

DRAFT

# MINUTES

June 26, 2013

Group Insurance Board  
Strategic Planning Workgroup  
State of Wisconsin



**Location:**

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

---

**WORKGROUP MEMBERS PRESENT:**

Bonnie Cyganek, Chair  
Michael Farrell, Secretary  
Terri Carlson  
Herschel Day

Brian Hayes  
Chuck Grapentine  
Nancy Thompson  
J.P. Wieske for Daniel Schwartzer

---

**PARTICIPATING EMPLOYEE TRUST FUNDS (ETF) STAFF:**

Division of Insurance Services:  
Lisa Ellinger, Administrator  
Bill Kox, Deputy Administrator  
Mary Statz, Director - Health Benefits  
and Insurance Plans Bureau

Division of Management Services:  
Liz Jones-Queensland, Cheryllynn  
Mullins, Board Liaisons

---

**OTHERS PRESENT:**

ETF Division of Insurance Services:  
John Bott, Roni Harper,  
Emily Loman  
ETF Legal Services:  
Liz Doss-Anderson  
The Alliance:  
Melissa Duffy  
Anthem:  
Brian Martin  
Colonial Life:  
Pat Flanagan  
Dean Health Plan:  
Penny Bound  
Delta Dental:  
Steve LeRoy  
Deloitte Consulting LLP:  
Tim Gustafson, Pat Pechacek,  
Dan Plante

Department of Administration:  
Jenny Kraus, Mickie Waterman,  
Hannah Zillmer  
Group Health Cooperative – SCW:  
Emily Daws  
Gundersen Health Plan:  
Sam Schmirler  
Legislative Audit Bureau:  
Jake Gasser  
Momentum:  
Heather Huber  
Office of the Commissioner of Insurance:  
Jen Stegall  
Physicians Plus:  
Ron Sebranek, Kim Shaul  
Security Health Plan:  
Becky Gorst

---

Board	Mtg Date	Item #
GIB-SPW	10.11.13	1

United Health: Tom Fonfara	WEA Trust: Sandra Dennis
Unity Health Insurance: Kathy Ikeman	Wisconsin Health News: Tim Stumm
University of Wisconsin System Admin: Beth Ritchie, Kara Webber	Wisconsin Association of Health Plans: Nancy Wenza
UWHC: Sarah Grunke, Joyce Williams	WPS: David Grunke, Greg Nelson

---

Ms. Cyganek called the meeting of the Group Insurance Board (Board) Strategic Planning Workgroup (Workgroup) to order at 9:32 a.m.

### **CONSIDERATION OF MAY 7, 2013, OPEN SESSION MEETING MINUTES**

***MOTION: Ms. Thompson moved approval of the May 7, 2013, open session meeting minutes as submitted by the Board Liaison. Mr. Day seconded the motion, which passed unanimously on a voice vote.***

### **ANNOUNCEMENTS**

Ms. Ellinger introduced Terri Carlson, who has been appointed as Jane Nikolai's replacement on the Group Insurance Board. Her term began on May 28, 2013.

### **REQUEST FOR INFORMATION (RFI) ON SELF INSURED PROGRAM DESIGN**

Pat Pechacek, Dan Plante and Tim Gustafson of Deloitte Consulting, LLP presented an update on the RFI. They summarized the timeline, responses received, the actuarial model being used to analyze the collected data, and considerations of a self insured model versus a fully insured model.

Deloitte noted the due date for the health plan preliminary premium bids for 2014 was pushed back from July 1, 2013 to July 8, 2013. Negotiations with the health plans will take place during the last week in July, with best and final bids due August 2, 2013. Analysis of the pricing will be provided to the Board at the August 27, 2013 meeting.

Deloitte is in the middle of the actuarial analysis phase and the schedule for the self insured analysis is on track. The analysis is proceeding concurrent with the bid renewal process.

Mr. Pechacek stated that Deloitte had a large number of respondents that claimed they could provide coverage in a self insured model.

***MOTION: Mr. Farrell moved to convene in closed session, pursuant to the exemptions contained in Wis. Stat. § 19.85 (1) (e) for the purpose of discussing the use of public employee trust funds. Mr. Grapentine seconded the motion, which passed on the following roll call vote:***

***Members Voting Aye: Carlson, Cyganek, Day, Farrell, Grapentine, Hayes, Thompson and Wieske.***

***Members Voting Nay: None***

Invited to remain during the closed session were staff from the Department of Employee Trust Funds (ETF), Department of Administration (DOA), Office of the Commissioner of Insurance (OCI), and Deloitte.

The Workgroup convened in closed session at 9:49 a.m. and reconvened in open session at 11:08 a.m.

The Workgroup took a break at 11:08 a.m. and reconvened at 11:15 a.m.

## **ANNOUNCEMENT OF ACTION TAKEN ON BUSINESS DELIBERATED DURING CLOSED SESSION**

Ms. Cyganek announced there was no action taken on any items during Closed Session.

## **BIENNIAL BUDGET**

### **Tobacco Surcharge**

Ms. Statz referred the Workgroup to the tobacco surcharge memo, which highlighted the statutory language included in the Governor's budget proposal. At the May 21, 2013 meeting, the Board approved guidelines for the tobacco surcharge with a six month look back period. ETF staff worked with DOA, OSER (Office of State Employment Relations) and OCI to define and develop administrative policies to support the implementation of the surcharge.

Final federal regulations were released on June 3, 2013, which impacted the administration of the proposed surcharge, including the reasonable alternative standard that must be met. These regulations have made it easier for the member to request a reasonable alternative and avoid the surcharge. ETF does not believe that it is necessary to expand uniform benefits under the new federal requirements.

ETF has met several times with the payroll processing centers, and they are recommending that the surcharge be collected from active employees as an add-on through the existing health insurance premium payment structure. The final policy recommendations will be presented at the August, 27, 2013 Board meeting.

There was discussion regarding the ability to refund attestations that are filed late under a reasonable alternative. If a non-smoker defaults into smoker status due to not filing an attestation, the person is required to go through a cessation program in order to receive a refund. It will be the non-smoker's responsibility to file the attestation in order to avoid paying the surcharge. The current definition of a non-smoker is using tobacco products less than four times a week.

***MOTION: Mr. Farrell moved to include as a reasonable alternative the filing of a not previously filed attestation that indicates non-tobacco use status and allows for the refund. Mr. Day seconded the motion, which passed unanimously.***

Ms. Ellinger clarified the motion allows for a full refund for belatedly filed attestations.

### **Wellness Third Party Administrator (TPA)**

Ms. Statz reminded the Workgroup that at the May 21, 2013 meeting, the Board adopted a 2014 uniform wellness incentive of \$150 and delegated the third party administration decision to the Workgroup. ETF staff has continued to work with DOA, OCI and OSER to evaluate wellness programs for state employees. ETF staff has determined that the most effective approach is a comprehensive employer sponsored wellness program. However, discussions surrounding the transition to a third party administrator for these initiatives have not sufficiently progressed. There has not been adequate time to collect cost estimates for the alternative wellness carve-outs. Therefore, ETF staff is recommending that the only change to the wellness benefit for 2014 be the \$150 uniform wellness incentive adopted by the Board at the May 21, 2013 meeting.

There was discussion regarding the Workgroup taking action on the biometric screening issue. It was pointed out that since health plans are already contracting for these services, taking action to contract for these services through a TPA would not substantively change the way plans are currently operating.

The cost neutrality of this approach was discussed. Although it will likely cost the program more initially, DOA will conduct a procurement for a TPA and indicated that this approach will hopefully provide long-term cost stability.

Ms. Ellinger commented that ETF staff does support the concept of DOA taking the lead on establishing a consistent biometric component. The reason ETF staff does not feel

comfortable bringing that recommendation to the Workgroup at this time is because there is currently no cost estimate. However, if the Workgroup is comfortable moving forward, ETF staff will follow that direction.

Mr. Wieske explained that all health plans would use the same third party vendor to administer the biometric screenings and assist with Health Risk Assessments (HRAs), which would be contracted through DOA. This vendor would provide the onsite biometric screenings on behalf of the plans.

***MOTION: Mr. Farrell moved that the Department of Administration construct a Request for Proposal (RFP) to seek third party administrative services for purposes of conducting Biometric Screenings and Health Risk Assessments, that would be reported back to the health plans, and that ETF applies a consistent \$150 reward for completing those two elements to be effective January 1, 2014. Mr. Wieske seconded the motion, which passed unanimously.***

#### **FUTURE ITEMS FOR DISCUSSION**

Ms. Ellinger noted that Workgroup members were surveyed regarding future participation and topics to be included at future meetings. ETF staff will be scheduling Workgroup meetings for this fall based on those answers.

#### **ADJOURNMENT**

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

The meeting adjourned at 12:00 p.m.

Date Approved: \_\_\_\_\_

Signed: \_\_\_\_\_

Michael Farrell, Secretary  
Group Insurance Board  
Strategic Planning Workgroup