

DRAFT

MINUTES

November 13, 2012

Group Insurance Board
State of Wisconsin

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



BOARD MEMBERS PRESENT:

Esther Olson, Chair	Chuck Grapentine
Jon Litscher, Vice Chair	Daniel Schwartzer
Jessica O'Donnell, Secretary	Nancy Thompson
Bonnie Cyganek	Brian Yerges
Michael Farrell	

BOARD MEMBERS NOT PRESENT:

Brian Hayes
Jane Nikolai

PARTICIPATING EMPLOYEE TRUST FUNDS (ETF) STAFF:

Bob Conlin, Secretary	Division of Insurance Services:
Rob Marchant, Deputy Secretary	Lisa Ellinger, Administrator
Cherylynn Mullins, Sharon Walk	Bill Kox, Deputy Administrator
Board Liaisons	Lucien Adams, Roni Harper, Emily
	Loman
	Office of Communications and Legislation:
	Mark Lamkins, Tarna Hunter

OTHERS PRESENT:

ETF Division of Insurance Services:	ETF Division of Retirement Services:
Marcia Blumer, Arlene Larson,	Anne Boudreau
Brian Shah	Anthem:
ETF Division of Management Services:	Marin LaPlante Kleinke, Sandy Reblin
Pam Henning	Ameritas Group:
ETF Legal Services:	Dawn Burkee, Bob Geveligor
Allen Angel, Vickie Baker, Liz Doss-	Network Health Plan:
Anderson, Dan Hayes, David Nispel	Carrie Helms

Department of Administration: Deb Carstenson, Wendy Coomer, Mickie Waterman	Office of Commissioner of Insurance: Jennifer Stegall
Department of Justice: Charlotte Gibson	Office of State of Employment Relations: Paul Ostrowski
EPIC: Russell Hann	Physicians Plus: Ron Sebranek
GHC-SCW: Emily Davis, Elizabeth Dye	Security Health Plan: Becky Gorst
Gundersen Lutheran: Sam Schmirler	State Engineering Association: Bob Schaefer
HealthChoice: Julieta Dykstra, Cliff Morris, Bob Pearson	University of Wisconsin System Admin: Beth Ritchie, Kara Webber
Humana: Emily Cada, Shari Stoltmann	United Healthcare: Andrea Darling
Legislative Audit Bureau: Brian Geib	Unity Health Insurance: Kathy Ikeman
Mercy Care: Mary Hesse	WEA Trust: Susan Baez, Sandra Dennis
Minnesota Life: Chris Schmelzer	WPS: David Grunke
Navitus: Steve Alexander, Tom Radloff	Wisconsin Association of Health Plans: Phil Dougherty

Esther Olson, Chair, Group Insurance Board (Board), called the meeting to order at 8:30 a.m.

CONSIDERATION OF AUGUST 28, 2012, OPEN AND CLOSED SESSION MEETING MINUTES

Mr. Grapentine stated that on page 4 of the draft minutes, he was referred to as "Ms." Grapentine. He asked that this error be corrected in the minutes. No other changes were noted.

MOTION: Mr. Litscher moved approval of the August 28, 2012, open and closed session meeting minutes as submitted by the Board Liaison with the change as noted above. Ms. Thompson seconded the motion, which passed unanimously on a voice vote.

ANNOUNCEMENTS

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

- Tarna Hunter was introduced as the Legislative Liaison.
- Cheryllynn Mullins was introduced as the Board Liaison.
- Lucien Adams has been hired as a Policy Advisor in the Health Benefits and Insurance Plans Bureau and will be the manager of the self insured plans with WPS Health Insurance (WPS).
- John Bott is a new Policy Advisor in charge of recording, reading, tracking, and reporting data.
- Holly Klawitter is the manager of the Disease Management and Wellness program.

HEALTH INSURANCE

Standard Plan Audit

Mr. Kox referred the Board members to the memo in their binders regarding the Third Party Audit of WPS Health Insurance (ref. GIB | 11.13.12 | 3A). The audit was performed by Claim Technologies Incorporated (CTI). According to CTI, WPS met all performance standards, is performing well and the audit did not reveal any areas of substantial concern. CTI identified opportunities for improvement in certain processes, WPS concurred with these recommendations and staff will work with WPS to make the necessary changes.

Regarding performance guarantees, WPS met all performance guarantees as identified in the contract.

Local Annuitant Health Program (LAHP) Rates

Mr. Kox directed the Board to the Local Annuitant Health Program Rates 2013 memo (ref. GIB | 11.13.12 | 3B). The LAHP was established on July 1, 1988, as a health insurance program that offers individual coverage for retiring local government employees who were not offered a group plan by their local employer. This program is used by a relatively small number of subscribers. The board discussed whether the need for this program will remain, particularly with the enactment of the Affordable Care Act and the future operation of health insurance exchanges. If it were determined that the program is no longer needed, legislation would be required to discontinue the program. WPS has determined that a 7.6% renewal increase is needed for the Medicare Supplement plan and a 35% increase for the LAHP's under-age-65 Preferred Provider Organization (PPO) plan, effective January 1, 2013. Deloitte Consulting reviewed the rates and calculations prepared by WPS.

Uniform Dental Plan Design

Mr. Kox, with the assistance of Ms. Loman, referenced the Uniform Benefits for Dental Services memo (ref. GIB | 11.1312 | 3C). Insured health plans (plans) participating in the Group Insurance Board's program allow optional dental benefits at the Plans' discretion.

Until 2004, there was a fair amount of stability in the plans. However, beginning in 2004, plans began to gradually increase their dental offerings to attract new members. For 2012 and again in 2013, plans were asked to freeze their dental offerings. There remains considerable disparity in dental benefits offerings and there are concerns from the plans regarding the ability to compete with a frozen dental package.

Deloitte reviewed the current dental offerings and developed a preliminary dental plan designed to provide a uniform benefit composite of the current weighted dental benefit. This composite proposal would be cost-neutral.

The Board expressed support for staff's plan to perform an in-depth analysis of the design of a cost-neutral uniform dental benefit. Staff will present this plan to the Board in February 2013.

GIB Workgroup Plan

Ms. Ellinger presented an overview of a revised workgroup process for 2013. She noted that, at the beginning of each year, the Board invites Board members and representatives of state agencies to engage in a discussion on potential plan changes for the following year and bring recommendations to the Board at the May meeting. This consensus based process has worked well for small changes. However, this is not the best approach for in-depth analysis and long-term strategic design changes.

Staff is currently reviewing:

- health insurance models in other states;
- the impact of federal reform on the Board's programs;
- wellness and potential incentives for our members; and
- disease management.

She stated there has been discussion about reviving a process that the Board used in 2002. At that time, the Board established a study group that met regularly over the course of a year, brought recommendations back to the Board and ultimately proposed major changes such as tiering and the pharmacy benefit manager carve-out.

Ms. Ellinger noted that it would be helpful to receive ongoing feedback from the Board and would like to reestablish such a workgroup. This workgroup would meet regularly and would provide updates at the Board's 2013 meetings. The ultimate goal would be

to come back to the Board a year from now with more substantial potential benefit design changes for the 2015 plan year.

The Board expressed its support for the formation of a workgroup.

Appeals Process Related To Cases Of Medical Necessity

Mr. Kox discussed the memo titled *Appeals Process Related to Cases of Medical Necessity* (ref. GIB | 11.1312 | 3E). Under 1999 Wisconsin Act 155, all health benefit plans must have independent review procedures and internal grievance procedures. ETF first considered the scope of the Independent Review Organization (IRO) law in 2002, when the independent review process was initially implemented.

Due to the lack of medical knowledge and expertise, it is difficult for the Board to make a determination with regard to medical necessity. ETF has decided that, effective January 1, 2014, if a dispute concerning medical necessity is eligible for independent review, ETF will no longer issue a Departmental Determination. This means that disputes concerning medical necessity and referrals would not be subject to administrative review by ETF and the Board. If a dispute appears eligible for IRO, but the IRO determines it is outside of its jurisdiction and declines to take it, the matter can be reviewed by ETF and the Board. The intent of this policy change is to direct these disputes to the most appropriate forum. If a member requests a Departmental Determination for medical necessity, experimental treatment, or referral, the appropriate ETF staff will send the member a letter explaining that ETF will not provide administrative review because the dispute is eligible for IRO. This letter also provides IRO rights and emphasizes that the decision of the IRO is final and binding.

OPTIONAL PLANS

Mr. Kox referenced the *Analysis of Employee Trust Funds (ETF) Administration of Optional Plan Contracts* (ref. GIB | 11.1312 | 4). He reminded the Board that, at the last meeting, members requested a report that provided options for administration of the optional insurance plans. This report would also include an analysis of the administrative responsibilities ETF would assume in administering the master contract with the optional insurance plans and any resources that would be needed.

Potential options for future administration include:

- A) Mandatory statewide participation of all state agencies;
- B) ETF contract management (requiring ETF to manage the various contracts);
- C) ETF administration of enrollment and premium disbursement; or
- D) Maintain current practice, pending receipt of additional information from major payroll systems and employers.

Staff recommended Option D, which would maintain the current practice for facilitating the availability of optional insurance plans, with possible minor modifications, pending receipt of further information.

After discussion of the various options, the Board asked staff to provide further analysis for their consideration. Ms. Ellinger summarized the Board's request as follows:

- The Board expressed a desire to continue to operate in the current manner with the possibility of having ETF enter into a contractual arrangement with the optional plans.
- The Board would like staff to prepare an analysis of the pros and cons associated with the potential options including liability, cost, resources, etc.

MOTION: Mr. Litscher moved to instruct staff to come back with further analysis and an action item for the February 2013 Group Insurance Board meeting. Ms. Cyganek seconded the motion, which passed unanimously on a voice vote.

The Board took a break at 10:21 a.m. and reconvened at 10:28 a.m.

EDUCATIONAL TOPIC

Mr. Marchant presented on Parliamentary Procedure.

BOARD POLICY APPROVALS

Ms. Ellinger asked the Board to finalize policies presented at the February 7, 2012, and May 22, 2012, meetings for inclusion in the *Group Insurance Board Governance Manual*.

MOTION: Mr. Grapentine moved to adopt the Communications, Conflict of Interest, and Conduct of Board Meetings Policies. Mr. Farrell seconded the motion, which passed unanimously on a voice vote.

OPERATIONAL UPDATES

Legislative/Budget Update

Ms. Hunter referred the Board to the memo in their binders (ref. GIB | 11.1312 | 7A). The memo highlights ETF's biennial budget request. ETF is requesting the cost for continued funding to maintain the current operations and as well as funding for three initiatives:

1. Modernize ETF's business processes and integrate the information technology systems.
2. Fund a statewide wellness program for health plan participants. ETF will coordinate with health plans on program design and implementation to engage employees regarding their health.
3. Draft statutory changes to ensure that the WRS remains in compliance with the Internal Revenue Code.

Dual Choice Update

Ms. Ellinger provided a verbal update on the 2012 *It's Your Choice* period. She noted that a formal analysis would be presented at the February 2013 meeting.

Pharmacy Benefit Manager Update

Ms. Ellinger discussed the amendments to the contractual arrangement with Navitus, the Pharmacy Benefits Manager (ref. GIB | 11.1312 | 7F). She noted that there have been two major changes.

1. The change to an Employer Group Waiver Program has been formalized.
2. ETF received a lower administrative fee rate from Navitus. The revised rate will be \$2.60 per member, per month (PMPM) effective April 1, 2012.

FUTURE ITEMS FOR DISCUSSION

Ms. Ellinger asked if there were any future items for discussion. None were mentioned.

MOTION: Ms. Cyganek moved to convene in closed session, pursuant to the exemptions contained in Wis. Stat. § 19.85 (1) (a) for quasi-judicial deliberations. Ms. Thompson seconded the motion, which passed on the following roll call vote:

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

Members Voting Nay: None

Members Absent or Not Voting: Mr. Hayes, Ms. Nikolai

The following were invited to remain during closed session: Ms. Mullins, Ms. Walk, Mr. Ostrowski and Ms. Gibson.

The Board convened in closed session at 10:53 a.m. and reconvened in open session at 11:03 a.m.

ANNOUNCEMENT OF ACTION TAKEN ON BUSINESS DELIBERATED DURING CLOSED SESSION

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

Appeal 2011-017-GIB

The Board adopted the Hearing Examiner's proposed decision with modifications as recommended by legal counsel.

ADJOURNMENT

MOTION: Ms. Thompson moved to adjourn the meeting. Mr. Litscher seconded the motion, which passed unanimously on a voice vote.

The Board meeting adjourned at 11:05 a.m.

Date Approved: _____

Signed: _____

Jessica O'Donnell, Secretary
Group Insurance Board