

MINUTES OF NOVEMBER 9, 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 Esther Olson, Secretary Sheila Conroy	Janis Doleschal Rosemary Finora David Schmiedicke
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BOARD MEMBERS NOT PRESENT:

Eileen Mallow, Vice Chair	Robert Baird Marty Beil
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PARTICIPATING EMPLOYEE TRUST FUNDS (ETF) STAFF:

Dave Stella, Secretary Bob Conlin, Deputy Secretary Marcia Blumer, Jeff Bogardus, Lisa Ellinger, Bill Kox and Arlene Larson, Division of Insurance Services	Cindy Gilles, Board Liaison John Vincent, Office of Internal Audit
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OTHERS PRESENT:

ETF Office of the Secretary: Rhonda Dunn, David Nispel ETF Office of Communications and Legislation: Vickie Baker, Christina Keeley, Sari King, Matt Stohr ETF Division of Insurance Services: Russell Hann, Joan Steele, Betty Wittmann ETF Office of Internal Audit: Claudius Lebi, John Vincent Anthem: Angie Gehrmann, Marin LaPlante Kleinke, Sandy Reblin Dean Health Plan: Deb Treinen Deloitte Consulting LLP: Pat Pechacek EPIC: Wendy Hougan Group Health Cooperative SCW: Paul Perkins Humana: David Osinski, Kurt Rich	Mercy Care: Mary Hesse Minnesota Life Insurance Company: Chris Schmelzer Navitus: Sue Hill, Tom Pabich Office of State Employment Relations: Paul Ostrowski Security Health Plan: Becky Gorst United Health Care: Brandon Widell Unity Health Insurance: Kathy Ikeman University of Wisconsin Systems Administration: Beth Ritchie WEA Insurance Trust: Cheryl McIlquham, Randy Mullis Wisconsin Department of Administration: Caitlin Frederick Wisconsin Physicians Service Insurance: Janine Anderson, David Grunke, Greg Nelson
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Board	Mtg Date	Item #
GIB	2.08.11	1

Cindy O'Donnell, Chair, Group Insurance Board (Board), called the meeting to order at 9:35 a.m.

CONSIDERATION OF AUGUST 24, 2010, OPEN AND CLOSED SESSION MEETING MINUTES

MOTION: Ms. Olson moved approval of the open and closed session minutes of the August 24, 2010, meeting as submitted by the Board Liaison. Ms. Finora seconded the motion, which passed without objection on a voice vote.

HEALTH INSURANCE PROGRAM

Third Party Audit of WPS Health Insurance (WPS)

Bill Kox, Division of Insurance Services, discussed the independent audit of WPS by Claim Technologies Incorporated (CTI). The audit covered calendar years 2008 and 2009 and revealed that WPS has consistently been in the top half of the 100 large plans that CTI audits. Mr. Kox reviewed CTI's Executive Summary, which was attached to Arlene Larson's October 19, 2010, memo to the Board.

CTI noted the following areas in which improvements could be made:

- a. Routine exam claims totaling approximately \$60,000 were paid that should not have been paid in the Medicare Plus \$1,000,000 plan.
- b. Approximately \$8,000 in claims involving experimental/investigational services for Medicare and non-Medicare claimants may have been paid in error.
- c. A coordination of benefits issue with a member of the Standard Plan/SMP involving 22 claims was discovered.
- d. Duplicate payments were found for 77 claimants, totaling \$13,780.

WPS is continually working to improve in these areas, by providing more feedback and training. ETF staff will work with WPS to determine which identified claim issues will require recovery.

CTI found three areas in which the contract should be clarified to either cover or exclude services for diabetic supplies, impotency and genetic testing and/or counseling. ETF staff will work with WPS and CTI to determine what contract language should be clarified on these issues.

Finally, ETF staff will review the contract language on performance guarantees to determine if changes should be made.

Approval to Release Request for Proposal (RFP) for Administration of Self-Insured Health Plan

Mr. Kox discussed the Department's plan, pending Board approval, to release an RFP for administration of the Administrative Services Only contract for the Standard Plans. The contract with the current administrator, WPS, will expire on December 31, 2011. If the Board authorizes the RFP, staff will bring a recommendation and proposal to award a new contract to the Board at the April 2011 meeting.

In addition to the language changes noted in the CTI audit, Mr. Kox indicated that staff will explore changes to the local government plan which will modernize the plan.

MOTION: Ms. Doleschal moved to authorize the issuance of an RFP for administration of the Administrative Services Only contract for the Standard Plans. Ms. Olson seconded the motion, which passed without objection on a voice vote.

Dependent Eligibility Audit Update

John Vincent, Director, Office of Internal Audit, discussed the Department's plan to conduct a Dependent Eligibility Verification Pilot Project. To-date, a comprehensive audit of this type has not been conducted by the Department. Rather than a full-scale audit to start, a smaller pilot project will be conducted by the Department to determine the scope of the issue. There are approximately 135,000 covered dependents in the program and 1,000 would be randomly selected for the pilot. This should provide a reasonable assessment as to whether there is a need to go ahead with a full-scale audit. The pilot project will take roughly three months. Significant resources and expertise are necessary to conduct this type of project. Therefore, an outside vendor will be retained. Mr. Vincent outlined the phases of the project and indicated he expects to provide a report to the Board in June 2011.

MOTION: Ms. Doleschal moved to support the Random Sample Dependent Eligibility Verification Pilot Project. Ms. Finora seconded the motion, which passed without objection on a voice vote.

Discussion of Dental Benefits

Mr. Kox noted the Board, at the June 8, 2010, meeting, asked for information on how dental benefits were provided and options for removing the current optional dental benefits provided by the health insurance plans. Mr. Kox discussed the October 19, 2010, memo to the Board regarding dental benefits. He reviewed three potential options that were provided for discussion purposes.

The Board tabled this item and will discuss it again at the next meeting.

Medicare Part D Prescription Drug Plan for State and Local Annuitants

Mr. Kox referred the Board members to the November 8, 2010, memo in their binders regarding Medicare Part D Prescription Drug Coverage. He said Dean Health Insurance (DHI) has submitted a proposal to provide pharmacy benefit coverage through the DeanCare Rx PDP, along with a supplemental wrap benefit, for both the State and local government programs. DHI also proposed a reduction of the 2011 DeanCare Rx premium for the local government health insurance program.

Jeff Bogardus, Manager, Pharmacy Benefit Programs, stated the current prescription drug program premium charged by DHI for DeanCare Rx PDP is \$275.10. This would be reduced to \$208.95. A single contract would be reduced from \$448.70 per month to \$382.55, a 15% reduction for the local Medicare-eligible retirees.

After analysis of the request from DHI, staff requests the Board approve a reduced premium rate for Medicare Part D PDP coverage for the local government health insurance program as proposed by DHI. Staff does not recommend the Board adopt the Medicare Part D PDP coverage for the State group health insurance program.

Mr. Kox noted that the Board had approved all premium rates at the August 2010 meeting so any change at this time requires Board approval.

***MOTION: Ms. Olson moved to accept the recommendation of staff.
Ms. Finora seconded the motion, which passed without objection on a voice vote.***

LIFE INSURANCE

Marcia Blumer, Program Manager, Wisconsin Public Employers Group Life Insurance Program, referred the Board members to the October 14, 2010, memo concerning Policy and Premium Provisions for Expanded Accidental Death and Dismemberment (AD&D) Coverage.

Ms. Blumer noted the Board approved the AD&D benefit revision for state employees at the April 13, 2010, meeting. To fund the increased risk created by providing employment-related aviation AD&D insurance, the state employer contribution for basic coverage will increase by 2.25% to an amount equal to 65.25% of the employee-paid premium and the contribution for supplemental coverage will increase by 2.25% to 37.25%. This increase will be effective April 1, 2011.

At the April meeting, the Board also asked that local governments be polled to determine their level of exposure regarding work-related travel in aircraft. Minnesota Life polled 18 large local government employers. It was determined that the risk is very

low. The Department proposes that this coverage be added for local employers at no additional cost.

MOTION: Ms. Finora moved to approve the AD&D provision for local government employees to cover accidental deaths when the insured is a pilot, crew member, or passenger on an aircraft owned, operated, or leased by the employer or being used for the business of the employer at no additional cost to the local government employer or the employee. Ms. Conroy seconded the motion, which passed without objection on a voice vote.

OPERATIONAL UPDATES

Ms. Ellinger referred the Board members to the Operational Updates section of their binders. The following items were brought to the Board's attention:

1. The pharmacy benefits manager contract is close to being signed.
2. The Department has received approval for the state and local government health insurance programs to participate in the federal Early Retiree Reinsurance Program.
3. During the *It's Your Choice* benefit period, nearly 2,700 members made health plan changes through the *myETF Benefits* system.

ADJOURNMENT

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

The Board meeting adjourned at 10:40 a.m.

Dated Approved: _____

Signed: _____

Esther Olson, Secretary
Group Insurance Board