

MINUTES OF MEETING

**STATE OF WISCONSIN
PRIVATE EMPLOYER HEALTH CARE COVERAGE BOARD
THURSDAY, NOVEMBER 2, 2000**

**MORTENSON, MATZELLE AND MELDRUM, INC.
3113 W. BELTLINE HWY.
MADISON, WI**

BOARD PRESENT:

Eric Stanchfield, Chair
James Krogstad, Secretary
DeWayne Bierman
Gina Erickson
James Janes
Gary Meier
Christopher Queram
Tim Size
John Turcott

BOARD NOT PRESENT:

Kenneth Conger
Joseph Leean, Vice-Chair

PARTICIPATING STAFF:

Tom Korpady, Administrator, Division of Insurance Services
Phil Borden, Program Director, PEHCCP
A.B. Orlik, Program Manager, PEHCCP
Gina Fischer, Board Coordinator

OTHERS PRESENT:

Dave Mills, Deputy Secretary
Sabrina Gentile, Wisconsin Farm Bureau
Joe Kachelski, Wisconsin Association of Health Plans
Wayne Corey, Wisconsin Independent Businesses
Eric Borgerding, Wisconsin Manufacturers and Commerce
Ron Hermes, Health Insurance Association of America
Coreen Dicus-Johnson, Blue Cross & Blue Shield United of Wisconsin
Russ Pederson, Dept. of Health and Family Services
Bill Smith, National Federation of Independent Businesses
Ann Jablonski, Humana
Diana Ambrosius, Jack Schroeder and Associates
Pam Henning, Director, Legislation and Planning

Mr. Stanchfield called the meeting to order at 8:35 a.m.

Consideration of Minutes of August 23, 2000

MOTION: Mr. Janes moved to accept the minutes of the August 23, 2000 meeting as submitted by the Board Coordinator. Ms. Erickson seconded the motion, which passed without objection on a voice vote.

Update on Other Small Employer Health Insurance Options

Mr. Queram discussed Group Health Cooperative (GHC) HMO's decision to terminate coverage in Green and Jefferson counties. He gave a brief overview of the Alliance-Chamber Health Insurance Program that GHC offers to small businesses. He explained that GHC experienced adverse selection and described the factors that he believes contributed to this.

He further explained that Blue Cross & Blue Shield United of Wisconsin has filed a lawsuit against The Office of the Commissioner of Insurance (OCI), challenging their interpretation of statutes which OCI believes gives GHC the right to redefine their service area and, in effect, cancel coverage in Green and Jefferson counties.

Mr. Queram believes that the main lesson to be learned is that if you have a program that differs significantly from the outside market, you run the risk of adverse selection.

(Mr. Krogstad arrived at 8:45 a.m.)

Staff Reports

- **California Site Visit**

Mr. Borden gave a summary of the discussions he had with three organizations in California (California's Managed Risk Medical Insurance Board, Pacific Business Group on Health, and Word & Brown [California Choice]) that have implemented and operated insurance purchasing pools similar to the Private Employer Health Care Coverage Program. The intent of his meetings with these groups was to gain a "best practices" insight by discussing the implementation and structure of two successful insurance purchasing programs, one of which was formed by state legislation similar to Wisconsin's program.

(Mr. Turcott arrived at 9:08 a.m.)

- **Procurement Briefing**

Ms. Orlik discussed the Procurement Briefing that was held on October 17, 2000 regarding the Request For Proposal (RFP) for administration and marketing of the PEHCCP. The goals of the meeting included gauging vendor interest, providing background information about the procurement, and soliciting input from potential administrators in advance of the RFP release. The briefing also provided an opportunity for introductions between potential out-of-state administrative vendors and Wisconsin advertising/public relations firms that may be eligible to subcontract marketing services.

- **Informal Agent Meeting**

Ms. Orlik informed the Board that she and Mr. Borden had met informally with several insurance agent/broker representatives to provide an update about the program's progress to date and to solicit their input regarding benefit plan design, underwriting/rating practices, and market commission rates. Based on the group's interest and the program staff's need for information, an Agent/Broker Advisory Group will be formed to provide expertise to program staff during the development and implementation of the PEHCCP. The PEHCCP staff believes that their work with this group will highlight the program's commitment to working with the agent/broker

community and provide staff and the Board with a broader perspective of existing market practices and trends.

- **Employer Survey**

Ms. Orlik shared the preliminary results of the Employer Survey that was sent out in October. The survey was designed to (1) gauge employer interest in an employee-choice health insurance purchasing arrangement, and (2) demonstrate support for the program both from employers and their representatives to potential administrators and health plan participants. The support of the following business organizations was enlisted in reaching as many Wisconsin employers as possible: Wisconsin Independent Businesses, National Federation of Independent Business, Wisconsin Manufacturers and Commerce, local Chambers of Commerce. Ms. Orlik noted that one thing that has become apparent is the willingness of these organizations to work with the PEHCCP staff in disseminating information to their members, which will be a great advantage when it comes to marketing the program.

Update on Request for Proposal for Administration and Marketing

Ms. Orlik gave a brief update on the progress of the RFP. She noted that it is currently being reviewed by department staff for final approval and will then be released to potential administrators. An evaluation team is being put together to review proposals, and the program is on target to have an administrator chosen by year-end.

Mr. Size asked what the target date was for having the program operational. Mr. Korpady explained that the target date was still January 1st but that there have been significant delays such as getting the Board appointed and the budget passed that could possibly have the effect of delaying that target date. He also reminded the Board that under the law, only the administrator can contract with insurers. Therefore, the timeline is somewhat dependent on the administrator. If the administrator that is chosen has some current relationships with insurers, it may allow the program to become operational very quickly.

Mr. Turcott commented that he thought July 2001 would be an ambitious revised target date. Mr. Korpady replied that he hoped to have the program operational sooner.

Consideration of Annual Report on the Operation of the Program

The Board discussed some of the issues they felt should be addressed in the annual report to the Governor. Program staff was asked to put together a draft, and the Board agreed to meet again on December 4th to review and further discuss the report.

MOTION: Mr. Queram moved to adjourn. Mr. Turcott seconded the motion, which passed without objection on a voice vote.

The Private Employer Health Care Coverage Board adjourned at 9:57 a.m.

Date Approved _____

Signed: _____

James Krogstad
Secretary