

MINUTES OF JUNE 8, 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 Esther Olson, Secretary Marty Beil	Sheila Conroy Janis Doleschal Rosemary Finora David Schmiedicke
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BOARD MEMBERS NOT PRESENT:

Robert Baird	
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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	Tom Korpady, Division of Insurance Services Bill Kox, Division of Insurance Services Clay Rehm, Division of Management 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, Christina Keeley, Matt Stohr ETF Division of Insurance Services: Marcia Blumer, Gina Fischer, Troy Freemyer, Arlene Larson, Peg Narloch, Matt Nelson, Diane Poole, Betty Wittmann ETF Office of Budget and Trust Finance: Jon Kranz, Bob Willett ETF Office of Internal Audit: John Vincent ETF Office of Policy, Privacy and Compliance: Steve Hurley, Linda Owen Anthem: Marin LaPlante-Kleinke Dean Health Plan: Penny Bound, Deb Treinen Deloitte Consulting LLP: Tim Gustafson Group Health Cooperative SCW: Elizabeth Dye, Emily Halter Health Choice: Juliett Dykstra, Mike Messer, Cliff Morris, Bob Pearson Health Partners: Jeanette Schull	Navitus: Sue Hill, Tom Pabich 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 Senior Care: Kevin Krumpf State Engineers Association: Bob Schaefer United Health Care: Andrea Darling, Brandon Widell Unity Health Insurance: Kathy Ikeman University of Wisconsin Systems Administration: Beth Ritchie WEA Insurance Trust: Katherine McGowan, Cheryl McIlquham, Randy Mullis, Mark Moody, Kathryn Ott Wisconsin Association of Health Plans: Phil Dougherty Wisconsin Department of Administration: Caitlin Frederick
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Board	Mtg Date	Item #
GIB	8.24.10	1

Humana: Robin Peterson, Roxanne Perillo Legislative Audit Bureau: Kyle Everard, Mike White Mercy Care: Josh Mummery Minnesota Life Insurance Company: Kjirsten Elsner, Chris Schmelzer	Wisconsin Department of Justice: Charlotte Gibson Wisconsin Physicians Service Insurance: Mariann Byers, Dave Grunke, Greg Nelson, Tom Nelson, Jamie Stock, Matt Streiff
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Cindy O'Donnell, Chair, Group Insurance Board (Board), called the meeting to order at 9:00 a.m.

CONSIDERATION OF APRIL 13, 2010, MEETING MINUTES

MOTION: Ms. Mallow moved approval of the minutes of the April 13, 2010, meeting as submitted by the Board Liaison. Mr. Beil seconded the motion, which passed without objection on a voice vote.

ANNOUNCEMENTS

Dave Stella, Secretary, welcomed new Board member, Rosemary Finora.

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, 2009*, and the *Local Income Continuation Insurance Plan Actuarial Review as of December 31, 2009*, to the Board.

For both the state and local plans, no rate actions or benefit changes are being recommended this year.

The assets of the state plan are \$59.4 million and the liabilities are \$68.9 million, which results in a net fund deficit of \$9.6 million. By comparison, the fund had a deficit of \$12.4 million a year ago, so the deficit has improved. The investment losses of 2008 will be felt for the next several years. Although the net fund balance increased in 2009, net income for the plan was negative and the Board can anticipate that a rate increase for 2012 may be appropriate. Mr. Gustafson reviewed the 2009 experience of the plan including the paid claims and administrative expenses.

The local plan is in a very solid financial position. Assets of the plan are \$28.1 million and liabilities are \$3.8 million for a net fund balance \$24.3 million. The plan had a net income of \$2.2 million which increased the assets from \$25.9 million in 2008 to \$28.1 million in 2009. Mr. Gustafson reviewed the paid claims for the local plan.

MOTION: Mr. Beil moved to accept the actuary's report on the State and Local Income Continuation Insurance Plans as of December 31, 2009. Ms. Olson seconded the motion, which passed without objection on a voice vote.

OPERATIONAL UPDATES

Lisa Ellinger referred the Board to the memos in their Board binders on Operational Updates. Next, she introduced Clay Rehm from the Division of Management Services. Mr. Rehm demonstrated a new on-line system called *myETF Benefits* that will allow members to view health insurance information and to make changes to health insurance coverage. This is the first major venture for ETF that will use an on-line self-service system. *MyETF Benefits* will become available to employees and employers on August 1, 2010.

HEALTH INSURANCE PROGRAM

Wisconsin Physicians Services (WPS) Presentation

Mr. Korpady introduced Tom Nelson, Senior Vice President of Commercial Business, Wisconsin Physicians Service (WPS). Mr. Nelson presented the *2009 Utilization & Integrated Care Management Report* to the Board and provided an overview of the financial status of WPS. Matt Streiff, Director of Actuarial Services, discussed the annual average membership, per member per month trends, and claims in excess of \$100,000. Mariann Byers, Director of Quality and Medical Informatics, provided information on the demographics of plan members, the largest expense areas and an analysis of savings and case volumes.

Alternate Plan Financial Status

Mr. Korpady directed the Board's attention to the June 4, 2010, memo from Bob Willett, Chief Trust Financial Officer. Mr. Willett reviewed the audited financial statements of the health maintenance organizations that asked to participate in the state's group health insurance program in 2011. Based upon his review, he recommends that the Board accept the recommendation of staff that all of the health plans have met the financial requirements for participation in 2011.

MOTION: Ms. Olson moved to accept the recommendation of staff that all the health plans have met the financial requirements for participation in 2011. Ms. Conroy seconded the motion, which passed without objection on a voice vote.

Ms. O'Donnell announced that the Board would be meeting in closed session for the purpose of discussing the expenditure of public employee trust funds and the deliberation of an appeal. 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) (a) and (e) to discuss the use of public employee trust funds and for the purpose of quasi-judicial deliberations. Ms. Mallow seconded the motion, which passed on the following roll call vote:

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

Members Voting Nay: None

Members Absent or Not Voting: Baird

The Board took a break from 10:15 a.m. to 10:25 a.m.

The Board convened in closed session at 10:25 a.m. and reconvened in open session at 12:20 p.m. Staff from the Office of the Commissioner of Insurance and the Office of State Employment Relations, in addition to Ms. Gilles, Ms. Gibson and Ms. Walk, were invited to remain for the deliberation on the appeal. All others were asked to leave the room.

ACTION TAKEN ON BUSINESS DELIBERATED DURING CLOSED SESSION

Mr. Korpady announced that the Board took the following action during closed session:

1. The Board approved the WEA Insurance Trust proposal on a non-qualified basis for the first year, contingent upon the acceptability of the premium rates and rate review information due by July 16, 2010.
2. The Board issued an intent-to-award contract to Minnesota Life Insurance Company for a five-year period effective January 1, 2011, with two one-year extensions possible, subject to successful contract negotiations by staff.

Mr. Korpady also announced that the board discussed expected trends and cost influences for 2011 premium bids.

Ms. O'Donnell announced that the Board accepted the hearing examiner's proposed decision with respect to Appeal No. 2009-006-GIB.

ADJOURNMENT

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

The Board meeting adjourned at 12:22 p.m.

Dated Approved: _____

Signed: _____

Esther Olson, Secretary
Group Insurance Board