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CORRESPONDENCE MEMORANDUM

DATE: July 24, 2009
TO: Group Insurance Board
FROM: Michelle Baxter, Director
Insurance Administration Bureau, Division of Insurance Services
SUBJECT: Health Insurance Enrollment, Validation, and Payment (EVP) Project Update

This memo is for the Board's information only. No action is required.

As outlined in the January 21, 2009, memo to the Board, the Department is updating the Health Insurance and Complaint System (HICS) and related processes. The focus of the EVP project, which will replace key components within HICS, is to improve the timeliness and accuracy of premium payments, reduce administrative efforts, and replace the current manual processing of paper documents and reports. The project consists of four phases scheduled to be completed during 2009 and 2010. Phase 1 and Phase 2 have been successfully completed on schedule, and work has begun on Phases 3 and 4.

Phase 1 introduced new online capabilities for employers and began streamlining manual processes by giving employers online access to HICS, allowing each employer the ability to view individual participant records, and terminate and reinstate contracts. In addition, Phase 1 provided employers with a new web-based health insurance enrollment inquiry application, allowing employers the ability to view or download health insurance eligibility data into an Excel file for verification.

Phase 2 focused on converting the monthly coverage reporting process from paper-based to a new web-based Health Insurance Invoice System (HIIS) and an online payment system (Automated Clearing House-ACH). Premiums due are determined directly from the enrollment information within HICS, improving the timeliness and accuracy of payments from employers. To ensure a successful transition to the new system, monthly invoices for August and September coverage will be processed by employers in parallel with the current

Reviewed and approved by Tom Korpady, Division of Insurance Services.

Signature Date

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process. Effective September 1, 2009, paper coverage reports and the manual processing of approximately 428 monthly paper reports will be eliminated and all employers will be required to use HHS and ACH. In addition, an email notification process has been built within the invoice system, providing various notices throughout the monthly process.

Phase 3 will focus on converting the monthly paper health plan premium reports to an electronic reporting system. Two tools will be provided to health plans: 1) a Health Insurance Portability and Accountability Act (HIPAA) compliant 820 American National Standards Institute (ANSI) file that will outline payment by individual contracts and 2) an inquiry web-based application that will provide additional detail requested by health plans. Both tools will provide premium data electronically to allow reconciliation of premium payments.

Phase 4 will focus on providing members with a web-based system for enrollment, eliminating the manual paper processes now required.

The project continues to focus on improving customer service by providing online services for members and employers, ensuring that members eligible for medical and pharmacy benefits are receiving those benefits, eliminating duplication of work, and ensuring continued compliance with HIPAA.

I will be at the August 25, 2009, meeting to answer any questions you may have.