

**DRAFT**

# MINUTES

August 27, 2013

Group Insurance Board  
State of Wisconsin

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



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## **BOARD MEMBERS PRESENT:**

Bonnie Cyganek, Vice-Chair  
Jessica O'Donnell, Secretary  
Terri Carlson  
Herschel Day  
Michael Farrell

Chuck Grapentine  
Brian Hayes (by phone)  
Daniel Schwartzer  
Nancy Thompson  
Brian Yerges

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## **BOARD MEMBERS NOT PRESENT:**

Jon Litscher

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

Bob Conlin, Secretary  
Rob Marchant, Deputy Secretary  
Liz Jones-Queensland, Cheryllynn  
Mullins, Board Liaisons

Division of Insurance Services:  
Lisa Ellinger, Administrator  
Bill Kox, Deputy Administrator  
Roni Harper, Emily Loman, Mary Statz

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## **OTHERS PRESENT:**

ETF Division of Insurance Services:  
Jeff Bogardus, Shayna Gobel,  
Arlene Larson, Tara Pray  
ETF Legal Services:  
Allen Angel, Vickie Baker, Liz Doss-  
Anderson, Dan Hayes, David Nispel  
ETF Office of Communications and  
Legislation:  
Tarna Hunter, Nancy Ketterhagen,  
Mark Lamkins  
ETF Office of Internal Audit:  
John Vincent  
Department of Administration:  
Jenny Kraus, Mickie Waterman,  
Hannah Zillmer

Office of Commissioner of Insurance:  
Jennifer Stegall  
Office of State Employment Relations:  
Paul Ostrowski  
Aflac:  
Jason Sizepeniak  
Altria:  
Chris Borgerding  
Ameritas Group:  
Jeremy Earp, Cathy Hodgson  
Anthem:  
Angie Gehrman, Marin LaPlante  
Kleinke, Brian Martin

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Board	Mtg Date	Item #
GIB	11.12.13	1

Colonial Life:  
Pat Flanagan  
Dean Health Plan:  
Penny Bound  
Deloitte:  
Tim Gustafson, Pat Pechacek,  
Dan Plante, Nichole Ramsey,  
Molly Treacy  
Delta Dental:  
Sunshine Mikilah  
EPIC:  
Russell Hann, Wendy Hougan,  
Bill Weyers  
Gundersen Health Plan:  
Sam Schmirler  
Group Health Cooperative – South  
Central Wisconsin:  
Emily Daws, Elizabeth Dye,  
Allan Wearing  
HealthChoice:  
Julieta Dykstra  
Humana:  
Emily Cada, Shari Stoltmann,  
Lisa Wills, Elizabeth Wright  
Iowa County:  
Roxanne Hamilton  
Minnesota Life:  
Hans Larson, Paul Rudeen,  
Chris Schmelzer  
Momentum:  
Heather Huber

Navitus:  
Steve Alexander  
Network Health Plan:  
Carrie Helms  
Physicians Plus:  
Ron Sebranek  
Security Health Plan:  
Becky Gorst  
SeniorCare Insurance  
Bill Kumpf, Kevin Kumpf  
State Engineering Association:  
Bob Schaefer  
The Alliance:  
Melissa Duffy  
University of Wisconsin Hospital & Clinics:  
Trina Ruppert, Tonya Williams  
University of Wisconsin System Admin:  
Nicole Zimm  
United Healthcare:  
Tom Fonfara  
Unity Health Insurance:  
Kathy Ikeman  
WEA Trust:  
Susan Baez, Sandra Dennis  
Wisconsin Association of Health Plans:  
Phil Dougherty, Nancy Wenzel  
Wisconsin Dental Association:  
Forbes McIntosh, Erika Valadez  
Wisconsin Health News:  
Noah Goetzel  
WPS:  
David Grunke, Greg Nelson

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Bonnie Cyganek, Vice-Chair, Group Insurance Board (Board), called the meeting to order at 8:30 a.m.

**CONSIDERATION OF MAY 21, 2013 OPEN AND CLOSED SESSION MEETING MINUTES**

Ms. Ellinger stated that on page 7 of the draft open minutes, the motion relating to the Pharmacy Benefits Manager Contract will be brought back to the Board in November of 2014, not November 2015 as listed. She asked that this error be corrected.

***MOTION: Mr. Grapentine moved approval of the May 21, 2013 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 made several announcements:

- Terri Carlson has been appointed as Jane Nikolai's replacement on the Group Insurance Board. Her term began on May 28, 2013.
- Tara Pray was introduced as a Policy Advisor in the Health Benefits and Insurance Plans Bureau. She will be the manager of life insurance.
- Shayna Gobel was introduced as a Policy Advisor in the Health Benefits and Insurance Plans Bureau. She will be the manager of self-insured plans.
- The Tobacco Surcharge was vetoed by the Governor in the Biennial Budget.

## **HEALTH INSURANCE**

### **Wellness**

Mr. Kox updated the Board on Wellness (ref. GIB | 8.27.13 | 3A). The Department of Administration (DOA) is proceeding with its Request for Bids (RFB) for a wellness vendor. ETF staff is also proceeding with unifying the wellness benefit and will be implementing wellness policies in accordance with already approved Guidelines.

### **Uniform Benefits Update**

Ms. Loman discussed an update to the Uniform Benefits/State Benchmark (ref. GIB | 8.27.13 | 3B). Under the Affordable Care Act, the State of Wisconsin's group health insurance program is not required to provide Essential Health Benefits (EHB), but dollar limits need to be removed from those benefits if they are provided.

At the May 21, 2013 Board meeting, ETF staff recommended the adoption of another state's benchmark plan. ETF staff now recommends adopting the state of Pennsylvania's EHB benchmark plan. Pennsylvania's plan provides the greatest amount of flexibility for the widest variety of benefits.

***MOTION: Mr. Day moved to adopt the State of Pennsylvania Essential Health Benefits benchmark plan. Ms. Thompson seconded the motion, which passed unanimously on a voice vote.***

### **Alternate Plan Financial Status**

Mr. Willett provided the memo "Alternate Plan Financial Status" (ref. GIB | 8.27.13 | 3C) to the Board.

***MOTION: Mr. Farrell moved to accept the recommendation that all the health plans have met the financial requirements for participation in 2014. Mr. Yerges seconded the motion, which passed unanimously on a voice vote.***

***MOTION: Ms. O'Donnell moved to convene in closed session, pursuant to the exemptions contained in Wis. Stat. § 19.85 (1) (e). Mr. Day seconded the motion, which passed on the following roll call vote:***

***Members Voting Aye: Carlson, Cyganek, Day, Farrell, Grapentine, Hayes, O'Donnell, Schwartz, Thompson and Yerges.***

***Members Voting Nay: None***

***Members Absent or Not Voting: Litscher***

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), Office of State Employment Relations (OSER) and Deloitte Consulting, LLC.

The Board convened in closed session at 8:40 a.m. and reconvened in open session at 1:30 p.m.

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

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

- Accepted the Self-Insured State Medical and Prescription Drug Plans 2014 Rate Development report as presented by the actuary.
- Accepted the Self-Insured Local Medical and Prescription Drug Plans 2014 Rate Development report as presented by the actuary.
- Approved the service area qualification recommendations for 2014.

- Accepted the methodology and tier assignments for 2014 as recommended by the actuary.
- Accepted the recommendation that all health plans have met the financial requirements for participation in 2014.

## **LIFE INSURANCE**

### **Life Insurance Annual Report**

Mr. Rudeen of Minnesota Life Insurance Company presented the annual report on life insurance (ref. GIB | 8.27.13 | 5A). He noted that there is one plan for state employees and one for local government employees. Each plan covers active employees, retirees, spouses and dependents.

Based on 2012 performance results, each component of these plans is on track financially. The results of these plans have been consistent with the pricing basis. Therefore, Minnesota Life is recommending no rate changes for 2014.

### **2014 Premium Rate Recommendations**

***MOTION: Mr. Farrell moved to accept the annual report from Minnesota Life Insurance. Mr. Grapentine seconded the motion, which passed unanimously on a voice vote.***

## **LONG-TERM DISABILITY INSURANCE (LTDI) PLAN REPORT**

Mr. Gustafson of Deloitte presented an actuarial valuation of the Long-Term Disability Insurance Plan (ref. GIB | 8.27.13 | 6) to the Board. This plan has had premium contributions suspended for several years. As expected, claims and investments for 2012 continued to cause reserves to decline. Therefore, Deloitte is recommending that premium rates be reinstated for 2014 at a rate of 3.2% of covered salary.

***MOTION: Ms. Thompson moved to approve the Long-Term Disability Insurance Plan Actuarial Review as of December 31, 2012. Mr. Schwartzer seconded the motion, which passed unanimously on a voice vote.***

## **CONSIDERATION OF OPTIONAL EMPLOYEE PAY-ALL PLANS**

### **EPIC Benefits+**

Ms. Harper directed the Board to the memo regarding adjusting the EPIC Benefits+ Plan for 2014 (ref. GIB | 8.27.13 | 7A). EPIC is proposing that as of January 1, 2014, it will increase the maximum dental benefit for the Benefits+ program from \$1,000 to \$1,500. It will also offer a special enrollment opportunity during the It's Your Choice

period this fall to state employees not currently enrolled in Benefits+. EPIC will honor its previously approved 2014 premium rate.

ETF staff recommends the Board accept the proposal from EPIC Life Insurance Company to increase the annual dental maximum benefit to \$1,500, with a tiered benefit for new subscribers in the special enrollment for plan year 2014.

***MOTION: Mr. Yerges moved to accept the proposal from EPIC Life Insurance Company. Mr. Schwartz seconded the motion, which passed unanimously on a voice vote.***

### **Anthem DentalBlue**

Ms. Harper directed the Board to the memo regarding the benefit adjustment for Anthem DentalBlue (ref. GIB | 8.27.13 | 7B).

ETF staff recommends the Board accept Anthem DentalBlue's proposal to change the orthodontic benefit from a fixed discount to 50% of costs, with a lifetime maximum of \$1,000 per adult and child members. Anthem DentalBlue is proposing no change in premiums for its plans in 2014: Dentacare HMO, DentalBlue Preferred PPO and Supplemental.

***MOTION: Mr. Grapentine moved to accept Anthem DentalBlue's proposal. Mr. Day seconded the motion, which passed unanimously on a voice vote.***

### **Vision Service Plan (VSP)**

Ms. Harper directed the Board to the memo regarding the proposal from VSP to renew and adjust its plan for 2014-2017 (ref. GIB | 8.27.13 | 7C).

ETF staff recommends the Board approve the proposal to renew the VSP Choice Plans for active employees and for annuitants. VSP seeks to modify benefits and increase premiums, adding an increased benefit for children. VSP will continue to offer open enrollment annually for employees and annuitants.

***MOTION: Mr. Farrell moved to accept VSP's proposal. Ms. Thompson seconded the motion, which passed unanimously on a voice vote.***

## **OPERATIONAL UPDATES**

### **Strategic Planning Workgroup**

Ms. Cyganek updated the Board on status of the Strategic Planning Workgroup. The Workgroup met on June 26, 2013 to discuss the Request for Information (RFI) on the

self-insured plan and will continue to focus on this issue at future meetings. The Workgroup has also been focusing on the Tobacco Surcharge and Wellness Uniform Incentive. The Workgroup will have its next meeting on October 11, 2013.

### **Board Communications Policy**

Ms. Ellinger directed the Board to the Board Communications Policy (ref. GIB | 8.27.13 | 8B).

### **Other Operational Updates**

Ms. Ellinger and Ms. Cyganek referred to and reviewed the other operational updates included in Board member binders.

### **ADJOURNMENT**

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

The Board meeting adjourned at 2:17 p.m.

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

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

Jessica O'Donnell, Secretary  
Group Insurance Board