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CORRESPONDENCE MEMORANDUM

DATE: October 21, 2008
TO: Group Insurance Board
FROM: Betty Wittmann, Manager
Optional Insurance Plans & Audits
SUBJECT: Status Update –Optional Vision and Accidental Death & Dismemberment (AD&D) Programs

This memo is informational only. No Board action is necessary.

This memo provides an update on the status of the optional vision care insurance provided by Spectera (OptumHealth Vision) and the AD&D insurance provided by The Hartford Life Insurance Company.

Background

Under authority granted to the Group Insurance Board (Board) by Wis. Stats. § 40.03 (6) (b) and pursuant to Wis. Stats. § 20.921 (1)(a) 3 and Wis. Admin. Code § ETF 10.20, the Board is responsible for approving optional group insurance plans to be offered via payroll deduction. In 2003 the Board approved the Spectera vision plan that is currently available to active state and university employees as well as eligible retirees. In 1989 the Board approved the AD&D plan through CNA Financial Corporation, which was acquired by The Hartford Life Insurance Company in 2003.

Discussion - Optional Vision Program

In 2001, UnitedHealthcare Group (UHC) acquired Spectera and in late 2006 the merged companies formed UnitedHealthcare Specialty Benefits, marketing themselves to members as OptumHealth Vision. The merger has had a positive affect on the relationship between Spectera and the State by making key individuals within UHC more accessible. This has improved communication and helped to resolve the administrative and enrollment issues that accumulated over the last five years. In addition, UHC's information technology systems and resources have provided a more accurate picture of enrollment and claims data that is reported to the department annually.

Spectera/OptumHealth Vision is offering an open enrollment opportunity for state and university employees, as well as eligible retired state employees. Coverage is effective January 1, 2009. The open enrollment period will run until November 14, 2008. It should also be noted that annuitants that are enrolled in the vision program in 2008 would no longer have to re-enroll each year to maintain continuous coverage.

Reviewed and approved by Robert J. Conlin, Deputy Secretary.

Signature

Date

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The following chart highlights the utilization information gathered for the Spectera Vision program.

Spectera (OptumHealth) Vision Insurance Program		
Utilization Statistics 2007	Actives	Annuitants
Enrolled Participants	8626	230
Enrollment % change from 2004	8% Increase	50% Decrease
Premium Income	\$905,394.91	\$45,969.80
Amount of Claims	\$692,994.57	\$39,531.09
Loss Ratio (includes admin cost)	88% combined (down from 103% in 2006)	

Discussion - Optional Accidental Death & Dismemberment (AD&D) Program

Currently, The Hartford offers AD&D benefits to twenty-nine state agencies with approximately 5,800 active state employees enrolled in the plan. The Department of Corrections, the Department of Transportation and the Department of Natural Resources together make up 66% of the total premium in the AD&D plan.

AD&D tends to be a volatile plan with low premiums and fluctuating claims, which holds with the State of Wisconsin program. Previously, the Board has considered its 75% loss ratio requirement and anticipates these volatile plans will meet the requirement over longer periods of time (15 or more years). The Hartford is comparing the existing CNA plan, which has been in effect since 2001, with a more up to date AD&D plan from their portfolio. The Hartford may wish to discuss a replacement policy with employers and ETF.