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CORRESPONDENCE MEMORANDUM

DATE: April 27, 2012
TO: Group Insurance Board
FROM: Dan Hayes, Attorney/Supervisor
Liz Doss-Anderson, Ombudsperson
Vickie Baker, Ombudsperson
SUBJECT: Annual Ombudsperson Contact Report
January 1, 2011, through December 31, 2011

This memo is for informational purposes only. No Board action is required.

This summary report contains information and statistics about the complaints and inquiries received by the Department of Employee Trust Funds (ETF) from members, their families, employers, and external advocacy organizations relating to benefits that fall under the authority of the Group Insurance Board (GIB).

ETF's Ombudsperson Services staff attempt to resolve member issues, provide education and outreach to members, and work to ensure that all members have access to timely, accurate, and thorough information regarding benefits administered by ETF. In short, we strive to assure that ETF provides members with excellent customer service. Likewise, Ombudsperson Services staff work closely with the health plans and third-party administrators, such as WPS, Aetna, and Navitus, to help them provide appropriate benefit administration and quality services to members.

From January 1, 2011, through December 31, 2011, Ombudsperson Services received 997 complaints and inquiries from members or their representatives. The complaints and inquiries related to a wide variety of issues, including enrollment and eligibility, billing and claims processing, pharmacy benefits, and general program provisions and design. By comparison, in 2010 Ombudsperson Services received complaints and inquiries from 1,183 members. The number of contacts received by Ombudsperson Services on an annual basis has remained consistent over the last several years.

Ombudsperson staff work with members to facilitate resolution of their benefit issues, such as providing early resolution of written complaints to avoid additional ETF administrative appeals. This is demonstrated by the continued decline in the number of

Reviewed and approved by David Nispel, General Counsel,
Legal Services

David H. Nispel 5/4/12
Signature Date

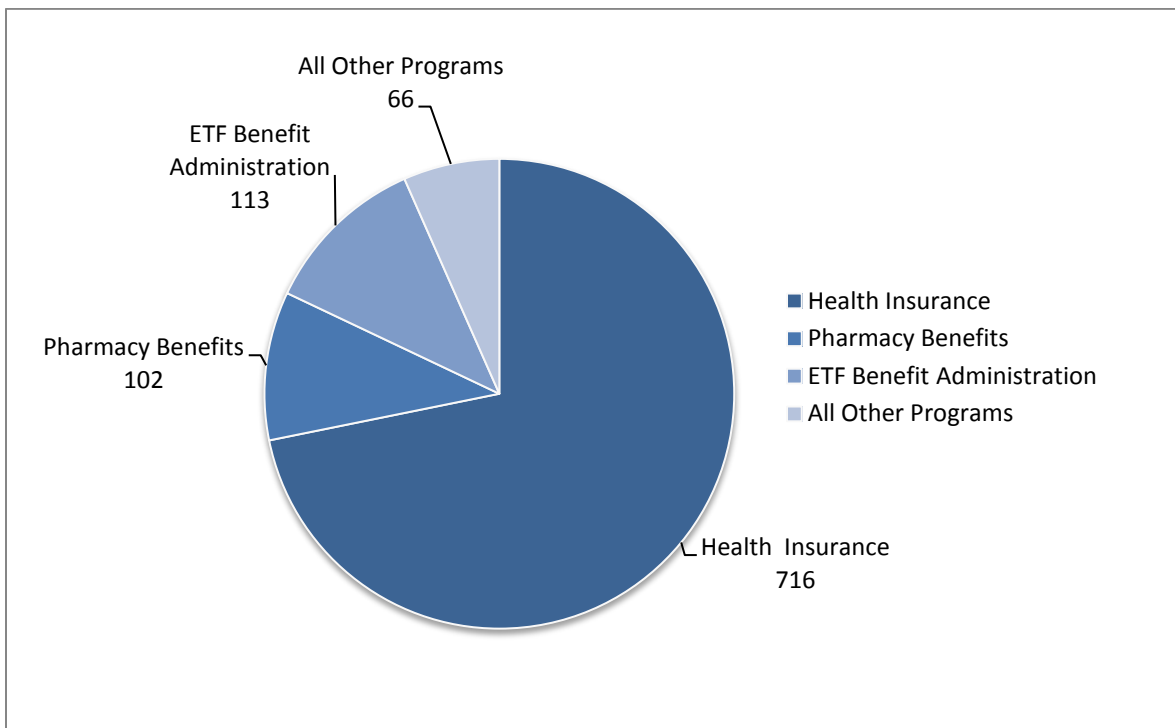
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written complaints received and reviewed by Ombudsperson Services from 43 in 2010 to 31 in 2011, resulting in a reduction of departmental determination requests. However, staff provides information about additional administrative review options, including the independent review process, when appropriate. As part of this process, staff informs and educates members about their benefits, program provisions, and eligibility guidelines.

COMPLAINTS AND INQUIRIES BY PROGRAM TYPE

Of the 997 complaints and inquiries received by the Ombudsperson Services staff in 2011, 716 (72%) were related to the health insurance program and 102 (roughly 10%) were specific to pharmacy benefits. Health insurance and pharmacy benefit issues have historically proven to be the most complex and therefore take the most time for Ombudsperson Services staff to resolve. The chart below illustrates contacts by all program types.

Complaints and Inquiries by Program Type
January 1, 2011, to December 31, 2011



ETF Benefit Administration-includes all program types related to ETF administration of benefits or enrollment

All Other Programs includes LTDI, ICI, ERA, Deferred Compensation, Vision, Dental, Life Insurance, and Retirement

Health insurance and pharmacy benefit program complaints and inquiries remained steady in 2011. While Ombudsperson Services staff work to resolve member complaints and inquiries throughout the year, staff also provided information and education to members regarding new enrollment and eligibility rules, major benefit changes, and the transition of Medicare-eligible retirees to Navitus MedicareRx in 2012. Contacts from retirees were primarily focused on questions or clarifications about the Medicare Part D enrollment process along with questions about claims processing and the new mail order vendor for Navitus.

Complaints and inquiries that ETF receives regarding administration of ETF/WRS benefits (typically enrollment and eligibility errors) are now being reported as "ETF Benefit Administration" as noted above and can involve any program that ETF administers. Examples of these types of complaints and inquiries include incorrect terminations of coverage due to a processing delay, disagreement with a program provision or design, and late "It's Your Choice" enrollment requests.

CONTACTS BY COMPLAINT AND INQUIRY TYPE

Of the 997 complaints and inquiries received by Ombudsperson Services in 2011, the four most common types of issues were enrollment and eligibility issues for WRS-administered programs (187), health insurance billing and claims processing errors (155), general program provisions and design (76), and contacts from members related to the open enrollment period in October (47). These four categories represent 47% of the total contacts received in 2011. As in prior years, the health insurance issues continue to generate the largest number of complaints and inquiries due to the complexity of our program and the nature of these benefits changing annually.

Many circumstances contributed to the increase in member contacts related to enrollment and eligibility including:

- Health plan provider network changes in several northwestern counties
- Record number of retirements resulting in an increased workload
- Enrollment system limitations
- Significant changes to dependent eligibility and enrollment rules

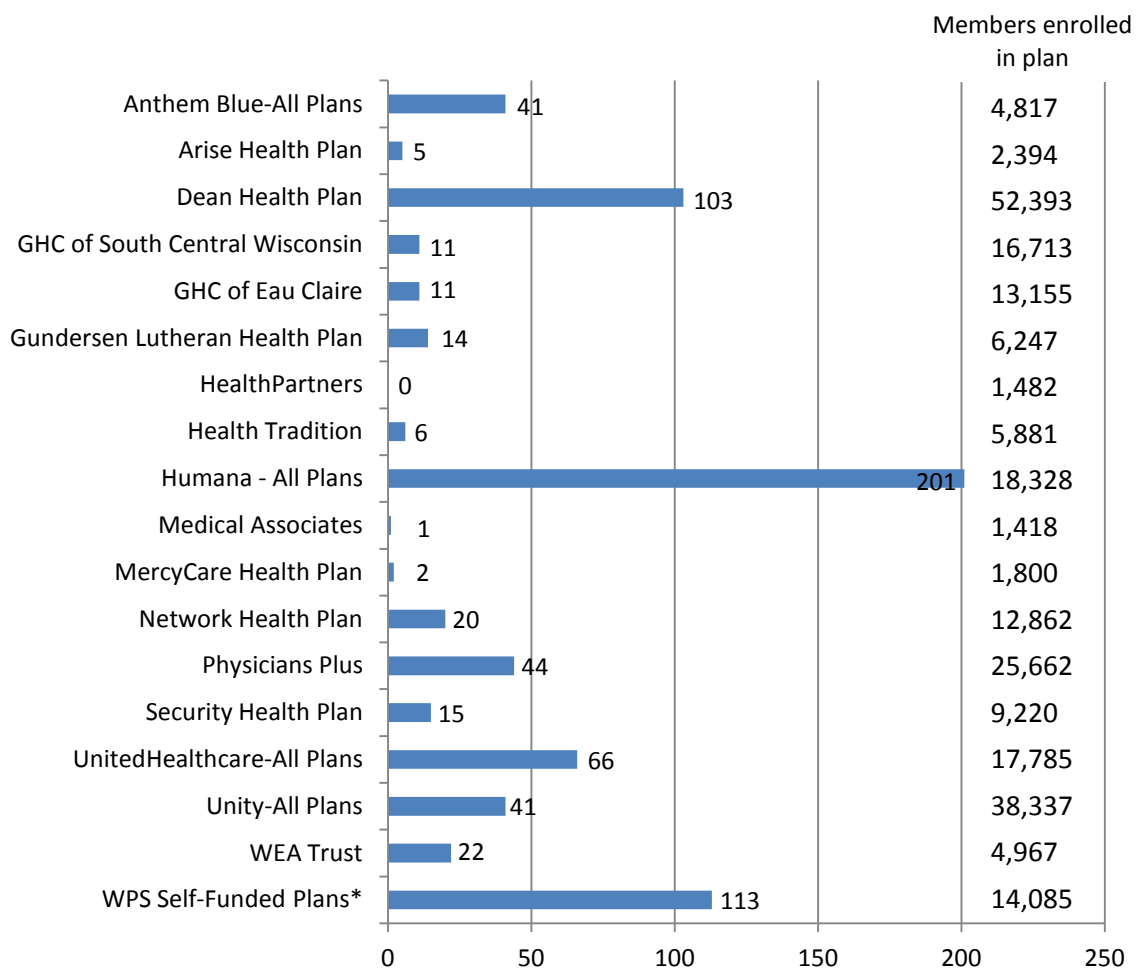
ETF staff work collaboratively with health plans and employers to educate members during the "It's Your Choice" open enrollment period about significant health plan network changes and continue to assist members throughout the year to ensure they have adequate access to care. Ombudsperson Services staff are currently involved in development of enhancements to myETF Benefits that will create efficiencies to improve customer service and accuracy of member enrollment data.

Contacts regarding billing and claims processing errors are very common and often take the most time to resolve on behalf of a member. Many plans have difficulty processing

claims for hearing aids, oral surgery and services with plan specific coverage criteria, or Medicare policies and procedures. Ombudsperson Services staff regularly provide members with education and clarification about their benefits and coverage criteria under our contracts with the health plans. In addition, when an Ombudsperson becomes aware of plan-specific issues as a result of a member's complaint, they work with the appropriate parties including health plans, employers, or ETF staff to resolve the individual's issues but also to address any larger systematic matter that needs to be corrected or improved.

COMPLAINTS AND INQUIRIES BY HEALTH PLAN – 2011

The complaints and inquiries for calendar year 2011 are broken down by health plan below.



*Self-Funded Plans include: Standard Plan, Medicare Plus, Local Annuitant Health Plan, and State Maintenance Plan (all administered by WPS Health Insurance)

LOOKING AHEAD

As discussed in the February 2012 Ombudsman Contact Report, we have seen the expected increase in the number of general complaints and inquiries regarding the 2012 benefit changes, specifically the implementation of the 10% coinsurance benefit structure. Members are unclear as to what bills to pay, if they are paying the correct amount, or disagree with the assessment of the coinsurances. Ombudsman Services staff are working collaboratively with health plans and the Division of Insurance Services to ensure benefits are being administered per contract provisions and that the plans are assisting members to resolve claims and billing issues.

The transition to Medicare Part D for all Medicare-eligible retirees has resulted in an increase in the number of enrollment and eligibility complaints received, most often related to the auto-enrollment process into Navitus MedicareRx (PDP). Members have also contacted Ombudsman Services with complaints regarding changes in how their pharmacy claims are being processed under Medicare Part D and prior authorization errors.

Ombudsman Services will be providing more specific information about the trends we are seeing in 2012 in the upcoming semi-annual Group Insurance Board report.

RECENT CHANGES IN OMBUDSMAN SERVICES

Ombudsman Services has been part of the Office of Legal Services since November 2011. We are now fully staffed for the first time since July 2011, with the recent hire of a third Ombudsman. Longtime ETF employee Allen Angel has transferred from the Division of Retirement Services to join veteran staff Liz Doss-Anderson and Vickie Baker. Attorney Dan Hayes has supervised the Ombudsman Services staff since January, and General Counsel David Nispel oversees all aspects of the Office of Legal Services.

Ombudsman Services staff will be available at the Board meeting to answer any questions you may have.