

MINUTES OF NOVEMBER 10, 2009, MEETING

STATE OF WISCONSIN GROUP INSURANCE BOARD

Holiday Inn and Suites
1109 Fourier Drive, Madison, WI

DRAFT

BOARD MEMBERS PRESENT:

Cindy O'Donnell, Chair Eileen Mallow, Vice Chair Esther Olson, Secretary Robert Baird	Marty Beil Jennifer Donnelly Gary Sherman Scott Thornton (for David Schmiedicke)
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BOARD MEMBERS NOT PRESENT:

Janis Doleschal	
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PARTICIPATING EMPLOYEE TRUST FUNDS (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:

ETF Office of the Secretary: Rhonda Dunn, David Nispel, Sharon Walk ETF Office of Legislative Affairs, Communications, and Quality Assurance: Vickie Baker, Liz Doss-Anderson, Sari King, Matt Stohr ETF Division of Insurance Services: Marcia Blumer, Jeff Bogardus, Lisa Ellinger, Arlene Larson, Diane Poole, Joan Steele ETF Office of Budget and Trust Finance: Jon Kranz ETF Office of Policy, Privacy and Compliance: Steve Hurley, Linda Owen Anthem: Colleen Evans-Carter, Michelle Mazola Dean Health Plan: Deb Treinen Department of Justice: Charlotte Gibson Group Health Insurance SCW: Elizabeth Dye Health Care LTC: Mike Messer	Humana: Roxanne Perillo Mercy Care: Mary Hesse, Josh Mummery, Minnesota Life Insurance Company: Kjirsten Eisner, Chris Schmelzer Navitus: Sue Hill, Chris Mead, Tom Pabich, Terry Seligman Office of the Commissioner of Insurance: Barb Belling Office of State Employment Relations: Paul Ostrowski Physicians Plus Insurance Corporation: Ron Sebranek State Engineers Association: Bob Schaefer United Health Care: Brandon Widell Unity Insurance: Pat Cory, Kathy Ikeman Wisconsin Association of Health Plans: Phil Dougherty Wisconsin Physicians Service Insurance: David Grunke, Greg Nelson
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Cindy O'Donnell, Chair, Group Insurance Board (Board), called the meeting to order at 9:30 a.m.

Board	Mtg Date	Item #
GIB	2.9.10	1

ANNOUNCEMENTS

Ms. O'Donnell announced that Secretary Morgan, of the Department of Administration, designated Scott Thornton as the representative for today's meeting in place of David Schmiedicke.

CONSIDERATION OF MINUTES OF AUGUST 25, 2009, MEETING

Motion: Mr. Beil moved approval of the minutes of the August 25, 2009, meeting as submitted by the Board Liaison. Ms. Doleschal seconded the motion, which passed on a voice vote with Mr. Thornton abstaining.

DISCUSSION/CONSIDERATION

Wisconsin Administrative Code, s. ETF 11.11 Revisions

David Nispel shared with the Board that the Department proposes to amend s. ETF 11.11. The purpose of this rule is to provide the boards with additional flexibility when using legal counsel services for purposes of appeals. The proposed revision would allow Board staff to arrange for legal counsel for the boards as deemed necessary and in accordance with s. 40.03 (3), Stats. The Employee Trust Funds (ETF), Wisconsin Retirement (WR) and Teachers Retirement (TR) Boards approved this rule at their September 17, 2009, meetings. The Deferred Compensation (DC) Board will take this matter into consideration at its next meeting.

Motion: Ms. Mallow moved to approve the final version of the proposed rule. Ms. Olson seconded the motion, which passed unanimously on a voice vote.

Wisconsin Administrative Code, s. ETF 11.15 (4) Revisions

Mr. Nispel asked the Board to consider approving amendments to ETF 11.15 (4). The purpose of this rule is to improve customer service by appointing additional Department staff who are allowed to accept "service of process" (i.e., summons or complaints that are served on the Board) documents. Currently there are only two positions permitted to accept service. The amended rule would increase the number by an additional two positions. The ETF, WR and TR Boards approved this rule at their September 17, 2009, meetings. The DC Board will consider this matter at its next meeting.

Motion: Mr. Beil moved to approve the final version of the proposed rule. Ms. Mallow seconded the motion, which passed unanimously on a voice vote.

Technical Rule, Clearinghouse Rule 09-057

Mr. Nispel advised the Board that the Department proposes revising existing ETF administrative rules to reflect enactment of 2007 Wisconsin Act 131, miscellaneous changes to ch. 40, Wis. Stats., and current practices of the Department. Sections 2, 6, 7, 23, 26, 27, 28 specifically affect the Board. The proposed changes include substituting "surviving spouse" for the obsolete term "widow or widower," ensuring "beneficiary" is consistent in the rules, specifying reasonable actions in locating a potential beneficiary of a participant, identifying the new effective date for waivers, and clarifying the definition of "internal revenue code".

The DC, ETF, WR and TR Boards will consider this rule at their upcoming meetings.

Motion: Ms. Olson moved to approve the final version of the proposed rule. Mr. Beil seconded the motion, which passed unanimously on a voice vote.

Emergency Rule Order: Domestic Partners and Dependents to Age 27

Steve Hurley informed the Board that the Department must create and amend administrative rules to comply with 2009 Wisconsin Act 28 with regard to implementation of domestic partner benefits and the extension of health insurance coverage to adult dependents. These benefits are effective January 1, 2010. In order to have the necessary administrative rules in place, the Department has elected to use the "emergency rule" process. Emergency rules are effective for 150 days and can be extended for an additional 120 days. Staff plans to publish the emergency rule by late December with an effective date of January 1, 2010. A public hearing on the emergency rule will be held no later than February 15, 2010. Mr. Hurley answered questions from the Board members.

Motion: Ms. Olson moved to approve the emergency rule. Mr. Beil seconded the motion, which passed unanimously on a voice vote.

Request for Proposal (RFP) for Wisconsin Public Employers Group Life Insurance Program

Mr. Korpady provided the Board with background on the Group Life Insurance program which has been in existence since 1958. The current contract was for a five-year period from January 1, 2004, through December 31, 2008. The contract allowed for a two-year extension, which the Board approved on April 15, 2008. The current contract will expire December 31, 2010. The Department will need to issue a Request for Proposal (RFP) for third-party administration of the Group Life Insurance program.

Some of the Board members raised questions that related both to this agenda item as well as the agenda item entitled "Consideration of Amendments to Life Insurance Contract."

Motion: Mr. Beil moved to amend the agenda so that the RFP would be discussed after the amendments to the life insurance contract were discussed. Mr. Baird seconded the motion, which passed unanimously on a voice vote.

Self-Funded Standard Plan Contract Extension

Bill Kox informed the Board the Standard Plan contract will expire on December 31, 2010. Two other major contracts will also expire at the same time. Because these contracts involve significant staff time, the Department is requesting approval to extend the contract for the Standard Plan to December 31, 2011, and begin the bid processing a year from now.

Motion: Mr. Baird moved to authorize an extension of the Standard Plan contract for one year until December 31, 2011, and authorized an RFP at this time in 2010. Mr. Beil seconded the motion, which passed unanimously on a voice vote.

Pharmacy Benefit Manager RFP

Mr. Kox noted that the current Pharmacy Benefit Manager (PBM) contract is with Navitus. This contract will expire on December 31, 2010. The Department would like to release the RFP for the new PBM contract soon. It is anticipated that a recommendation and proposal to award a new contract will be presented to the Board at the February 9, 2010, meeting. Mr. Kox answered questions from the Board.

Motion: Ms. Olson made a motion to authorize release of an RFP for administration of PBM services. Mr. Beil seconded the motion, which passed unanimously on a voice vote.

Amendment to Income Continuation Insurance (ICI) Program

Mr. Korpady informed the Board that staff recommends the Board approve the addition of lump sum buy-outs language to the ICI Plan. This language would allow the Department to offer negotiated lump sum buy-outs (when cost effective) to recipients of ICI benefits. If approved, this change would be effective January 1, 2010.

Motion: Mr. Baird moved to approve the addition of lump sums buy-out language to the ICI Plan. Mr. Beil seconded the motion, which passed unanimously on a voice vote.

Guidelines and Uniform Benefits for the 2010 Benefit Year – Amendment

Mr. Kox reviewed the additional changes to the *Guidelines and Uniform Benefits for 2010* which include:

- Insurance for Adult Children: Subscribers can request insurance for eligible adult children less than 27 years of age. Subscribers who do not wish to request coverage under this mandate may only do so at a later date if their children have a qualifying event that makes them newly eligible. If there is no qualifying event, subscribers who wish to add their adult children will be limited to the Standard Plan and their newly-insured children will have a 180-day waiting period for pre-existing conditions. Coverage can be terminated when the adult child elects health insurance coverage through an employer during an initial enrollment opportunity or the subscriber requests to terminate coverage which would be effective the following January 1, *whichever comes first*.
- Survivor Premium: Upon the death of an employee, insured survivors will receive coverage for those months for which premiums have already been deducted through the payroll process.

Mr. Kox answered questions from the Board.

Motion: Ms. Donnelly made a motion to adopt the Guidelines and Uniform Benefits technical amendments. Ms. Olson seconded the motion, which passed unanimously on a voice vote.

Amendments to Life Insurance Contract

- Domestic Partner Program: The Wisconsin Public Employees Group Life Insurance policy will be amended to include domestic partners as mandated by 2009 Wisconsin Act 28.
- Amount of Life Insurance: The proposed change will allow the employee to have the amount of coverage that he/she had before the lapse in coverage, or the amount that is based on the actual prior calendar year's earnings, *whichever is higher*.
- Annual Premium Update: Changing the annual premium updates from March 1 to April 1 will streamline the process for State employers and eliminate having to hand-complete census reports.
- Age 70 and Over Additional Coverage: Employees who reach age 70, but who do not currently have additional coverage, will be able to apply for coverage by submitting evidence of insurability.
- Minimum Amount Paid Out for Living Benefits: The policy would be amended to require that partial payment of living benefits be limited to whole levels of coverage.

Mr. Kox, Mr. Korpady, Secretary Stella and Deputy Secretary Conlin addressed numerous questions from the Board. After a lengthy discussion the following motions were made:

Motion 1: Ms. Mallow moved to direct the Department to provide a cost estimate for a change to the contract that would provide double indemnity benefits for any insured employee killed in any vehicle in the course of their duties. Ms. Olson seconded the motion, which passed unanimously on a voice vote.

Motion 2: Ms. Olson made a motion to authorize release of the RFP for administration of the WPE Group Life Insurance Program. Mr. Baird seconded the motion, which passed unanimously on a voice vote.

Motion 3: Ms. Mallow made a motion to adopt the amendments to the WPE Group Life Insurance Contract. Ms. Olson seconded the motion, which passed unanimously on a voice vote.

Mr. Korpady referred the Board to the remaining memos in their Board books.

The Board took a break from 10:55 a.m. to 11:05 a.m.

Mr. Thornton left the meeting at 10:55 a.m.

Ms. O'Donnell announced that the Board would be meeting in closed session pursuant to the exemptions contained in Wis. Stat. § 19.85 (1) (a) to consider an appeal. Upon conclusion of the discussion, the Board would reconvene in open session. Charlotte Gibson, Cindy Gilles, Sharon Walk, Barbara Belling and Paul Ostrowski were invited to remain during the closed session.

Motion: Mr. Beil moved to convene in closed session, pursuant to the exemptions contained in Wis. Stat. § 19.85 (1) (a) for quasi-judicial deliberations. Ms. Donnelly seconded the motion, which passed on the following roll call vote:

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

Members voting nay: none

The Board convened in closed session at 11:07 a.m. and reconvened in open session at 11:23 a.m.

ACTION TAKEN ON BUSINESS DELIBERATED DURING CLOSED SESSION

Ms. O'Donnell announced that the Board took the following action during the closed session:

- **Appeal 2008-024-GIB.** The Board adopted the hearing examiner's proposed decision with modifications.

ADJOURNMENT

MOTION: Ms. Olson moved to adjourn the meeting. Ms. Donnelly seconded the motion, which passed unanimously on a voice vote.

The Board meeting adjourned at 11:24 a.m.

Dated Approved: _____

Signed: _____

Esther Olson, Secretary
Group Insurance Board