

DRAFT

MINUTES OF MEETING
STATE OF WISCONSIN
GROUP INSURANCE BOARD

Tuesday, April 15, 2008

Holiday Inn
1109 Fourier Drive
Madison, Wisconsin

BOARD PRESENT: Stephen Frankel, Chair
Cindy O'Donnell, Vice-Chair
Esther Olson, Secretary
Robert Baird
Martin Beil
Jeannette Bell
Janis Doleschal
Jennifer Donnelly
Eileen Mallow
David Schmiedicke
Gary Sherman

BOARD NOT PRESENT: None

PARTICIPATING ETF STAFF: Dave Stella, Secretary
Bob Conlin, Deputy Secretary
Tom Korpady, Administrator, Division of Insurance Services
Bill Kox, Director, Health Benefits and Insurance Plans Bureau
Matt Stohr, Director of Legislation, Communications, and Planning
Sharon Walk, Group Insurance Board Liaison

OTHERS PRESENT: Michelle Baxter, Division of Trust Finance and Employer Services
Marcia Blumer, Division of Insurance Services
Jeff Bogardus, Division of Insurance Services
Penny Bound, Dean Health Plan
Liz Doss-Anderson, Division of Management Services
Jodi Dunaway, Mercy Care
Kjirsten Eisner, Minnesota Life Insurance Company
Lisa Ellinger, Division of Insurance Services
Ralph Epifanlo, Anthem Blue Cross Blue Shield
Colleen Evans-Carter, Compicare Blue
David Fee, Humana
Caitlin Frederick, Department of Administration
David Grunke, Wisconsin Physicians Service Insurance Corporation
Tim Gustafson, Deloitte Consulting LLP
Emily Halter, Group Health Cooperative South Central
Ross Hampton, Wisconsin Education Association Trust
Anja Hartmann, Dean Health Plan
Sue Hill, Navitus

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Steve Hurley, Division of Management Services
Kathy Ikeman, Unity Health Insurance
Char Johnson, Security Health Plan
Joy Kaiser, Medical Associates Health Plans
Christina Keeley, Division of Management Services
Sari King, Division of Retirement Services
Jon Kranz, Office of Internal Audit and Budget
Arlene Larson, Division of Insurance Services
Julie Maendel, Deloitte Consulting LLP
Ann McCarthy, Division of Management Services
Peg Narloch, Division of Insurance Services
Greg Nelson, Wisconsin Physicians Service Insurance Corporation
Paul Ostrowski, Office of State Employment Relations
Ryan Pelz, Mercy Care
Roxanne Perillo, Humana
Paul Perkins, Group Health Cooperative
Diane Poole, Division of Insurance Services
Gail Reckner, Security Health Plan
Clay Rehm, Division of Information Technology
Beth Ritchie, University of Wisconsin System Administration
Deb Roemer, Division of Insurance Services
Peter Roverud, Deloitte Consulting LLP
Chris Schmelzer, Minnesota Life Insurance Company
Ron Sebranek, Physicians Plus Insurance Corporation
Mel Sensenbrenner, State Engineers Association
Chris Setter, Anthem Blue Cross Blue Shield
Sonya Sidky, Division of Insurance Services
Joan Steele, Division of Insurance Services
John Verberkmoes, American Federation of Teachers-Wisconsin
John Vincent, Division of Trust Finance and Employer Services
Brandon Widell, United Health Care
Art Zimmerman, Legislative Fiscal Bureau

Stephen Frankel, Chair, Group Insurance Board (Board), called the meeting to order at 8:34 a.m.

ANNOUNCEMENTS

Mr. Korpady introduced Lisa Ellinger, the new Deputy Administrator in the Division of Insurance Services. He also recognized retiring Board member Jeannette Bell. He thanked Ms. Bell for her service on the Board and wished her well in her retirement.

CONSIDERATION OF MINUTES OF FEBRUARY 12, 2008, MEETING

MOTION: Ms. Mallow moved approval of the open and closed session minutes of the February 12, 2008, meeting as submitted by the Board Liaison. Ms. Olson seconded the motion, which passed without objection on a voice vote.

HEALTH INSURANCE PROGRAM

Dual-Choice Enrollment Dates. Mr. Korpady asked for the Board's approval to establish the Dual-Choice enrollment period from October 6-24, 2008, for coverage effective on January 1, 2009.

MOTION: Mr. Beil moved to establish October 6-24, 2008, as the Dual-Choice Enrollment dates. Ms. Olson seconded the motion, which passed on the following voice vote:

Members Voting Aye: Baird, Beil, Bell, Doleschal, Donnelly, Frankel, Mallow, O'Donnell, Olson, and Schmiedicke.

Members Voting Nay: Sherman.

2009 Guidelines and Uniform Benefits. Mr. Kox discussed the Guidelines and Uniform Benefits for the 2009 benefit year. As in past years, a study group met to discuss recommendations for changes to the health insurance contract and the Uniform Benefits package. The study group included representatives from the Office of the Commissioner of Insurance, Department of Administration and the Office of State Employment Relations along with the Department of Employee Trust Funds (Department). A comprehensive memorandum describing the proposed changes and clarifications was presented to the Board for review. Mr. Kox discussed the attachments to the memo. He recommended that the Board adopt the changes discussed in the memo and grant Department staff the authority to make any additional technical changes as necessary.

Recommended Changes to the Guidelines and State and Local Contracts. Mr. Kox discussed the following recommended changes to the state and local contracts.

State Maintenance Plan: The study group recommended giving the Board the flexibility to make the State Maintenance Plan available as a Tier 2 plan in any county, whether or not a qualified Tier 1 plan is available. This may be used to supplement provider availability in areas where the Standard Plan is the only other alternative.

Incorporation of Pharmacy Data: The study group recommended expanding the requirement for health plans to incorporate the Department's pharmacy claims data into all aspects of disease management. Currently, health plans are only required by contract to incorporate the pharmacy claims data into the Healthcare Effectiveness Data and Information Set (HEDIS) measures.

Annual Utilization Report: The study group recommended requiring health plans to submit an annual utilization report describing utilization trends in the state and local programs, and how these trends compare to the health plan's commercial business.

Recommended Changes To The Local Contract.

Underwriting: Currently, the Board has an underwriting process for large employers with 51 or more eligible employees. The study group recommended expanding the underwriting process to small employers with 50 or fewer eligible employees. Surcharges for higher risk groups would likely be higher and could range up to 85%.

Employers would be assessed a fee to cover the cost of the underwriting process. The details relating to this process are being discussed by staff. Prior to implementation, the Department will make a report to the Board.

Opt-Out Surcharge: To protect the program from adverse selection caused by opt-out provisions in local employer labor agreements, the study group recommended that language be added to the health insurance contract that would allow the Board to assess a surcharge, as determined by the Board's actuary, when a local employer does not remove a provision that provides financial incentives for employees to opt out of our group health coverage.

Recommended Change To Uniform Benefits

Cost-neutral recommendation: Mr. Kox discussed the Pharmacy Annual Out-of-Pocket (OOP) Maximum. The annual OOP maximum is currently \$350 per individual/\$700 per family. The study group recommended increasing the OOP maximum to \$385/\$770 for 2009.

Recommendations affecting costs: Mr. Kox discussed enteral (tube) feedings and emergency room copayments. The study group was not able to reach a consensus on recommending inclusion of enteral feedings and increasing emergency room copayments to offset the cost, and decided to bring the issues to the Board for discussion.

Discussion of Other Issues

There were other issues considered by the study group that resulted in no recommended changes. These issues included:

1. Review of provider qualification criteria;
2. Minimum dental benefit level;
3. Medicare as primary payer for local employers;
4. High-deductible option for local employers;
5. Non-payment for medical errors;
6. Maintenance therapy;
7. Hearing aid benefit;
8. Biofeedback;
9. Contact lens fittings;
10. Imaging copayment; and
11. Pharmacy copayments.

In response to questions from Mr. Beil, Mr. Kox noted that the study group had looked at gastric bypass surgery. Mr. Roverud from Deloitte Consulting indicated that costs continue to rise due to increases in utilization.

MOTION: Ms. Mallow moved that the Board accept the recommendations with respect to changes to the Guidelines and State and Local Contracts. Ms. Olson seconded the motion, which passed without objection on a voice vote.

MOTION: Ms. Olson moved to accept the recommendation with respect to underwriting changes and an opt-out surcharge in the Local Contract. Mr. Beil seconded the motion, which passed without objection on a voice vote.

MOTION: Ms. Doleschal moved to accept the recommendation to increase the out-of-pocket maximum from \$350 to \$385 per individual and from \$700 to \$770 per family. Ms. Bell seconded the motion, which passed without objection on a voice vote.

Health Risk Assessment Tools.

Mr. Korpady discussed the memo in the Board packet regarding Health Risk Assessments (HRA). The Department surveyed the health insurance plans and compiled basic information about HRA options currently available. Mr. Korpady noted that this topic will continue to be discussed with the Board and the health plans.

LEGISLATIVE UPDATE

Mr. Stohr updated the Board on the 2007-2008 legislative session, noting that the general legislative session concluded on March 13, 2008. Mr. Stohr discussed Assembly Bill (AB) 893, a technical bill, which was signed into law as Act 131. This act conforms state law with current practices and with federal law, creates efficiencies in the operations of Department programs and eliminates several inequities with previous laws.

Mr. Stohr also discussed AB 668 and its companion bill, Senate Bill (SB) 336. These bills would have expanded the membership of the Group Insurance Board from six appointed persons to eight appointed members, one from each of the eight different congressional districts. The bills were not signed into law but it is possible that they will be reintroduced in the next legislative session.

MISCELLANEOUS

Mr. Korpady referred the Board members to the miscellaneous items included in the Board packets.

MOTION TO CONVENE IN CLOSED SESSION

Mr. Frankel announced that the Board would convene in closed session pursuant to the exemptions contained in Wis. Stat. § 19.85(1)(e) for the purpose of discussing the use of public employee trust funds. Staff from the Department of Employee Trust Funds, the Department of Administration, and the Office of State Employment Relations were invited to remain during the closed session.

MOTION: Mr. Beil moved to convene in closed session pursuant to the exemptions contained in Wis. Stat. § 19.85 (1)(e) for the purpose of discussing the use of public employee trust funds. Mr. Baird seconded the motion, which passed on the following roll call vote:

Members Voting Aye: Baird, Beil, Bell, Doleschal, Donnelly, Frankel, Mallow, O'Donnell, Olson, Schmiedicke, and Sherman

Members Voting Nay: None

The Board convened in closed session at 10:15 a.m. and reconvened in open session at 10:50 a.m.

Mr. Frankel announced that the Board took the following action during the closed session:

INCOME CONTINUATION INSURANCE (ICI) AND LONG-TERM DISABILITY INSURANCE (LTDI) PROGRAMS

Mr. Frankel announced that the Board accepted the proposal submitted by Aetna for the administration of the ICI and LTDI plans pending successful negotiations with Aetna to clarify terms, conditions, reporting requirements and administrative costs.

LIFE INSURANCE CONTRACT EXTENSION

Mr. Frankel announced that the Board approved extending the contract with Minnesota Life Insurance Company for two years from January 1, 2009, through December 31, 2010.

ADJOURNMENT

MOTION: Mr. Sherman moved adjournment. Mr. Beil seconded the motion, which passed without objection on a voice vote.

The Board adjourned at 10:52 a.m.

Dated Approved: _____

Signed: _____

Esther Olson, Secretary
Group Insurance Board