

MINUTES OF JUNE 9, 2009, MEETING

STATE OF WISCONSIN GROUP INSURANCE BOARD

Holiday Inn and Suites
1109 Fourier Drive, Madison, WI

DRAFT

BOARD PRESENT:

Cindy O'Donnell, Chair Eileen Mallow, Vice Chair Esther Olson, Secretary	Marty Beil Janis Doleschal Jennifer Donnelly
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BOARD NOT PRESENT:

Robert Baird David Schmiedicke	Gary Sherman
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PARTICIPATING ETF STAFF:

Dave Stella, Secretary Bob Conlin, Deputy Secretary Cindy Gilles, Board Liaison	Tom Korpady, Division of Insurance Services Bill Kox, Division of Insurance Services
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OTHERS PRESENT:

Office of the Secretary: Rhonda Dunn, Sharon Walk Office of Budget and Trust Finance: Jon Kranz, Bob Willett Office of Legislative Affairs, Communications, and Quality Assurance: Vickie Baker, Liz Doss-Anderson, Christina Keeley Division of Insurance Services: Marcia Blumer, Lisa Ellinger, Arlene Larson, Deb Roemer, Joan Steele, Betty Wittmann Anthem: Michelle Mazola American Federation of Teachers-Wisconsin: John Verberkmoes Dean Health Plan: Penny Bound, Deb Treinen Department of Administration: Caitlin Frederick Group Health Cooperative-SCW: Elizabeth Dye, Emily Halter HealthChoice, LTC: Cliff Morris, Bob Pearson Health Partners: Javette Schull, John Zimmerman Humana: Daniel Fee, Roxanne Perillo, Robin Peterson Mercy Care: DuWayne Severson	Minnesota Life Insurance Company: Chris Schmelzer, Kjirsten Elsner Navitus: Jess Domnick, Sue Hill, Tom Pabich, Terry Seligman Network Health Plan: Carrie Helms, Stan Proffitt Office of the Commissioner of Insurance: Barb Belling Physicians Plus Insurance Corporation: Ron Sebranek Security Health Plan: Becky Gorst Senior Care Insurance: Bill Krumpf State Engineers Association: Bob Schaefer United Health Care: Andrea Darling Unity Insurance: Kathy Ileman UW System Administration: Beth Ritchie Wisconsin Association of Health Plans: Phil Dougherty Wisconsin Education Association Trust: Ross Hampton Wisconsin Physicians Service Insurance: Bill Bathke, Susan Caldwell, David Grunke, Greg Nelson, Tom Nelson, Tom Olson, Matt Streiff, Sharon Whitwam, Marvin Wiener
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Board	Mtg Date	Item #
GIB	8/25/09	1

Cindy O'Donnell, Chair, Group Insurance Board (Board), called the meeting to order at 9:00 a.m.

ANNOUNCEMENTS

Secretary Stella welcomed Cindy O'Donnell as the new Chair.

CONSIDERATION OF MINUTES OF APRIL 14, 2009, MEETING

Motion: Mr. Beil moved approval of the minutes of the April 14, 2009, meeting as submitted by the Board Liaison. Ms. Olson seconded the motion, which passed without objection on a voice vote.

INCOME CONTINUATION INSURANCE (ICI) PROGRAM

Ms. O'Donnell 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, 2008*, to the Board. As of the end of 2008, the state plan had assets of \$60.4 million and estimated liabilities of \$72.8 million for a net fund balance of \$(12.4) million. The long-term target net fund balance is 15-25%. Due to the deterioration of the net funding loss and the \$13.1 million deferred investment losses, which will be gradually smoothed by 2012, Deloitte is recommending a 7% premium rate increase for 2010.

Mr. Gustafson also presented the *Local Income Continuation Insurance Plan Actuarial Review as of December 31, 2008*. He reported that the local plan is in a strong financial position with assets of \$25.9 million and estimated liabilities of \$3.9 million for a net fund balance of \$22 million. Deloitte is recommending no change to the local plan premiums at this time.

Motion: Ms. Mallow moved to accept the actuary's report and recommendation to increase the State Income Continuation Insurance premium rate by 7% and to keep the premium rates for the Local Income Continuation Insurance Program the same as the previous year. Ms. Olson seconded the motion, which passed unanimously on a voice vote.

LONG-TERM CARE INSURANCE PROGRAM

Bill Kox, Division of Insurance Services, discussed the long-term care insurance (LTC) replacement policy from The United of Omaha Insurance Company, submitted by HealthChoice Long-Term Care Solutions (Health Choice). HealthChoice would replace the current policy (Assured Solutions Plus) with the United of Omaha Long-Term Care (ETF/Wise) policy. The policy could be available as early as July 1, 2009. The premium increase would be approximately 8-15%. The policy includes the 5%

compound inflation option with the Guaranteed Purchase Option per the requirements outlined in the Board's guidelines and ETF Administrative Code.

Motion: Ms. Olson moved to approve United of Omaha's long-term care insurance replacement policy, submitted by HealthChoice. Ms. Doleschal seconded the motion, which passed without objection on a voice vote.

REQUEST FOR DELEGATION OF AUTHORITY FOR DATA COLLECTION AND ANALYSIS

Tom Korpady, Division of Insurance Services, requested that the Board delegate to the Department authority for contracting data collection and analysis services for administration of the Group Health Insurance Program. Contracts awarded would comply with State procurement policies and procedures.

Motion: Mr. Beil moved to delegate authority to solicit proposals for, and contract with, qualified entities to perform data collection and analysis services as allowed under Chapter 40 of the Wisconsin State Statutes. Ms. Doleschal seconded the motion, which passed without objection on a voice vote.

OPERATIONAL UPDATES

Mr. Korpady referred the Board to the information in their binders.

HEALTH INSURANCE PROGRAMS

Technical Changes to 2010 Guidelines and Uniform Benefits

Mr. Kox noted that at the April 14, 2009, meeting, the Board granted Department staff the authority to proceed with any needed technical changes in the *Guidelines and Uniform Benefits* for the 2010 benefit year. He indicated there will likely be some additional technical changes in August 2009 due to health insurance mandates in the 2009-2011 state budget bill. He referred the Board to a memo in their packets and noted the following:

1. Per the recommendation of the Department's legal counsel, some language was rearranged for clarification without changing the meaning.
2. Language clarification to ... "the EMPLOYEE is not deemed to have returned to work and" coverage as an active EMPLOYEE shall not be resumed.

The Board took a break from 9:45 – 10:00 a.m.

Wisconsin Physicians Services (WPS) Presentation

Mr. Korpady introduced William Bathke, Executive Vice President and Chief Operating Officer of WPS. Mr. Bathke presented the *2008 Utilization & Integrated Care Management Report* to the Board and provided an overview of the financial status of WPS. Marvin Streiff, Director, Actuarial Services, provided a summary of WPS operations, including a comparison of quarterly membership from January 2006-January 2009. Dr. Marvin Wiener, Medical Director of Medical Affairs, discussed integrated care management and initiatives for 2009. Tom Nelson, Senior Vice President of the Commercial Business Unit, summarized the presentation by emphasizing WPS's commitment to the Department and the Board.

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. Injectables. Staff recommends clarifying the current language regarding injectables provided during home care, office setting, confinement, emergency or urgent care visits to match that in Uniform Benefits so members have a consistent benefit for injectable medications.
2. Orthopedic Shoes. Staff recommends adding an exclusion clarifying that orthopedic shoes are not durable medical equipment or prosthetics.
3. Medicare Plus \$1,000,000. The current Medicare Plus \$1,000,000 plan allows the plan to supplement Medicare through the end of any lifetime reserve days. Staff recommends new language to allow for continued payment in the event a participant elects to use their lifetime reserve days.
4. Therapy Training. Language will be written to allow for coverage of inpatient therapy training provided for specialized instruction to a patient concerning their illness prior to discharge.
5. Massage Therapy. Staff recommends continued coverage of massage therapy when performed by a physical therapist or a chiropractor in the course of a medically necessary treatment for an illness or injury.
6. Visual Exams. Staff will work with WPS to make the contract consistent to allow for payment of refractions in limited circumstances where the claim is submitted with a valid diagnosis.

Motion: Ms. Mallow moved to approve the contractual clarifications and updates for the self-insured health plans. Ms. Olson seconded the motion, which passed without objection on a voice vote.

Financial Review of Alternate Health Providers

Ms. O'Donnell referred the Board to the memo from Bob Willett, Chief Trust Financial Officer for the Department, regarding the financial statements of the Health Maintenance Organizations (HMOs) that have asked to participate in the state's group health insurance program in 2010. There was no further discussion.

Motion: Ms. Olson moved to accept the recommendation of staff with respect to the HMO providers for 2010. Ms. Donnelly seconded the motion, which passed without objection on a voice vote.

Ms. O'Donnell announced that the Board would convene in closed session, pursuant to the exemptions contained in Wis. Stat. § 19.85 (1) (e) to discuss the use of public employee trust funds.

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

Members voting aye: Beil, Doleschal, Donnelly, Mallow, Olson, and O'Donnell

Members voting nay: none

The Board convened in closed session at 11:05 a.m. and reconvened in open session at 11:25 a.m.

ACTION TAKEN ON BUSINESS DELIBERATED DURING CLOSED SESSION

The Board approved the HealthPartners health insurance proposal for 2010, contingent upon the acceptability of the premium rates and rate review information.

ADJOURNMENT

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

The Board adjourned at 11:30 a.m.

Dated Approved: _____

Signed: _____

Esther Olson, Secretary
Group Insurance Board