

DRAFT

MINUTES OF MEETING
STATE OF WISCONSIN
GROUP INSURANCE BOARD

Tuesday, June 10, 2008

Holiday Inn
1109 Fourier Drive
Madison, Wisconsin

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

BOARD NOT PRESENT: Robert Baird
Martin Beil

PARTICIPATING ETF STAFF: Dave Stella, Secretary
Tom Korpady, Administrator, Division of Insurance Services
Bill Kox, Director, Health Benefits and Insurance Plans Bureau
Sharon Walk, Group Insurance Board Liaison

OTHERS PRESENT: Jared Adair, Wisconsin Physicians Service Insurance Corporation
Vickie Baker, Division of Management Services
William Bathke, Wisconsin Physicians Service Insurance Corporation
Michelle Baxter, Division of Trust Finance and Employer Services
Barb Belling, Office of the Commissioner of Insurance
Marcia Blumer, Division of Insurance Services
Jeff Bogardus, Division of Insurance Services
Penny Bound, Dean Health Plan
Christopher Burke, Aetna
Liz Doss-Anderson, Division of Management Services
Phil Dougherty, Wisconsin Association of Health Plans
Rhonda Dunn, Office of the Secretary
Lisa Ellinger, Division of Insurance Services
Kjirsten Elsner, Minnesota Life Insurance Company
Ralph Epifanio, Anthem Blue Cross Blue Shield
Colleen Evans-Carter, Compcare 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
Roni Harper, Division of Insurance Services

Board	Mtg Date	Item #
GIB	08/26/2008	1

Sandy Hayes, Dean Health Plan
Pamela Henning, Division of Management Services
Kathy Ikeman, Unity Health Insurance
Sari King, Division of Retirement Services
Scott Kowalski, Wisconsin Physicians Service Insurance Corporation
Jon Kranz, Office of Internal Audit and Budget
Bill Kumpf, Senior Care Insurance
Kevin Kumpf, Senior Care Insurance
Arlene Larson, Division of Insurance Services
Jo Musser, Wisconsin Physicians Service Insurance Corporation
Peg Narloch, Division of Insurance Services
Greg Nelson, Wisconsin Physicians Service Insurance Corporation
Tom Ohm, Wisconsin Physicians Service Insurance Corporation
Tom Olson, Wisconsin Physicians Service Insurance Corporation
Paul Ostrowski, Office of State Employment Relations
Tom Pabich, Navitus
Ryan Pelz, Mercy Care
Roxanne Perillo, Humana
Diane Poole, Division of Insurance Services
Gail Reckner, Security Health Plan
Deb Roemer, Division of Insurance Services
Lois Sater, Wisconsin Physicians Service Insurance Corporation
Chris Schmelzer, Minnesota Life Insurance Company
Ron Sebranek, Physicians Plus Insurance Corporation
Terry Seligman, Navitus
Mel Sensenbrenner, State Engineers Association
Sonya Sidky, Division of Insurance Services
Lindsay Sitek, Deloitte Consulting LLP
Joan Steele, Division of Insurance Services
Matt Stohr, Office of Legislation, Communications, and Planning
Jill Thomas, Office of State Employment Relations
Vaughn Vance, Wisconsin Education Association Trust
John Vincent, Division of Trust Finance and Employer Services
Essie Whitelew, Wisconsin Physicians Service Insurance Corporation
Robert Willett, Division of Trust Finance and Employer Services
Betty Wittmann, Division of Insurance Services

Stephen Frankel, Chair, Group Insurance Board (Board), called the meeting to order at 9:08 a.m.

ANNOUNCEMENTS

Mr. Korpady introduced Betty Wittmann, the new Manager of Optional Plans and Audit in the Division of Insurance Services, and Vickie Baker, the new Ombudsperson in the Quality Assurance Services Bureau (QASB).

CONSIDERATION OF MINUTES OF APRIL 15, 2008, MEETING

MOTION: Mr. Sherman moved approval of the open and closed session minutes of the April 15, 2008, meeting as submitted by the Board Liaison. Ms. O'Donnell seconded the motion, which passed without objection on a voice vote.

INCOME CONTINUATION INSURANCE (ICI) PROGRAM

Mr. Korpady introduced Tim Gustafson from Deloitte Consulting, the Board's actuary. Mr. Gustafson presented the *State Income Continuation Insurance Plan Actuarial Review as of December 31, 2007*, to the Board. As of the end of 2007, the state plan had assets of \$62 million and liabilities of \$64.8 million for a net fund balance of \$(2.8) million. The asset balance does not include \$13.8 million in deferred market gains which will be smoothed in over the next four years. The net fund balance of \$(2.8) million represents 4.3% of the liabilities. The long-term target net fund balance is 15%-25%. The funding level improved in 2007 for the first time since 2004. Since the net fund balance is improving, no premium action is recommended on the state plan at this time.

MOTION: Ms. Olson moved to accept the actuary's report and recommendation to keep premium rates for the State Income Continuation Insurance Program the same as the previous year. Ms. Doleschal seconded the motion, which passed without objection on a voice vote.

Mr. Gustafson also presented the *Local Income Continuation Insurance Plan Actuarial Review as of December 31, 2007*, to the Board. He reported that the local plan is in a strong financial position, with assets of \$24.1 million and liabilities of \$3.8 million for a net fund balance of \$20.3 million. No change to the local plan is recommended at this time.

MOTION: Ms. Doleschal moved to accept the actuary's report and recommendation to keep the premium rates for the Local Income Continuation Insurance Program the same as the previous year. Ms. Donnelly seconded the motion, which passed without objection on a voice vote.

UPDATE ON DISABILITY INSURANCE PLANS

Mr. Korpady introduced Christopher Burke, Aetna Group Insurance Account Executive. Mr. Burke reviewed the history of Aetna's relationship with the Board and the Department of Employee Trust Funds (Department). In 2007, Aetna continued to use the "claim owner" model (i.e., when a participant submits a claim, an adjudicator is assigned so that the member knows who is handling the claim). Mr. Burke noted that Aetna's approach for 2008 will continue to focus on good customer service, maintaining staffing strength and experience, and looking for program efficiency and enhancement opportunities.

The Board took a break from 9:50-10:00 a.m. Ms. Mallow joined the meeting at 10:05 a.m.

HEALTH INSURANCE PROGRAM

Wisconsin Physicians Service (WPS) Presentation to the Board

William Bathke, Executive Vice President and Chief Operating Officer of WPS, presented the *Health Care Utilization Summary* to the Board. In addition to an overview of the financial status of WPS, Mr. Bathke discussed the WPS corporate structure. Essie Whitelaw, Senior Vice President, Private Sector Claims Operations, provided an overview of WPS operations, including a comparison of performance results for 2006 and 2007. Jo Musser, Senior Vice President, Medical Affairs, reviewed integrated care management, the Centers of Excellence approach, and factors that affect costs for procedures such as bariatric surgery. Scott Kowalski, Vice President, Commercial Sales, summarized the presentation by reiterating WPS's commitment to the State of Wisconsin and the Board.

Technical Changes to 2009 Guidelines and Uniform Benefits

Mr. Kox noted that at the April 15, 2008, meeting, the Board granted Department staff the authority to proceed with any needed technical changes in the Guidelines and Uniform Benefits for the 2009 benefit year. He referred the Board to a memo in their packets and noted the following:

1. Language was added to clarify the definition of "student."
2. The per member per month (PMPM) charge that is used to pay for the dual choice booklets is reduced from \$.09 to \$.06.
3. Language was clarified to reflect that, by contract, the ability to change health plans upon meeting or exceeding the benefit lifetime maximum is extended to annuitants.
4. The definition of "Usual and Customary Charges" has been clarified.

Consideration of Contract Amendments for Self-Insured Health Plans

Mr. Kox discussed proposed changes to the Standard Plans. He summarized the changes as follows:

1. Immunizations. Staff recommends that preventive immunizations, such as the shingles vaccine, which are not covered by Medicare supplement plans, be covered by the Medicare Plus \$1,000,000. The cost would be \$.30 PMPM. To offset this cost, staff recommends limiting the skilled nursing facility benefit to a maximum of 120 days per benefit period, which will be equal to the Uniform Benefits plans. Mr. Kox noted that the inability to obtain a shingles vaccine has been an issue since it is covered by all plans that offer Uniform Benefits but is not available through the Medical Plus \$1,000,000 plan.
2. Gastric Bypass Surgery. WPS reviewed its medical policy and recommends that the body mass index requirement for bariatric surgery be lowered from 40 to 35. This would bring the Standard Plan in conformance with industry trends.

3. Underwriting. At its April 15, 2008, meeting, the Board approved the underwriting process for prospective local government employers with 50 employees or fewer. WPS charges \$1,200 for underwriting each group of 51 or more. Small group underwriting depends upon the size of the group and ranges from \$100 to \$550. Staff is concerned that this cost, if passed on to employers in its entirety, would create a barrier preventing small employers from joining the local government group and, therefore, recommends that the cost be absorbed by the current local participating groups. This service will help to protect the pool from adverse selection.
4. Alternative Care Provision. Staff recommends clarifying the current contract language regarding the Alternative Care provision by adding language that permits a physician to suggest such treatment. The language would also state that WPS has the final authority in determining if the alternative treatment is allowable.
5. Incidental Services and Indirect Services. The contract language would be updated to clarify the existing practice by adding a definition for Incidental Services and an exclusion for Indirect Services. Incidental Services are those that occur at the same time as another service, but do not add significant time or effort so the charge for that secondary service is denied. Indirect Services would include the creation of a laboratory's standards and the calibration of equipment.
6. Annual Out-of-Pocket Amounts. Language will be added to the schedule of benefits of the Standard Plans to specifically state that the overall annual out-of-pocket amounts do not include benefits for the treatment of alcoholism, drug abuse, and nervous and mental disorders. This language is consistent with current practice and Wis. Stat. § 632.89, on which it is based.

MOTION: Ms. Olson moved approval of the recommended changes to the Standard Plans contract for 2009. Ms. Doleschal seconded the motion, which passed without objection on a voice vote.

Financial Review of Alternate Health Providers

Mr. Korpady discussed the memo from Robert Willett, Chief Trust Financial Officer, regarding the financial statements of the Health Maintenance Organizations (HMOs) that have asked to participate in the state's group health insurance program in 2009. Mr. Willett noted that the overall financial condition of the HMOs has not changed significantly since 2007.

MOTION: Mr. Sherman moved to accept the recommendation of staff with respect to the HMO providers for 2009. Ms. Mallow seconded the motion, which passed without objection on a voice vote.

MISCELLANEOUS

Mr. Korpady referred the Board members to the miscellaneous items included in the Board packets. He reviewed the Correspondence and Complaint Summary and the Grievance Report

provided by QASB. He pointed out that Navitus continues to do an excellent job with respect to customer service. Complaints received by the Ombuds staff has declined each year since 2004. In 2007, Navitus had over 229,000 members but the Ombuds staff received only 53 complaints. For the third straight year, grievances for Humana's emergency room services were high, compared to all other plans. There have been discussions with Humana and some changes have been made to correct the problem. There were no reductions in emergency room grievances in 2006 and 2007. However, the first quarter of 2008 looks promising. Staff will continue to monitor this situation.

ADJOURNMENT

MOTION: Ms. Doleschal moved adjournment. Ms. Mallow seconded the motion, which passed without objection on a voice vote.

The Board adjourned at 10:53 a.m.

Dated Approved: _____

Signed: _____

Esther Olson, Secretary
Group Insurance Board