

DRAFT

MINUTES

August 28, 2012

Group Insurance Board
State of Wisconsin

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



BOARD MEMBERS PRESENT:

Esther Olson, Chair	Brian Hayes
Jon Litscher, Vice Chair	Jane Nikolai
Jessica O'Donnell, Secretary	Jennifer Stegall
Bonnie Cyganek	Nancy Thompson
Michael Farrell	Brian Yerges
Chuck Grapentine	

PARTICIPATING EMPLOYEE TRUST FUNDS (ETF) STAFF:

Bob Conlin, Secretary	Division of Insurance Services:
Rob Marchant, Deputy Secretary	Lisa Ellinger, Administrator
Chris Fried, Sharon Walk	Bill Kox, Deputy Administrator
Board Liaisons	Roni Harper

OTHERS PRESENT:

ETF Division of Insurance Services: Lucien Adams, Marcia Blumer, Jeff Bogardus, Roni Harper, Arlene Larson, Emily Loman, Brian Shah	ETF Office of Budget and Trust Finance: Bob Willett
ETF Division of Retirement Services: Matt Stohr	Deloitte Consulting LLP: Timothy Gustafson, Pat Pechacek, Dan Plante
ETF Division of Management Services: Pam Henning, Jack Loman	Office of State of Employment Relations: Jim Brown, Paul Ostrowski
ETF Legal Services: Allen Angel, Liz Doss-Anderson Dan Hayes, David Nispel	Department of Administration: Mickie Waterman
ETF Office of Internal Audit: John Vincent	Anthem: John Braden, Dr. Michael Jaeger, Marin LaPlante Kleinke, Sandy Reblin, Matt Shumlas
ETF Office of Communications and Legislation: Nancy Ketterhagen, Mark Lamkins	Ameritas Group: Jeremy Earp

Board	Mtg Date	Item #
GIB	11.13.12	1

Dean Health Plan: Katie Beals, Justin Hellenbrand	Network Health Plan: Carrie Helms
Delta Dental: Steve LeRoy	Physicians Plus: Ron Sebranek
EPIC: Gary Butzlaff, Russell Hann, Wendy Hougan	Security Health Plan: Becky Gorst
GHC-SCW: Elizabeth Dye	State Engineering Association: Bob Schaefer
HealthChoice: Juliett Dykstra	UWHC: Trina Ruppert
Humana: Shari Stoltmann	University of Wisconsin System Admin: Beth Ritchie
Iowa Co: Nancy Mueller	United Healthcare: Andrea Darling, Brandon Widell
Mercy Care: Mary Hesse	Unity Health Insurance: Kathy Ikeman
Minnesota Life: Kjirsten Elsner, Kristi Fox, Hans Larsen, Paul Rudeen, Chris Schmelzer	WEA Trust: Susan Baez, Kathryn Otto
Navitus: Steve Alexander, Terry Seligman	WPS: David Grunke
	Wisconsin Association of Health Plans: Phil Dougherty, Joy Kaiser

Esther Olson, Chair, Group Insurance Board (Board), called the meeting to order at 8:29 a.m.

CONSIDERATION OF MAY 22, 2012, OPEN AND CLOSED SESSION MEETING MINUTES

MOTION: Ms. Thompson moved approval of the May 22, 2012, open and closed session meeting minutes as submitted by the Board Liaison. Mr. Litscher seconded the motion, which passed without objection on a voice vote.

ANNOUNCEMENTS

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

- Mr. Kox was named Deputy Administrator of the Division of Insurance Services in June 2012.

- Mr. Lamkins was introduced as the new Director of the Office of Communications and Legislation.
- Three vacancies within the Health Benefits and Insurance Plans Bureau have been filled. New staff will be introduced at future Board meetings. Ms. Ellinger thanked current ETF staff within this Bureau for their hard work and dedication throughout the time it took to fill these vacancies.

Ms. Ellinger informed the Board that ETF staff is housed at two different locations. The Division of Insurance Services has now moved to the ETF offices located at 2135 Rimrock Road, Madison, Wisconsin.

Ms. Ellinger explained that ETF has been piloting a paperless system for sharing Board materials with a number of the ETF Board members. She indicated the Board liaison would contact Board members in late October to query whether anyone would be interested in participating in this paperless system.

MOTION: Ms. Cyganek moved to convene in closed session, pursuant to the exemptions contained in Wis. Stat. § 19.85 (1) (e) for the purpose of deliberating or negotiating the investing of public funds and to conduct other specified public business, whenever competitive reasons require a closed session. Mr. Hayes seconded the motion, which passed on the following roll call vote:

Members Voting Aye: Ms. Cyganek, Mr. Farrell, Mr. Grapentine, Mr. Hayes, Mr. Litscher, Mr. Nikolai, Ms. Olson, Ms. O'Donnell, Ms. Stegall, Ms. Thompson, Mr. Yerges.

Members Voting Nay: None

Members Absent or Not Voting: None

Invited to remain during the closed session were staff from the Department of Employee Trust Funds (ETF), Department of Administration, Office of State Employment Relations, and Deloitte Consulting LLP (Deloitte).

The Board convened in closed session at 8:32 a.m. and reconvened in open session at 10:14 a.m.

The Board took a break at 10:14 a.m. and reconvened at 10:20 a.m.

ANNOUNCEMENT OF ACTION TAKEN ON BUSINESS DELIBERATED DURING CLOSED SESSION

Ms. Olson announced the Board took the following action during closed session:

- Accepted the Self-Insured State Medical and Prescription Drug Plans 2013 Rate Development report as presented by the actuary.
- Accepted the Self-Insured Local Medical and Prescription Drug Plans 2013 Rate Development report as presented by the actuary.
- Approved the service area qualification recommendations for 2013.
- Accepted the methodology and tier assignments for 2013 as recommended by the actuary.
- Accepted the recommendation that all health plans have met the financial requirements for participation in 2013.

LIFE INSURANCE ANNUAL REPORT AND RECOMMENDATIONS FOR 2013 PREMIUM RATES

Mr. Rudeen of Minnesota Life Insurance Company (MLIC) referred the Board to the memo in their binders regarding Wisconsin Public Employers (WPE) Group Life Insurance (ref. GIB | 8.28.12 | 5). He explained the Group Life Insurance Program has both a state and local plan, and each plan is made up of three components: active employees, retirees, and spouse/dependents.

Mr. Rudeen provided a summary of 2011 results. He stated MLIC does not recommend a change to the premium rate for the state plan for any of the components nor for the local spouse/dependent component. He confirmed MLIC does recommend a decrease in the premium rate for the local employee component.

MOTION: Mr. Grapentine moved to approve MLIC's recommendation to decrease the local government employee premium rates for basic, supplemental, and additional coverage at ages 40 through 49 and ages 55 through 69. Ms. O'Donnell seconded the motion, which passed without objection on a voice vote.

LONG-TERM DISABILITY INSURANCE PLAN VALUATION PLAN

Mr. Gustafson summarized the Long-Term Disability Insurance (LTDI) Plan 2013 Premium Development and Liability Valuation as of December 31, 2011 (ref. GIB | 8.28.12 | 6). He noted the LTDI Plan has remained in an actuarial sound position, and premium contributions have been suspended for several years.

Mr. Gustafson confirmed Deloitte recommends the Board continue the LTDI premium suspension for 2013. He explained that Deloitte believes the reserves are sufficient to allow this suspension of the LTDI premium for 2013 but expects a possible need for a rate increase in 2014.

MOTION: Mr. Farrell moved to approve the Long-Term Disability Insurance Plan Actuarial Review and continue the LTDI premium rate suspension for 2013. Ms. Thompson seconded the motion, which passed without objection on a voice vote.

CONSIDERATION OF OPTIONAL EMPLOYEE PAY-ALL PLANS

Anthem DentalBlue Group Dental Plan Benefit Change Request

Mr. Kox referred the Board to the memo in their binders concerning Anthem DentalBlue Group Dental Plan's (Anthem DentalBlue) benefit change request to increase the maximum dental benefit for its Preferred Provider Organization (PPO) and Supplemental Plans, effective January 1, 2013 (ref. GIB | 8.28.12 | 7A). Mr. Kox introduced Ms. Harper as the Optional Plan Manager indicating she would be available for questions from the Board.

Mr. Kox stated Anthem DentalBlue has provided dental insurance policies under contracts with the State of Wisconsin, Office of State Employment Relations (OSER) since 2006. In May 2012, Anthem received notice that OSER would no longer manage the contract for these plans. OSER's decision does not affect Anthem DentalBlue's status as a Board-approved payroll deduction plan.

Mr. Kox confirmed Deloitte has reviewed the Anthem DentalBlue proposal and conveyed the opinion that the proposal did not warrant a full comprehensive review as it does not pose a significant actuarial risk or concern. Ms. Harper confirmed the Anthem DentalBlue proposal includes an increase to the maximum annual benefit, not a maximum daily benefit as indicated in the memo provided to the Board.

Ms. Stegall brought forward a concern from the Office of the Commissioner of Insurance related to the process of making optional plans available to individual agencies. She suggested that ETF may be better suited to hold master contracts for all optional insurance plans to lessen some of the administrative burden and confusion within individual agencies as well as to ensure that all state employees have access to all plans.

Ms. Ellinger confirmed there are currently six optional plans available. She stated ETF could perform an analysis of the feasibility of ETF administering optional plan contracts and the costs associated thereon.

MOTION: Ms. Stegall moved to request ETF provide options and recommendations for whatever changes might be needed to ensure that all state employees have access to the optional insurance plans, to do some analysis to explain what kind of responsibilities they would take on in administering the master contract with the optional insurance plans, and any resources that may be needed to carry those out, for presentation in November. Mr. Grapentine seconded the motion, which passed without objection on a voice vote.

MOTION: Mr. Litscher moved to accept the Anthem DentalBlue proposal to increase the maximum dental benefit for its PPO and Supplemental Plans, effective January 1, 2013. Ms. O'Donnell seconded the motion, which passed without objection on a voice vote.

EPIC Plan Benefit and Premium Rate Change Request

Mr. Kox referred the Board to the memo in their binders regarding EPIC Life Insurance Company's (EPIC) proposal for premium and benefit adjustments for 2013 and 2014 (ref. GIB | 8.28.12 | 7B). EPIC currently offers two sets of optional insurance plans, Benefits+ and Dental Wisconsin. Mr. Kox confirmed that EPIC proposes to split the premium structure for Dental Wisconsin, make minor modifications in eligibility and benefits for Dental Wisconsin and Benefits+, and increase monthly premiums for both plans.

EPIC's final proposal includes the following average premium increases, which are guaranteed for a two-year period, through December 31, 2014:

- Benefits+ 8.6%
- Dental Wisconsin 12.2%
- Aggregate 9.6%

EPIC's final proposal also includes the following modifications:

- Dental Wisconsin plans will be split into two premium classes – Active and COBRA continuants in one class and retirees in another.
- Benefits+ will replace the catastrophic coverage for Medicare-covered retirees with an indemnity plan that became effective for active employees in January 2012. All Benefits + enrollees will have hospital/surgical indemnity benefits, but the benefit will be age-driven. Members over 65 will receive \$75 per day (versus \$100 for members under 65) and the waiting period will be five days (versus two for younger members and dependents).

Mr. Kox stated Deloitte extensively reviewed EPIC's proposal. After this review and subsequent discussions with EPIC, the initial proposal was changed so that the premium request reflects the trend assumptions weighted more heavily toward the plan's own experience versus statewide data for dental plans.

MOTION: Ms. Nikolai moved to accept the EPIC proposal as submitted June 29, 2012, and as amended August 1, 2012. Ms. Cyganek seconded the motion, which passed without objection on a voice vote.

OPERATIONAL UPDATES

Ms. Ellinger referred the Board to the operational update memos included in their binders (ref. GIB | 8.28.12 | 8A-8G). She also confirmed ETF continues to work towards a paperless distribution of the *It's Your Choice* booklet; however, approximately 25,000 copies will be distributed this year.

FUTURE ITEMS FOR DISCUSSION

Ms. Ellinger stated the November Board meeting agenda will include the following topics:

- Analysis of ETF administering optional insurance plans
- Uniform benefits applied to dental coverage
- Options for a bid cap on the local program

Ms. Olson requested Mr. Marchant conduct a short presentation on parliamentary procedures for Board meetings.

ADJOURNMENT

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

The Board meeting adjourned at 11:14 a.m.

Date Approved: _____

Signed: _____

Jessica O'Donnell, Secretary
Group Insurance Board