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Department of Employee Trust Funds  
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**CORRESPONDENCE MEMORANDUM**

**DATE:** September 1, 2009  
**TO:** Employee Trust Funds Board  
**FROM:** Tom Korpady, Administrator  
Division of Insurance Services  
**SUBJECT:** Report on Group Insurance Board's August meeting

**This item is for informational purposes only. No Board action is required.**

At its August 25, 2009, meeting, the Group Insurance Board took the following actions:

- Approved technical amendments to the health insurance contract.
- Approved the actuary's recommended premium rates for the self-insured plans and prescription drug benefit program. The state Standard and State Maintenance Plan will increase 9%, the Medicare Plus One Million plan will increase 6%, while the local government plans will increase 8%.
- Approved the service area qualifications and tier assignments and accepted the premium bids for the alternate health plans. The weighted average increase for the state health insurance program is 9%, while the weighted average increase for the local government plan is 10.7%.
- Approved the annual report and premium recommendations for the life insurance program. The state Spouse and Dependent Plan premium will increase to \$2.50 per unit of coverage, and the local government premium rates for basic, supplemental, and additional coverage will decrease by 3.8%. The reductions will be applied to coverage for ages 50 through 59 so that rates for all ages will be at or below the Internal Revenue Service's Table 1 rates which will give local governments the opportunity to decide if they are still subject to the calculation of imputed income for insured employees. All other premium rates remain unchanged.

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- Approved the actuary's annual report and recommendations for the Long Term Disability Insurance program. The plan remains in strong financial condition and the actuary recommends continuing the premium holiday.
- At the request of State Payroll Council members, rescinded the optional payroll deduction authorization for the Optum vision insurance plan effective December 31, 2009.
- Approved the Vision Service Plan (VSP) for optional payroll deduction as a replacement for the Optum plan.

Department staff will be available at the September meeting to answer any questions you may have.