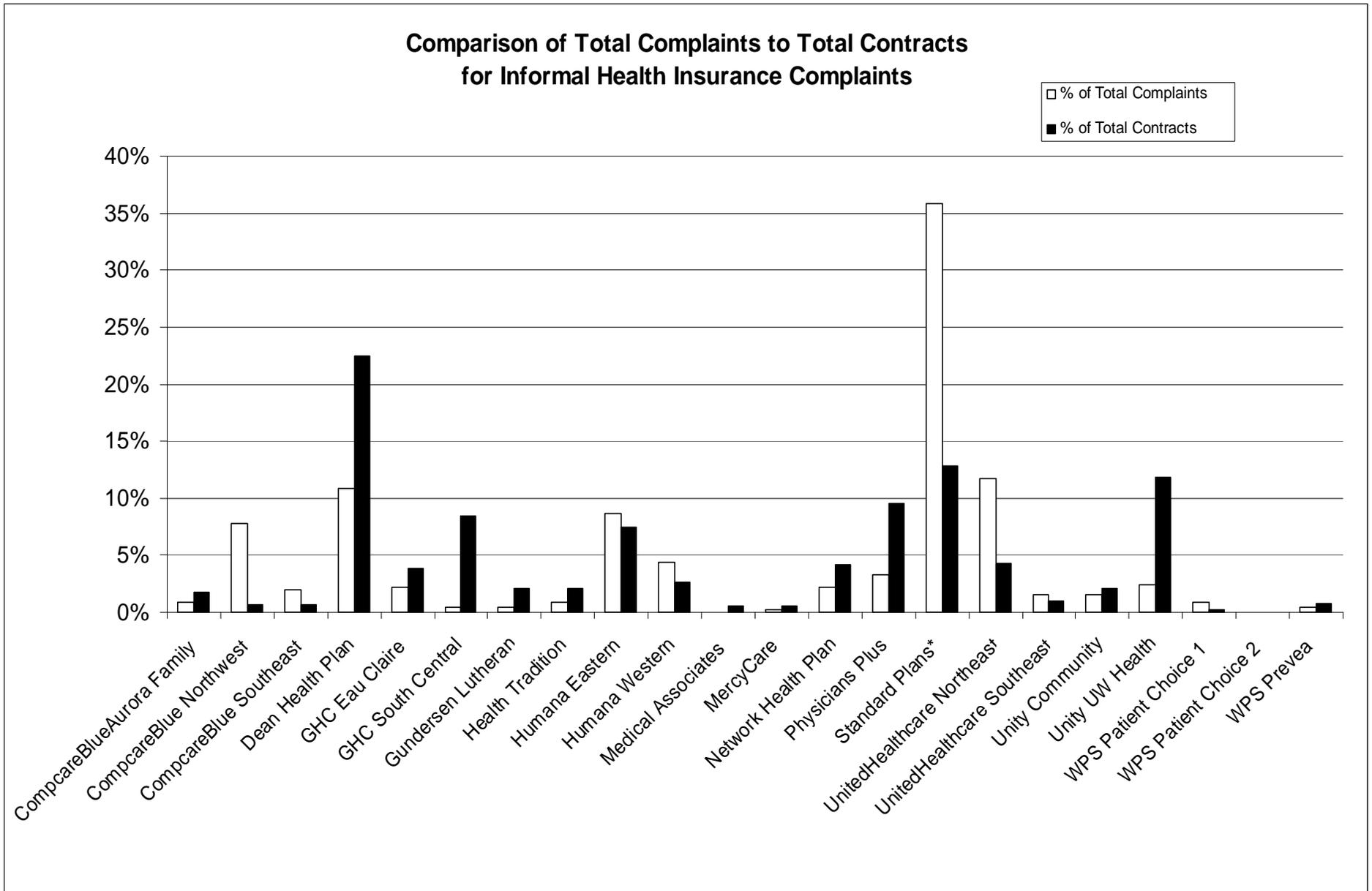
**Standard Plans includes: Standard Plans, Medicare Plus \$1,000,000, State Maintenance Plan, and Local Annuitant Health Plan, all administered by Blue Cross Blue Shield of Wisconsin in 2005 and by WPS beginning 2006*

See Attachments F and G for Comparison Graphs

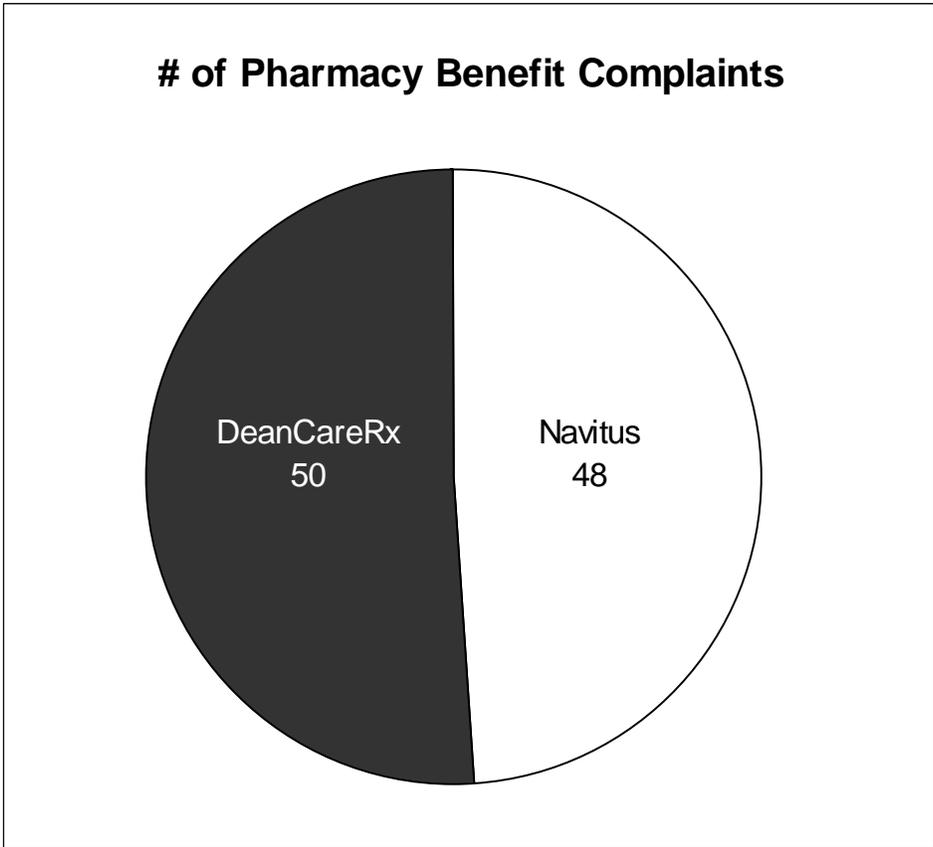
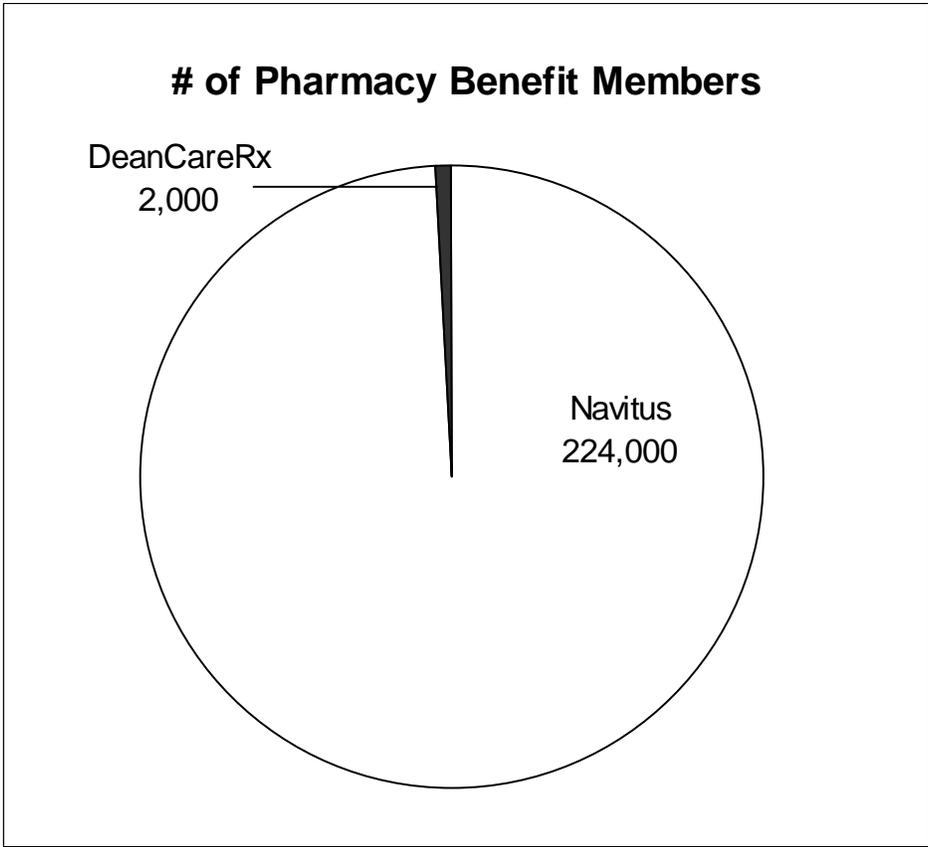
Comparison Graph of Formal Complaints - 2006



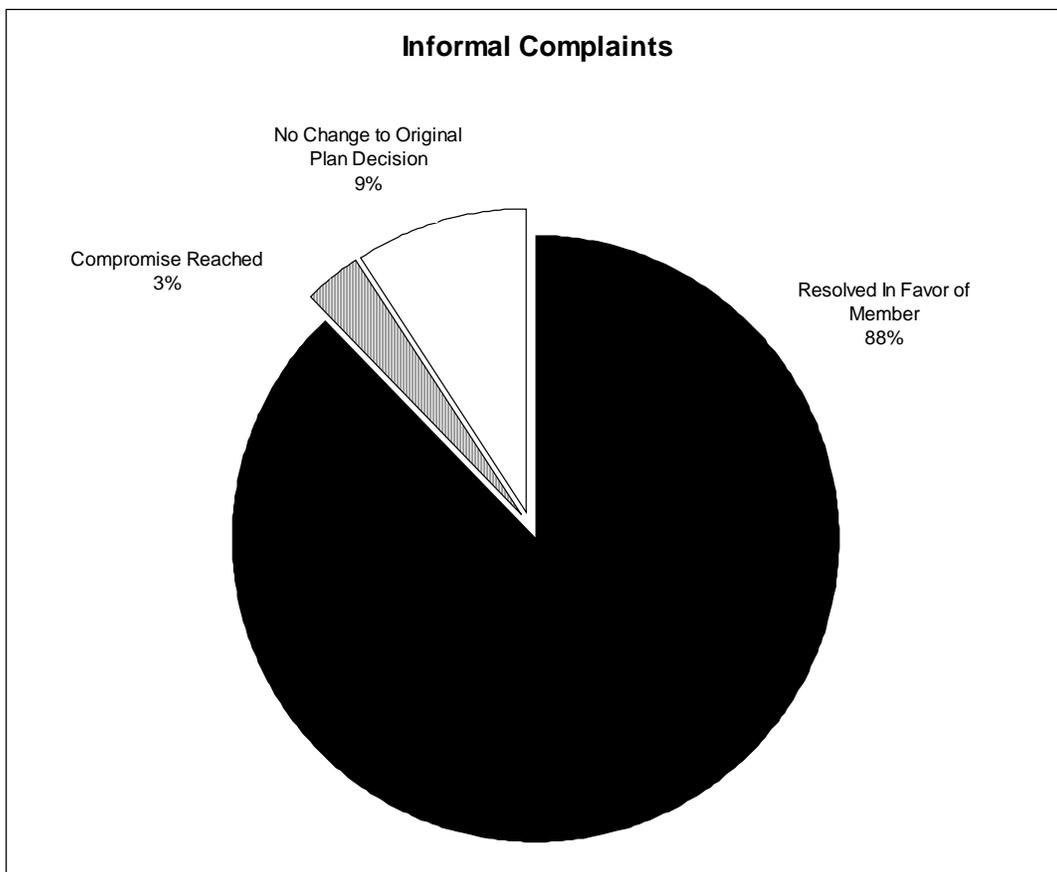
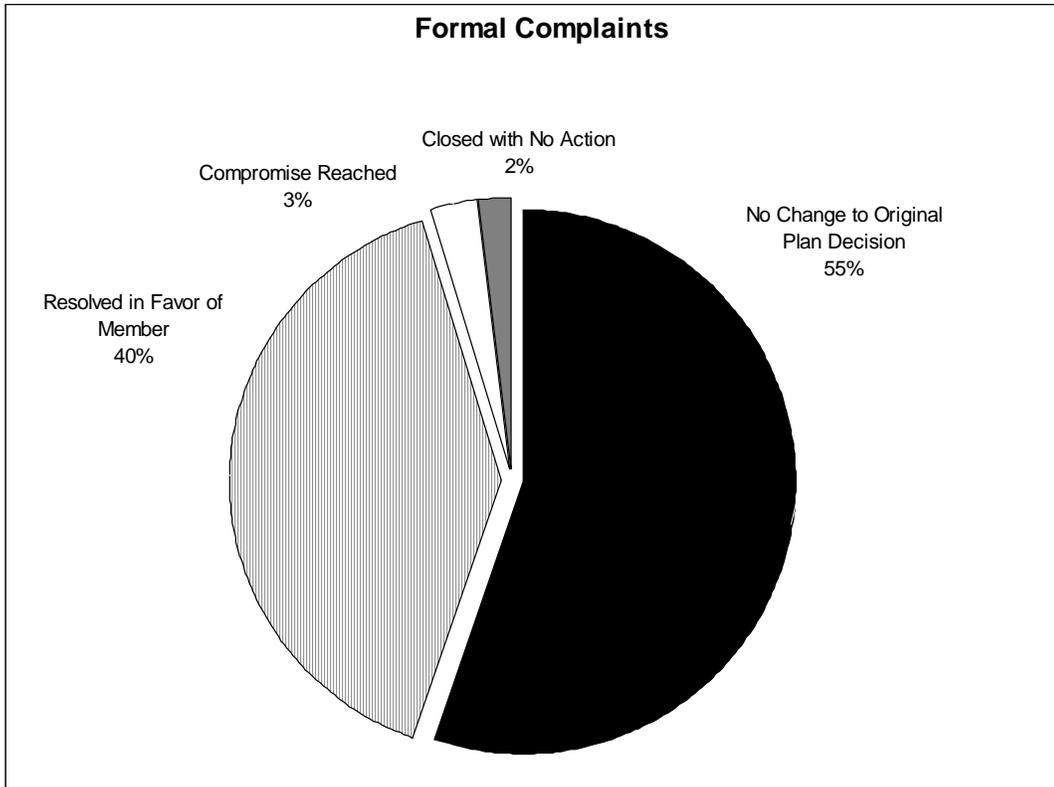
Comparison Graph of Informal Complaints - 2006



Comparison Graph of Informal Complaints - 2006



Comparison of Outcomes* (Formal vs. Informal) - 2006



*This does not include informal complaints that were inquiry only in nature.