

**MINUTES OF MEETING**

**DRAFT**

**STATE OF WISCONSIN  
GROUP INSURANCE BOARD**

**Tuesday, February 17, 2009**

**Holiday Inn  
1109 Fourier Drive  
Madison, Wisconsin**

**BOARD PRESENT:** Steve Frankel, Chair  
Cindy O'Donnell, Vice-Chair  
Esther Olson, Secretary  
Robert Baird  
Martin Beil  
Eileen Mallow  
Paul Ostrowski (representing Jennifer Donnelly)

**BOARD  
NOT PRESENT:** Janis Doleschal  
David Schmiedicke  
Gary Sherman

**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  
Michelle Baxter, Director, Insurance Administration Bureau  
Diane Poole, Director, Disability Programs Bureau  
Cindy Gilles, Group Insurance Board Liaison

**OTHERS PRESENT:** Janine Anderson, Wisconsin Physicians Service Insurance Corporation  
Brian Belford, Legislative Audit Bureau  
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  
Andrea Darling, United Health Care  
Jess Domnick, Navitus  
Phil Dougherty, Wisconsin Association of Health Plans  
Rhonda Dunn, Office of the Secretary  
Elizabeth Dye, Group Health Cooperative  
Lisa Ellinger, Division of Insurance Services  
Kjirsten Eisner, Minnesota Life Insurance Company  
Colleen Evans-Carter, Anthem  
Caitlin Frederick, Department of Administration  
Becky Gorst, Security Health Plan  
David Grunke, Wisconsin Physicians Service Insurance Corporation

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Emily Halter, Group Health Cooperative South Central  
Ross Hampton, Wisconsin Education Association Trust  
Sue Hill, Navitus  
Steve Hurley, Office of Policy, Privacy and Compliance  
Kathy Ikeman, Unity Health Insurance  
Joy Kaiser, Medical Associates Health Plans  
Jon Kranz, Office of Budget and Trust Finance  
Arlene Larson, Division of Insurance Services  
Teri Malsch, Wisconsin Physicians Service Insurance Corporation  
Michelle Mazola, Anthem  
Peg Narloch, Division of Insurance Services  
Greg Nelson, Wisconsin Physicians Service Insurance Corporation  
Connie O'Connell, Gateway Ventures  
Tom Pabich, Navitus  
Ryan Pelz, Mercy Care  
Roxanne Perille, Humana  
Paul Perkins, Group Health Cooperative  
Kathy Pinsen, Gateway Ventures  
Gail Reckner, Security Health Plan  
Beth Ritchie, University of Wisconsin System Administration  
Deb Roemer, Division of Insurance Services  
Bob Schaefer, State Engineers Association  
Chris Schmelzer, Minnesota Life Insurance Company  
Ron Sebranek, Physicians Plus Insurance Corporation  
Peg Smelser, Wisconsin Education Association Trust  
Joan Steele, Division of Insurance Services  
Gary Steffen, Wisconsin Science Professionals  
Matt Stohr, Office of Legislative Affairs, Communications, and Quality Assurance  
Susana Vasquez-Jarcee, Group Health Cooperative  
John Verberkmoes, American Federation of Teachers-Wisconsin  
Sharon Walk, Office of the Secretary  
Allan Wearing, Blue Cross Blue Shield of Wisconsin  
Sharon Whitman, Wisconsin Physicians Service Insurance Corporation  
Brandon Widell, United Health Care  
Bob Willett, Office of Budget and Trust Finance  
Betty Wittmann, Division of Insurance Services

Steve Frankel, Chair, Group Insurance Board (Board), called the meeting to order at 9:30 a.m.

## **ANNOUNCEMENTS**

**Welcome Back to Rhonda Dunn** Dave Stella, Secretary, welcomed back Rhonda Dunn, Executive Assistant of the Department of Employee Trust Funds, from her leave. Ms. Dunn thanked everyone for their support.

**Department Reorganization** Tom Korpady, Administrator, Division of Insurance Services, announced that the Governor's Office and the Department of Administration approved the reorganization of the Department of Employee Trust Funds. Within the Division of Insurance Services, there is a new Bureau of Insurance Administration, headed by Michelle Baxter.

#### **CONSIDERATION OF MINUTES OF NOVEMBER 11, 2008, MEETING**

***MOTION: Ms. Mallow moved approval of the minutes of the November 11, 2008, meeting as submitted by the Board Liaison. Ms. Olson seconded the motion, which passed without objection on a voice vote.***

#### **ELECTION OF OFFICERS**

Mr. Frankel shared that after 21 years as Board Chair, he will be retiring from the Board in April.

**NOMINATION FOR CHAIR: Ms. Olson nominated Cindy O'Donnell for Chair. The nomination was seconded by Ms. Mallow.**

***MOTION: Mr. Beil moved to close the ballot and elect Ms. O'Donnell as Chair. Ms. Mallow seconded the motion. The vote passed without objection on a voice vote. Ms. O'Donnell abstained.***

**NOMINATION FOR VICE-CHAIR: Ms. O'Donnell nominated Eileen Mallow for Vice-Chair. The nomination was seconded by Ms. Olson.**

***MOTION: Mr. Beil moved to close the ballot and elect Ms. Mallow as Vice-Chair. Mr. Baird seconded the motion. The vote passed without objection on a voice vote. Ms. Mallow abstained.***

**NOMINATION FOR SECRETARY: Mr. Baird nominated Esther Olson for Secretary. The nomination was seconded by Ms. O'Donnell.**

***MOTION: Mr. Beil moved to close the ballot and elect Ms. Olson as Secretary. Ms. Mallow seconded the motion. The vote passed without objection on a voice vote. Ms. Olson abstained.***

***MOTION: Ms. Olson moved to have the newly elected officers take office after the April 14, 2009, meeting. Ms. Mallow seconded the motion, which passed without objection on a voice vote.***

#### **HEALTH INSURANCE PROGRAM**

**Guidelines/Uniform Benefits Timeline:** Mr. Kox discussed the timeline for development of changes to the Guidelines and Uniform Benefits for contract year 2010. The staff discussion will begin on or about February 24, 2009. In the past, Board members and their staff have participated in the discussions. Final recommendations for changes will be presented to the Board at the April 14, 2009, meeting. Some of the changes that will be discussed include:

- **Administration:** Language modification describing the calculation of Medicare-reduction rate.
- **Eligibility/Enrollment:** Administrative Rule change for surviving dependents to continue coverage.
- **Local Government Contract:** The need to tighten the 65% participation waiver for new groups when in conflict with group underwriting requirements.
- **Benefits:** Federal Mental Health Parity, which goes into effect January 1, 2010. Additional coverage, including dental implants, bariatric surgery, and acupuncture. Changes to offset benefit additions, including increased co-payments of emergency room visits and prescriptions.

**Cost and Quality Project Update:** Mr. Korpady provided a brief update on Dr. John Hansen's project regarding the treatment for lower back pain.

**2009 Dual-Choice Enrollment Results:** Mr. Korpady shared that it was a slow year for member applications to switch health plans. The State Maintenance Plan increased by 168 contracts.

**Report on Health Plan Employer Data and Information Set (HEDIS<sup>®</sup>) and Consumer Assessment of Health Plans Survey (CAHPS<sup>®</sup>):** Mr. Kox reported that the HEDIS<sup>®</sup> and CAHPS<sup>®</sup> performance measures are included in the report annually. Overall, Wisconsin health maintenance organizations are performing above the national average in most areas. Areas needing improvement include cancer screening, mental health services and antibiotic indicators.

**Third Party Audit of WPS Health Insurance:** Mr. Kox shared that Claim Technologies Incorporated (CTI) conducted an audit of WPS for calendar years 2006 and 2007. WPS is performing in the top half of approximately 100 plans that CTI has audited on 11 of the 12 measures. CTI noted improvements could be made with regard to claims paid after member termination. This typically happens after retroactive coverage terminations from employers.

**Medicare Part D Prescription Drug Plan:** Mr. Kox highlighted the investigation into contracting with the Centers for Medicare and Medicaid Services (CMS) in order to provide a Medicare Part D Prescription Drug Plan (PDP). The advantages include: additional savings to the State Group Health Insurance Program, depletion of the Governmental Accounting Standards Board liability, and employer group waivers. The disadvantages include: increased pharmacy benefit management administration costs as well as more complexity and staff time.

## **HEALTH INSURANCE ENROLLMENT, VALIDATION, AND PAYMENT (EVP) PROJECT**

Ms. Baxter shared with the Board that in 2008 an internal planning team developed a plan to improve and update the Health Insurance and Complaint System. The main focus of the project is to provide online services, ensure participants eligible for medical and pharmacy benefits receive such benefits, eliminate duplication of work, and ensure continued compliance with the Health Insurance Portability and Accountability Act. The project will be completed in multiple phases during 2009 and 2010.

## **INCOME CONTINUATION INSURANCE (ICI) MONTHLY EARNINGS CALCULATION**

Ms. Poole presented information on proposed language changes for the State ICI Plan to correct changes made in 2006 that negatively affected employees who worked overtime on a regular basis and forced employers to continually project salaries for premiums. Premiums will now remain the same upon return to employment from an authorized leave and are only changed after the employee has worked one full calendar year or has a permanent change in appointment. For benefits, earnings are determined at the time of disability. Earnings may be projected when only the rate of pay changes. For those who unsuccessfully attempt to return to work, earnings will be the same as the prior disability or prior calendar year's earnings.

Mr. Beil thanked Ms. Poole and the staff for the work they have done with this language.

***MOTION: Mr. Beil moved to approve the State and Local ICI plan changes. Ms. O'Donnell seconded the motion, which passed without objection on a voice vote.***

## **POST-RETIREMENT LIFE INSURANCE ACTUARIAL VALUATION**

Bob Willett, Office of Budget and Trust Finance, reported that the Governmental Accounting Standards Board (GASB) established new accounting and financial reporting standards for benefits paid to employees after their working careers, commonly referred to as Other Post-Employment Benefits (OPEB). The new GASB rule requires that the full cost of retiree benefits must be accrued while they are employed and the benefit plan must account for any accrued unfunded liability. With these changes, retirees under age 65 will now be linked with "over age 65 retirees." The GASB requirements have necessitated changes to the Wisconsin Public Employers Group Life Insurance Program administrative agreement between the Group Insurance Board and Minnesota Life Insurance Company (MLIC).

***MOTION: Mr. Beil moved to accept the recommendations of MLIC with regard to changes to the administrative agreement and annual reporting to comply with GASB standards. Mr. Baird seconded the motion, which passed without objection on a voice vote.***

## **CONSIDERATION OF PAYROLL DEDUCTION AUTHORIZATION FOR LEGAL SERVICES PLAN**

Connie O'Connell and Kathy Pinson, Gateway Ventures, Inc., (Gateway Ventures) presented information to the Board regarding Gateway Ventures offering pre-paid legal insurance coverage through Pre-Paid Legal Casualty, Inc., as an optional employee benefit at a rate of \$14.75/month without legal shield and \$15.75/month with legal shield. Gateway Ventures has a 42% loss ratio of the full value of the benefits offered, when compared to other employee benefit plans.

***MOTION: Mr. Beil moved to accept Gateway Ventures request to offer pre-paid legal services through Pre-Paid Legal Casualty. Ms. O'Donnell seconded the motion. The motion failed on the following roll call vote:***

***Members voting Aye: Beil and O'Donnell***

***Members voting Nay: Baird, Frankel, Mallow, Olson, Ostrowski (for Donnelly)***

**MISCELLANEOUS**

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

**ADJOURNMENT**

***MOTION: Ms. Mallow moved to adjourn the meeting. Mr. Baird seconded the motion, which passed without objection on a voice vote.***

The Board adjourned at 10:55 a.m.

Dated Approved: \_\_\_\_\_

Signed: \_\_\_\_\_

Esther Olson, Secretary  
Group Insurance Board