STATE OF WISCONSIN
Department of Employee Trust Funds
Robert J. Conlin
SECRETARY

801 W Badger Road
PO Box 7931
Madison WI 53707-7931

1-877-533-5020 (toll free)
Fax 608-267-4549
etf.wi.gov

CORRESPONDENCE MEMORANDUM

DATE: March 6, 2014

TO: Group Insurance Board Strategic Planning Workgroup

FROM: Emily Loman, Manager, Alternate Health Plans
Mary Statz, Director, Health Benefits and Insurance Plans Bureau

SUBJECT: GUIDELINES and Uniform Benefits – Informational Update

This memo is for informational purposes only. No Strategic Planning Workgroup action is required.

This memo provides updated information regarding topics in the GUIDELINES and Uniform Benefits contract considered by the Guidelines Study Group (Study Group). The purpose of providing this information is to present the Group Insurance Board Strategic Planning Workgroup with Guidelines-related topics that require thorough discussion and input for its continued consideration in the Study Group process.

The Study Group held its first meeting on March 5, 2014. Representatives from the Department of Employee Trust Funds (ETF), Department of Administration, Office of State Employment Relations, Office of the Commissioner of Insurance, University of Wisconsin System Administration, University of Wisconsin Hospitals and Clinics, Wisconsin Association of Health Plans, and Alliance of Health Insurers participated. Study Group meetings are also scheduled for March 25 and April 11, 2014.

A schedule for the health plan premium rate renewal process has been tentatively established as follows:

- **May 1, 2014** Estimated bids are due to actuary.
- **June 2, 2014** Addendum 1 submissions are due to actuary.
- **June 30, 2014** Spousal/Domestic Partner Coverage Report due.
- **July 2, 2014** Preliminary bids are due to actuary.
- **July 28 - August 1, 2014** Health Plan negotiation week.
- **August 1, 2014** Best and Final Bids are due to actuary.
- **August 26, 2014** Group Insurance Board meeting – rates are approved at this meeting.

Reviewed and approved by Lisa Ellinger, Administrator, Division of Insurance Services
Lisa Ellinger
Electronically Signed: 03/10/2014

Board	Mtg Date	Item #
GIBSPW	3/18/14	6

The following topics are being discussed by the Study Group.

1. **Require Health Plans to Participate in the Wisconsin Health Information Organization (WHIO)**

The Study Group will consider requiring health plans to participate in WHIO by becoming a data submitter of all health care and pharmacy claims. As many health plans already participate in WHIO, participation by all health plans would be useful for the following reasons:

- ETF would be able to identify and track quality performance in discrete events (e.g., emergency department visits), time-limited instances (e.g., care for an acute condition) and longer term episodes (e.g., care for chronic conditions for a year or longer).
- ETF would be able to accurately measure resource utilization to determine if certain services are over-utilized, under-utilized, or misused.
- Increasing the insured population in WHIO creates a better representation of both the insured lives and health care providers in the WHIO database. The reference data is used for various benchmarking purposes.
- If all ETF participating health plans are contained in WHIO, ETF could then consider using WHIO for measuring and publicly reporting performance on all participating health plans to members.

2. **End of Life / Advanced Care Planning Long-Term Goals**

The Study Group will discuss a long-range plan to enhance End of Life care and promote Advanced Care Planning (ACP). The following recommendations will be discussed:

- Individuals over age 40 with certain disease states will have access to ACP with a trained facilitator.
- Providers will add palliative care specialists to care teams that commonly treat patients with advanced or life-threatening diseases (e.g., end-stage renal disease, advanced heart or lung disease, stage IV cancer, etc.).
- Individuals with serious diseases and a likely survival of less than 2 years will be offered a high-quality ACP or palliative care consultation. When appropriate, such individuals will receive multi-disciplinary palliative care in their homes.
- Individuals with likely survival of less than 60 days will be offered hospice services.

3. **Depression, Substance Abuse, Tobacco Use Screening in Health Risk Assessment (HRA)**

The Study Group will consider requiring specific questions in the annual HRA to screen for depression, substance abuse, and tobacco use. Screening and intervention for these behaviors are currently offered under the health insurance program, however,

participation has been consistently low. Screening helps assess the severity of substance abuse and identifies the appropriate level of treatment. Intervention helps to promote awareness of substance abuse, depression, or tobacco use and to create incentives for behavioral change. Linking the screening component to questions contained in the annual HRA, which is tied to the $150 wellness reward, is intended to encourage greater participation in these services.

4. **Premium Differential Based on Completion of Health Risk Assessment and Biometric Screening**

The Study Group will discuss whether it is advisable to recommend health insurance coverage be provided at different premium rates based on an employee's annual completion of the HRA and biometric screening. Employees can complete the HRA on-line, in the doctor's office, or over the telephone. A majority of state agencies will provide on-site biometric screening at no cost to the employee through use of the State's contracted biometric screening vendor. Local employees may also attend the on-site screening events held at state agencies. All employees can obtain biometric screening results through their doctor.

5. Wellness Inventive Plan Design

ETF informed the Board at the February meeting that employers should consider the $150 wellness reward as "wages" for tax purposes. Accordingly, to assist employers with tax compliance, health plans will have to inform employers which specific employees have received a wellness reward.

In order to avoid these tax consequences and administrative difficulties for 2015, the Strategic Planning Workgroup may want to consider other possible reward design alternatives. One such alternative is to integrate wellness rewards directly into the health plan premium structure by providing a deduction to participants who meet certain criteria for wellness rewards (e.g., annual completion of HRA and biometric screening). When wellness rewards are directly integrated into an employer-provided health plan through a premium reduction, the reduction is considered to be related to the employer-provided health coverage under Internal Revenue Code section 106, and is thus excluded from the participant's income. It is important to note, this alternative structure could require changes to the participating employers' payroll systems; however, if the wellness rewards were structured so that achievement of the wellness goals in Year 1 would result in a premium reduction in Year 2, then the participating employers' payroll systems could be programmed during open enrollment each year to properly deduct the wellness-adjusted premium for each participant for the upcoming year. The alternative structure of providing wellness rewards through a premium adjustment is the most popular method in the industry because it generates greater participation and avoids an adverse tax consequence for the employee.

An analysis may be needed of the existing statutory language regarding premium levels to determine whether statutory authority is sufficient.

6. Specialty Medications Limited to FDA-Approved Indications

The Study Group will discuss listing the use of certain high-cost specialty medications that are limited to specific FDA-approved indications. The Pharmacy Benefits Manager's (PBM) Pharmacy and Therapeutics (P&T) committee currently reviews medications at quarterly meetings to determine whether certain medications are sufficiently efficacious for inclusion on the pharmacy benefit formulary. A list of these specific medications in the Exclusions/Limitations section of the contract would clarify coverage for medications/indications. This recommendation is not intended to provide a general exclusion of off-label medication usage.

7. Specialty Medications and Preferred Specialty Pharmacy Vendors

Staff recently met with the Pharmacy Society of Wisconsin (PSW) and several specialty pharmacy providers to discuss specialty pharmacy medication. Discussion included the pros and cons of expanding the PBM's preferred specialty pharmacy network and the copay incentive for members to use the preferred specialty pharmacy network. Staff awaits additional information from PSW.

8. Copays, Coinsurance and Out-of-Pocket Limits

Consistent with the Board's approach in the past, the Study Group will also consider reviewing copay, and/or coinsurance levels and out-of-pocket limits for prescription medications. These may provide a means to offset cost increases for other benefit changes under discussion. A strategic issue is to decide whether copays and/or out-of-pocket limits should be modified to reflect the effect of inflation on their value over time.

Specific considerations include:

- Increase Level 1 (generic), Level 2 (brand-name, formulary), and Level 3 (non-formulary) copays from $5, $15, and $35, respectively, to $10, $30, and $60.
- Increase Level 4 specialty medication copay from $50 to $75 or $100. Currently, Level 4 copays are discounted to $15 if members use the preferred participating specialty vendor.

The Study Group may also consider additional copay options not listed above as part of this review.

9. Review Coinsurance to Determine if Certain Copays are Preferable

The Study Group will review the status of the existing coinsurance cost-sharing arrangement to determine if copays would be preferable in certain instances. Specific considerations include:

- $30 copay for a Primary Care Provider office visit;
- $75 copay for a Specialist office visit.

The Study Group will also explore additional copay options.

10. Consider Using a Third-Party Administrator to Provide All Wellness Programming

The Study Group will discuss the long-term strategy for the use of a Third Party Administrator (TPA) to administer the wellness program. If the Strategic Planning Workgroup supports the continued discussion of this concept, staff will explore how a TPA and the health plans split duties to avoid duplication of services. Plans have indicated that a TPA for wellness could make it difficult for health plans to facilitate high-risk coaching and the coordination of wellness activities with primary care activities. However, a wellness TPA could help standardize the wellness program, rewards and member education.

11. Stand-Alone Dental Benefits

A strategic issue for the Board to consider is whether to provide dental benefits as a stand-alone benefit. Staff previously briefed the Board on this issue when it developed the uniform dental benefit for 2014. This concept was also recommended by the Board in 2002.

Staff will be at the meeting to answer any questions.