

DRAFT

MINUTES

February 7, 2012

Group Insurance Board

State of Wisconsin

Location:

State Revenue Building – Events Room
2135 Rimrock Road, Madison, WI



BOARD MEMBERS PRESENT:

Cindy O'Donnell, Chair
Jon Litscher, Vice Chair
Esther Olson, Secretary
Robert Baird

Janis Doleschal
Brian Hayes
Jessica O'Donnell
Daniel Schwartz

PARTICIPATING EMPLOYEE TRUST FUNDS (ETF) STAFF:

Bob Conlin, Secretary
Rob Marchant, Deputy Secretary
Office of Internal Audit: John Vincent
Board Liaisons: Chris Fried, Sharon Walk

Division of Insurance Services: Lisa Ellinger, Marcia Blumer, Roni Harper, Bill Kox, Brian Shah, Brian Schroeder
Division of Management Services: Bill Christianson, Jack Loman

OTHERS PRESENT:

ETF Office of the Secretary: Vickie Baker, Liz Doss-Anderson, Daniel Hayes, David Nispel
ETF Division of Insurance Services: Arlene Larson, Emily Loman, Betty Wittmann
ETF Office of Internal Audit: Claudius Lebi
ETF Office of Budget and Trust Finance: Jon Kranz
Ameritas Group: Bob Gevelinger, Jeremy Earp, Cathy Hodgson
Anthem: Marin Kleinke, Sandy Reblin
Department of Justice: Charlotte Gibson, Kelli Nagel
Health Choice: Juliatt Dykstra, Bob Pearson
Humana: David Fee, Elisabeth Wright
Medical Associates: Joy Kaiser

Mercy Care: Mary Hesse, Sherrie Sargent
Minnesota Life: Kjirsten Elsner, Chris Schmelzer
Navitus: Steve Alexander
Network Health Plan: Carrie Helms
Office of State of Employment Relations: Paul Ostrowski
Physicians Plus: Ron Sebranek
Prudential Insurance Company: Keith Burns
Security Health Plan: Becky Gorst
SeniorCare Insurance: Bill Kumpf, Kevin Kumpf
State Engineers Association: Bob Schaefer
Unity Health Insurance: Kathy Ikeman
University of Wisconsin System Administration: Beth Ritchie

| Board | Mtg Date | Item # |
|-------|----------|--------|
| GIB | 5.22.12 | 3 |

UW Hospital: Demi Wiemann

Wisconsin Association of Health Plans:
Carrie Kahn

WEA Insurance Trust: Randy Mullis

Habib Tabatabai

Cindy O'Donnell, Chair, Group Insurance Board (Board), called the meeting to order at 9:00 a.m.

CONSIDERATION OF NOVEMBER 8, 2011, OPEN AND CLOSED SESSION MEETING MINUTES

***MOTION: Mr. Litscher moved approval of the November 8, 2011, open and closed session meeting minutes as submitted by the Board Liaison.
Mr. Baird seconded the motion, which passed without objection on a voice vote.***

ANNOUNCEMENTS

Ms. Ellinger announced a number of personnel changes at Employee Trust Funds (ETF).

- Mr. Conlin assumed his new position as Secretary on January 3, 2012.
- Mr. Marchant was named Deputy Secretary, effective January 3, 2012.
- Ms. Larson shifted from her position managing self-insured plans to a position that will focus on federal healthcare policy, effective January 1, 2012.
- Ms. Loman was introduced as the Manager of Alternate Plans, effective January 15, 2012.
- Mr. Hayes joined Legal Services on January 23, 2012.
- Ms. Diane Poole resigned her position as Disability Bureau Director at the end of 2011 to assume a new role at the Department of Health Services.

Chair O'Donnell announced she accepted Mr. Baird's resignation from the Board effective after today's meeting. She thanked Mr. Baird for his assistance during his tenure and, on behalf of the Board, thanked him for his service and wished him well. Mr. Baird indicated he intends to retire. He expressed his gratitude to past and present Board members for the wonderful learning experience. He also complimented the Secretary and ETF staff for making the job of being a Board member easier with well-prepared documents and few instances of re-work required. He congratulated all employees at ETF on jobs well done, not only for participants but also for the citizens of the state.

Chair O'Donnell informed the Board she is retiring from state service, and today's meeting will be her last as a member. She echoed Mr. Baird's sentiments about ETF

staff and conveyed her appreciation for the assistance and the support ETF staff afforded her while serving as Chair of the Board.

ELECTION OF OFFICERS

MOTION: Chair O'Donnell moved to nominate Ms. Olson as Chair of the Board. Mr. Baird seconded the motion.

MOTION: Mr. Litscher moved to close nominations and elect Ms. Olson as Chair of the Board. Mr. Schwartz seconded the motion, which passed without objection on a voice vote.

MOTION: Chair O'Donnell moved to nominate Mr. Litscher as Vice Chair of the Board. Mr. Hayes seconded the motion, which passed without objection on a voice vote.

MOTION: Mr. Baird moved to nominate Ms. Doleschal as Secretary of the Board. Ms. Olson seconded the motion.

MOTION: Mr. Litscher moved to close nominations and elect Ms. Doleschal as Secretary of the Board. Ms. Olson seconded the motion, which passed without objection on a voice vote.

Chair O'Donnell congratulated the new Board officers and expressed her confidence that they would be well served by the ETF staff and would serve the Board well.

HEALTH INSURANCE

Guidelines/Uniform Benefits Timeline and Discussion

Mr. Kox referred to the memo regarding guidelines and uniform benefits (Ref. GIB | 2.7.12 | 4A). He reminded the Board that ETF staff has historically convened a study group with participants from the Office of State Employment Relations, Department of Administration, and Office of the Commissioner of Insurance. Each agency is welcome to submit candidates to participate in the group.

ETF experienced significant change in the last year and is still determining the effect of those changes. As a result, the proposed guideline changes are primarily to refine the copay and deductible amounts and the various benefits that have been put forth through federal healthcare reform.

With the Board no longer meeting in April, Mr. Kox indicated the new timeline would allow for additional time with this process. The first meeting will be held at the end of February, with a second meeting scheduled approximately three weeks later. Health plans will be contacted for comments on proposed changes. Recommendations will be

made to the study group in late April with presentation of final recommendations to the Board in May.

Some targeted topics may include:

- Changing current language as it relates to adult dependent children disenrollment;
- Removing contractual references to full-time student status as state and federal law no longer require this criteria;
- Updating contractual language to reflect proposals from health plans with the intent to join the program must be submitted by April 1;
- Analyzing federal healthcare reform to determine what level of detail should be incorporated into the contract for consistent delivery of benefits;
- Incorporating disease management, wellness, and other Board initiatives;
- Incorporating medical management requirements into administrative and benefit plan components such as high-tech radiology;
- Discussing the advisability of a low cost option for state employees;
- Reviewing the status of coinsurance in the program versus copay;
- Modernizing the Local Standard Plans and Local State Maintenance Plan (SMP).

Mr. Kox stated ETF has received feedback and comments from health plans and providers suggesting the copayment structure works better and is easier to administer than coinsurance. Some types of services such as emergency room visits and prescription drugs work well as a copay, and a review would potentially determine other services that could be more appropriately paid as a copay rather than coinsurance.

The Board discussed the advisability of a low-cost insurance plan and the potential negative impact on plans overall if participants opt for a low-cost option during their younger years before opting back to the full basic benefit plan in later years.

Report on Health Plan Employer Data and Information Set (HEDIS®) and Consumer Assessment of Health Plans Survey (CAHPS®)

Mr. Kox referred to the memo and attachments regarding HEDIS® and CAHPS® (Ref. GIB | 2.7.12 | 4C). Every spring, ETF contracts with a vendor to survey approximately 8,000 members through internet and mail surveys using the CAHPS® assessment which is a standard for determining consumer preference and expectations about health plans. HEDIS® is the most widely used set of performance measures in the managed care industry and its purpose is to improve the quality of care provided by organized delivery systems. The results of these assessments are built into ETF's report card and printed in the annual dual choice information. Although some plans are experiencing issues related to customer service, overall participants are satisfied with their healthcare providers and the ability of members to choose their provider.

Mr. Kox reviewed the results of the assessments noting the following:

- 34% of respondents use the results of these assessments when making their health plan selection;
- 85% of respondents indicated they found this information very or somewhat useful;
- 10 of ETF's health plans ranked in the top 25% nationwide and 2 health plans ranked in the top 20;
- Members rated higher levels of satisfaction with the health care they receive rather than with their health plan;
- The highest overall ratings score was member satisfaction with their personal doctor.

The CAHPS® survey also examined six composite areas including getting care quickly, shared decision-making, how well doctors communicate, claims processing, customer service, and getting needed care. How well doctors communicate and shared decision-making were the composite areas that received the highest overall scores. Getting needed care and customer service were the composite areas that received the lowest overall scores. ETF will continue to work with health plans to improve these areas.

Based on HEDIS® results, ETF's participating HMOs continue to perform better than the national average on several measures. In only one measure, annual monitoring for patients on persistent medications, did the ETF plan average fall below the national average. ETF also noted that cholesterol management for patients with cardiovascular conditions is one of the areas in which the plan average has decreased across the last three years. ETF will continue to work with health plans to improve these areas.

It's Your Choice Enrollment Statistics

Mr. Shah and Mr. Schroeder referred to the memo regarding *It's Your Choice* (IYC) enrollment statistics (Ref. GIB | 2.7.12 | 4B). Mr. Shah reviewed enrollment results highlighting the following:

- Overall, enrollment increased from 110,696 in 2011 to 111,331 in 2012;
- 13,071 IYC requests were submitted in 2012 versus 6,072 in 2011, a 100.39% increase;
- Of the 13,071 IYC requests submitted in 2012, 11,038 were requests to change health plans;
- Many of the health plan change requests were due to significant changes in coverage areas in northwestern Wisconsin as well as subscribers switching to health plans with a lower premium;
- State contracts increased by 642 in 2012;
- Local contracts decreased by 7 in 2012;
- For state active contracts only, the number decreased overall due to a 5% decrease in family contracts and a 3.5% increase in single active contracts;
- In 2012, there was a shift into state annuitant and local contracts;

- WEA Trust PPP Northwest became a new plan in 2012, picking up the majority of contracts in northwest Wisconsin due to the reduced coverage area of Group Health Cooperative of Eau Claire;
- WEA Trust PPP Northeast expanded into eight counties and received 2,048 new contracts;
- Unity-Community and Unity-UW Health contracts increased by 1,314 and 1,266 respectively;
- Due to system limitations and possible keying errors, the actual number of open enrollments is slightly lower than reported at approximately 900 of which 63.5% were actual true enrollments.

Dependent Eligibility Verification Project

Mr. Vincent referred to the memo regarding the dependent eligibility verification project (Ref. GIB | 2.7.12 | 4D). He informed the Board the study and pilot project has now been completed. Based on the results of the study, a full scale audit is not recommended.

Ms. Ellinger noted that, out of the 1,000 randomly-selected dependents, there were only 5 ineligible cases, or 0.5% of the test population. In order to reconcile these findings with those previously reported by Public Consultant Group (PCG) and with the experience of other states, Ms. Ellinger stated ETF's audit was done after federal healthcare reforms, which included coverage of dependents up to age 26. States that conducted audits prior to this reform were greatly impacted by this factor. She also indicated ETF's communication with employers has been heightened in recent years causing a sentinel effect improving dependent eligibility verification. Further, ETF's system, wherein employers are the administrators of programs, is helpful as human resources managers work directly with employees and often know their family situations.

Ms. Ellinger reminded the Board that PCG previously reported there could be up to 90 of the 1,000 randomly selected dependents who were ineligible. ETF invested more than 200 hours of staff time reviewing available information and found those individuals fell into three basic categories. The first group represented eligible dependents that were incorrectly deactivated due to ETF's subscriber misunderstanding the audit instructions and dropping eligible dependents they felt needed to be removed from the plan. This group has now been reactivated. The next category of individuals supplied only partial documentation. With ETF's follow up, the required documentation was submitted and those individuals remained active. The final category represented non-responders. ETF staff worked with employers to obtain the necessary documentation to ensure eligibility.

ETF has remained open to a full scale audit if warranted. However, based on the findings and to judiciously preserve taxpayer dollars, it is ETF's recommendation to forego a full scale audit and instead apply the lessons learned in the pilot project.

LIFE INSURANCE CONTRACT AMENDMENTS

Mr. Kox and Ms. Blumer referred to the memo regarding proposed Wisconsin Public Employers (WPE) Group Life Insurance Program amendments (Ref. GIB | 2.7.12 | 5). Mr. Kox reviewed the proposed amendments allowing for additional coverage outside of the evidence of insurability clause in certain circumstances. ETF staff does not believe there are any statutory or rule provisions that would prevent ETF and the Board from proceeding to establish and implement the proposed life insurance policy amendments and recommend adoption of the amendments as presented.

Referring to the proposed amendment for enrollment when other group coverage is lost, the Board questioned whether there are employers who offer more than one group life insurance program. Ms. Blumer confirmed there are instances where a union-sponsored group life insurance plan is offered. However, some employers anticipate these alternate plans will be dropped leaving employees with no coverage, and this is the basis for the proposed amendment.

The Board expressed a concern about cases when an employee would be leaving one plan at a higher level of coverage than the new plan coverage and that employee being required to seek evidence of insurability to obtain the same level of higher coverage. Ms. Blumer confirmed most employers do not have this split coverage issue with only approximately 6 to 8 employers affected by this amendment. Mr. Schmelzer from Minnesota Life confirmed it would be possible to utilize the unit structure in these cases. He further stated the language included in the proposed amendment would allow affected employees to be brought over to Minnesota Life at their current level of coverage without requiring evidence of insurability for these particular cases only. Any coverage over and above the employee's current level would require evidence of insurability.

Motion: Ms. J. O'Donnell moved approval to adopt the enrollment policy changes in the WPE Group Life Insurance Program to be effective on May 1, 2012. Ms. Doleschal seconded the motion, which passed on the following roll call vote:

Members voting aye: Doleschal, Hayes, C. O'Donnell, J. O'Donnell, Olson, Schwartzer

Members voting nay: Baird

Members absent: Beil, Litscher

Mr. Litscher was absent from the room during the vote.

CONSIDERATION OF LONG-TERM CARE PROPOSALS

United of Omaha Premium

Mr. Kox and Ms. Harper referred to the memo regarding the United of Omaha premium increase for new business (Ref. GIB | 2.7.12 | 6A). The United of Omaha Insurance Company has been the insurer of long-term care for ETF since June 2011, and HealthChoice Long-Term Care Solutions has been the administrator for a number of insurers involved with ETF's programs.

The requested rate increases in premiums charged is for inflation riders on new business. In its actuarial review, Deloitte found the range of rate increases was approximately 15% to 50% and is reasonable within the Board-established guidelines.

MOTION: Mr. Litscher moved approval of the United of Omaha long-term care insurance policy premium increase. Ms. Olson seconded the motion, which passed without objection on a voice vote.

New Policy Offering by Prudential

Mr. Kox and Ms. Harper referred to the memo regarding the new long-term care policy offering by Prudential (Ref. GIB | 2.7.12 | 6B). Mr. Kox stated Prudential's Evolution long-term care insurance offering meets the Wis. Admin. Code ETF 41.02 requirement that long-term care policies offered to Wisconsin Retirement System (WRS) members must include protection against inflation. SeniorCare is the administrative agent for Prudential and has been with ETF's program for a number of years most recently offering the John Hancock long-term care insurance until the policy was no longer available. The Evolution policy would provide members with an alternative to the standard policy that pays benefits on a cost-per-day basis. As a benefit, this policy will pay at 80% of the cost which allows for the plan's outlay to increase automatically which meets ETF's inflation protection. The Office of the Commissioner of Insurance has approved the Prudential policy which also meets the Partnership Program requirements.

MOTION: Mr. Litscher moved approval of the Evolution long-term care insurance offering from Prudential submitted in conjunction with SeniorCare Insurance, Inc. Mr. Schwartzer seconded the motion, which passed without objection on a voice vote.

The Board took a break at 10:22 a.m. and reconvened at 10:32 a.m.

GROUP INSURANCE BOARD POLICIES

Mr. Conlin introduced three foundational Board policies which were developed after reviewing internal past practices and Boards of Trustees practices of other systems. The policies are intended to serve as written guidelines for Board proceedings for

members of the public, to assist Board members in understanding their duties and responsibilities, and provide a level of protection when issues arise when it is unclear how to proceed.

Communications Policy

This policy was developed based on guidance from the Attorney General's Office and open records and open meetings laws. Reasonable expectations are set forth covering general issues related to such topics as communication between Board members, communicating with third parties, the media, and participants.

Conflict of Interest Policy

This policy was developed to provide guidelines in situations where personal or financial interests conflict with Board duties, making full disclosure if conflicts arise, and recusal for participating in decisions or votes.

Conduct of Board Meetings Policy

This policy reviews procedures for topics such as selection of officers, frequency of meetings, rules of order, voting, and the creation of agendas.

Mr. Conlin requested Board members review the policies and provide feedback to himself or Ms. Ellinger by March 1, 2012. The policies will then be finalized and brought before the Board in May for formal adoption.

OPERATIONAL UPDATES

Ms. Ellinger referred the Board to the operational updates in their binders. There were no questions from the Board.

Ms. Ellinger advised the Board that Governor Walker appointed Ms. Nancy Thompson to the Board to replace the local unit of government seat vacated by Ms. Jeannette Bell. Ms. Thompson is the Town Clerk for the Town of Portland. The appointment is effective February 6, 2012.

On behalf of ETF and members across the state, Mr. Conlin and Ms. Ellinger thanked Chair O'Donnell and Mr. Baird for their service on the Board and wished them well in their retirements and other endeavors.

MOTION: Mr. Baird moved to convene in closed session, pursuant to the exemptions contained in Wis. Stat. § 19.85 (1) (a) for the purpose of quasi-judicial deliberations on an appeal. Mr. Litscher seconded the motion, which passed on the following roll call vote:

Members Voting Aye: Baird, Doleschal, Hayes, Litscher, C. O'Donnell, J. O'Donnell, Olson, Schwartz

Members Voting Nay: None

Members Absent or Not Voting: Beil

The Board convened in closed session at 10:45 a.m. and reconvened in open session at 11:12 a.m.

ANNOUNCEMENT OF ACTION TAKEN ON BUSINESS DELIBERATED DURING CLOSED SESSION

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

Appeal 2011-012-GIB

The Board voted to adopt the Hearing Examiner's proposed decision, with modifications.

Appeal 2010-005-GIB

The Board voted to adopt the Hearing Examiner's proposed decision with modifications.

Appeal 2009-010-GIB

The Board denied the appellant's petition for rehearing.

ADJOURNMENT

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

The Board meeting adjourned at 11:16 a.m.

Date Approved: _____

Signed: _____
Secretary, Group Insurance Board