

MINUTES OF APRIL 13, 2010, 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 Robert Baird Marty Beil	Sheila Conroy Janis Doleschal Gary Sherman David Schmiedicke
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BOARD MEMBERS NOT PRESENT:

Esther Olson, Secretary	Rosemary Finora
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PARTICIPATING EMPLOYEE TRUST FUNDS (ETF) STAFF:

Dave Stella, Secretary Bob Conlin, Deputy Secretary Lisa Ellinger, Division of Insurance Services Cindy Gilles, Board Liaison	Steve Hurley, Office of Policy, Privacy and Compliance 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: Liz Doss-Anderson, Sari King, Matt Stohr ETF Division of Insurance Services: Marcia Blumer, Jeff Bogardus, Arlene Larson, Diane Poole, Betty Wittmann ETF Office of Budget and Trust Finance: Jon Kranz ETF Office of Policy, Privacy and Compliance: Linda Owen Aetna: Christopher Burke Anthem: Angie Gehrmann, Marin LaPlante-Kleinke, Michelle Mazola Dean Health Plan: Penny Bound, Deb Treinen Deloitte Consulting LLP: Julie Maendel, Patrick Pechacek Group Health Insurance SCW: Elizabeth Dye, Emily Halter Health Choice: Juliatt Dykstra, Bob Pearson Humana: David Fee, Roxanne Perillo	Mercy Care: Mary Hesse, Josh Mummery Minnesota Life Insurance Company: Kjirsten Elsner, Paul Rudeen, Chris Schmelzer Network Health Plan: Carrie Helms Navitus: Sue Hill, Tom Pabich, Tom Radloff, Terry Seligman Office of the Commissioner of Insurance: Barb Belling Office of State Employment Relations: Paul Ostrowski Physicians Plus Insurance Corporation: Ron Sebranek Security Health Plan: Becky Gorst State Engineers Association: Bob Schaefer United Health Care: Brandon Widell Unity Health Insurance: Kathy Ikeman University of Wisconsin Systems Administration: Beth Ritchie WEA Insurance Trust: Greg Nelson Wisconsin Department of Administration: Caitlin Frederick Wisconsin Physicians Service Insurance: Dave Grunke, Greg Nelson
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Board	Mtg Date	Item #
GIB	6.8.10	1

Cindy O'Donnell, Chair, Group Insurance Board (Board), called the meeting to order at 9:05 a.m.

CONSIDERATION OF NOVEMBER 10, 2009, MEETING MINUTES

Ms. O'Donnell noted the meeting minutes are from November 10, 2009, as the February 2010 meeting was canceled due to inclement weather.

MOTION: Mr. Beil moved approval of the minutes of the November 10, 2009, meeting as submitted by the Board Liaison. Mr. Baird seconded the motion, which passed without objection on a voice vote.

ANNOUNCEMENTS

Dave Stella, Secretary, recognized outgoing Board member Gary Sherman for his contributions and time as the Governor's appointee. He will assume his new position on the Court of Appeals.

Mr. Stella welcomed new Board member, Sheila Conroy, Director of the Office of State Employment Relations.

ELECTION OF OFFICERS

Ms. O'Donnell noted that, since this is the first meeting of the calendar year, the Board is required to elect officers. A memorandum was provided to the Board, which included a list of current officers and a current Board roster.

MOTION: Mr. Beil nominated the current slate of officers (Cindy O'Donnell as Chair, Eileen Mallow as Vice-Chair, and Esther Olson as Secretary) for another term. Ms. Doleschal seconded the nomination, which passed without objection on a voice vote.

INCOME CONTINUATION INSURANCE (ICI)/LONG-TERM DISABILITY INSURANCE (LTDI) PROGRAMS

Ms. O'Donnell introduced Chris Burke, Aetna Insurance. Mr. Burke reviewed the 2009 projects and approaches, executive summary and performance. He shared with the Board that, while the data looks very similar to 2008, the program has become very stable.

Projects and Approaches

- A five-year contract started on 1.1.09.
- There were new reporting requirements and quality measures in 2009.
- Ombuds activity continues to be at a low level with a total of 10 in 2009.
- Customer service remains a priority.

Executive Summary

- New reports, customer service levels and measures were implemented with the new contract.
- Most customer service measures were met or exceeded.
- A summary of state and local ICI and LTDI claims was presented.

Performance Measures

- Telephone performance remains stable with 90% of calls answered within 60 seconds.
- Once Aetna receives evidence of insurability, a determination is made within 15 days 100% of the time with no exceptions.
- There were 1738 new claims in 2009 with a net increase of 60.

Mr. Burke went into more detail in some individual statistical areas, shared Aetna's goals for 2010, and answered questions from the Board.

ACCIDENTAL DEATH AND DISMEMBERMENT (AD&D) PROVISIONS

Ms. O'Donnell introduced Paul Rudeen, Vice President and Actuary, Minnesota Life Insurance Company (MLIC). Mr. Rudeen shared with the Board that the current life insurance contract contains an AD&D provision that excludes "travel in or descent from any aircraft, except as a fare-paying passenger on a regularly scheduled commercial flight on a licensed passenger aircraft carrier."

At the November 2009 meeting, the Board requested additional information on plan costs associated with revising the contract to pay future AD&D benefits for insured employees who die carrying out their employment duties while traveling on aircraft. Mr. Rudeen went through the analyses and recommendations with the Board but first shared the suggested definition of an expanded benefit. The benefit would cover accidental deaths when the insured is a pilot, crew member or passenger on an aircraft owned, operated or leased by the employer and being used for business of the employer.

- Analyses were derived from five categories: passenger transport in State-owned aircraft, Department of Natural Resources and State Patrol aircraft, University of Wisconsin (UW) Hospitals Organ Procurement Program, UW Hospitals Medflight Program and UW Athletic Department travel.
- Based on risk exposure among State employees, the estimated additional annual premium for coverage of aviation-related accidental deaths would be approximately \$200,000 to \$250,000, or 0.9% to 1.2% of the premium.
- MLIC will receive a portion of the additional premium to cover its risk under the pooling and stop-loss provisions; while the remainder of the premium will flow to the plan's reserves until needed to pay claims.
- The plan could be implemented in 2010 without an actual cash payment of premium as coverage would be paid for from the plan's reserves. The additional premium needed will be factored into premium rates for 2011.

Mr. Rudeen answered questions from the Board members.

MOTION: Mr. Beil moved that effective May 1, 2010, State employees only (local units excluded) will receive coverage for accidental death and dismemberment when traveling in a State aircraft with employers paying for the additional premium cost. Ms. Mallow seconded the motion, which passed on the following roll call vote:

Members Voting Aye: O'Donnell, Baird, Beil, Conroy, Doleschal, Mallow, Schmiedicke, and Sherman

Members Voting Nay: None

Members Absent or Not Voting: Finora, Olson

DISCUSSION/CONSIDERATION

Clearinghouse Rule (CR) #10-004: Relating to Changes Made to ch. 40, Stats. By 2009 Wisconsin Act 28 Regarding Benefits for Domestic Partners and Health Insurance for Adult Children

Steve Hurley shared with the Board that CR 10-004 is the final draft of the emergency rule that was approved in November 2009. This rule was written in response to the mandates for domestic partner coverage and the extension of health insurance for adult children to age 27.

One important change made for CR 10-004 will eliminate the automatic enrollment of domestic partners in health insurance when the member already has existing family coverage.

The Employee Trust Funds Board approved the rule at its March 18, 2010, Board meeting. The Deferred Compensation Board needs to vote on this at its meeting in May. The Department will ask for an extension of the emergency rule as it expires at the end of May. This does not allow sufficient time to submit the rule for referral, legislative consideration, and publication.

Mr. Hurley spoke briefly on the Federal Health Care Reform Law and how it will affect imputed income on health coverage for adult dependents. Details pertaining to coverage and imputed income are still being clarified, and there are differences between the federal reform and current state law. There will be additional information provided on this at future Board meetings.

Mr. Hurley answered questions from the Board members.

MOTION: Mr. Sherman made a motion to approve the final version of the proposed rule (CR #10-004). Mr. Beil seconded the motion, which passed without objection on a voice vote.

OPERATIONAL UPDATES

Lisa Ellinger referred the Board to the memos in their Board books on Operational Updates.

HEALTH INSURANCE

2011 Guidelines and Uniform Benefits Bill Kox discussed the 2011 Guidelines and Uniform Benefits changes. The study group met twice to establish recommendations for changes to the benefits package. Included in the study group were representatives from the Office of the Commissioner of Insurance, Department of Administration, Office of State Employment Relations, the University of Wisconsin and the Department of Employee Trust Funds (Department). Mr. Kox highlighted some key recommendations:

- **Domestic Partner Coverage:** Revise provisions so that subscriber is not required to add a domestic partner and his or her children unless the subscriber specifically elects it and it otherwise results in imputed income.
- **Rating Methodology:** Change the cap of the local rate to be no greater than 1.5 times the state rate unless the local group is sufficiently large that the rate is justified by experience.
- **Emergency Room Copayment:** Waive the copayment when a patient is admitted for observation that is 24 hours or longer. The cost to make this change is less than \$0.01 per member per month (PMPM) and has always been viewed as a rounding issue and not subject to a benefit offset.

MOTION: Mr. Beil made a motion to adopt the 2011 Guidelines and Uniform Benefit changes for Domestic Partner Coverage, Rating Methodology and Emergency Room Copayments. Ms. Mallow seconded the motion, which passed without objection on a voice vote.

- **Quantity Limits on High Cost Drugs:** Place quantity limits on initial prescription for high cost drugs (i.e., oral chemotherapy) to avoid waste when members do not tolerate newly prescribed medication. Estimated change will result in up to \$0.03 PMPM savings.
- **Liver Transplants for Alcoholic Cirrhosis:** Change abstinence period for treatment of alcoholic cirrhosis from twelve months to six months. Estimated change will result in up to a \$0.02 PMPM cost.

MOTION: Mr. Beil made a motion to adopt the 2011 Guidelines and Uniform Benefit changes for Quantity Limits on High Cost Drugs and Liver Transplants for Alcoholic Cirrhosis. Ms. Mallow seconded the motion, which passed without objection on a voice vote.

There were no other recommended changes to the remaining items of discussion.

Mr. Kox answered questions from the Board members.

It's Your Choice (IYC) Enrollment Period Tom Korpady shared with the Board that staff is requesting a one-week extension for IYC in 2010. The period would be from October 4-29. Factors for requesting this include:

- This fall, employees and annuitants will be able to enter their health insurance changes electronically.
- Members have asked for a longer enrollment period.

Mr. Korpady answered questions from the Board members, specifically on concerns raised regarding numbers of paper copies of the IYC materials available to employers as well as checking into the ability of translating IYC in different languages.

MOTION: Mr. Sherman made a motion that the health insurance open enrollment period for elected officials begin after they are elected and that they be treated as a new hire. Mr. Baird seconded the motion, which failed on the following roll call vote:

Members Voting Aye: Baird, Sherman

Members Voting Nay: O'Donnell, Beil, Conroy, Doleschal, Mallow, and Schmiedicke

Members Absent or Not Voting: Finora, Olson

MOTION: Ms. Mallow made a motion to approve October 4-29, 2010, as the It's Your Choice enrollment period for 2011. Mr. Beil seconded the motion, which passed on the following voice vote:

Members Voting Aye: O'Donnell, Baird, Beil, Conroy, Doleschal, Mallow, and Schmiedicke

Members Voting Nay: Sherman

Members Absent or Not Voting: Finora, Olson

Mr. Kox referred Board members to the remaining memos under the Health Insurance section of their Board books.

Ms. O'Donnell announced that the Board would be meeting in closed session pursuant to the exemptions contained in Wis. Stat. § 19.85 (1) (e) relating to negotiating the purchasing of public properties, the investing of public funds, or conducting other specified public business, whenever competitive or bargaining reasons require a closed session. Specifically, she said the Board would be discussing the award of the Pharmacy Benefits Manager contract. Upon conclusion of the discussion, the Board would reconvene in open session.

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

Members Voting Aye: O'Donnell, Baird, Beil, Conroy, Doleschal, Mallow, Schmiedicke, and Sherman

Members Voting Nay: None

Members Absent or Not Voting: Finora, Olson

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

The Board convened in closed session at 11:05 a.m. and reconvened in open session at 11:40 a.m.

ACTION TAKEN ON BUSINESS DELIBERATED DURING CLOSED SESSION

Mr. Korpady announced that the Board considered the results and scoring recommendation of the Evaluation Committee and evaluation by Deloitte Consulting on the issue of the request for proposals for administration of pharmacy benefits management services. The Board voted to award this contract to Navitus Health Solutions pending successful negotiation of the contract.

ADJOURNMENT

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

The Board meeting adjourned at 11:45 a.m.

Dated Approved: _____

Signed: _____

Esther Olson, Secretary
Group Insurance Board