



STATE OF WISCONSIN
Department of Employee Trust Funds

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CORRESPONDENCE MEMORANDUM

DATE: April 28, 2014
TO: Group Insurance Board
FROM: Shayna Gobel, Manager, Self-Insured Health Plans
Mary Statz, Director, Health Benefits and Insurance Plans Bureau
SUBJECT: Administrative Services Contract Extension for the Self-Insured Plans

Staff recommends approval to extend the Administrative Services Only contract with WPS Health Insurance for two years and grant staff authority to make additional technical changes as necessary.

Effective January 1, 2012, the Group Insurance Board (Board) entered into a three-year contract with Wisconsin Physicians Service Insurance Corporation (WPS) for administration of the self-insured health insurance plans: the Standard Plan, the State Maintenance Plan (SMP) and the Medicare Plus plans for the State and the Wisconsin Public Employers (WPE) Group Health Insurance Program. The initial contract period ends December 31, 2014, and includes the option of two, two-year extensions. The Board has authority to extend this contract as stated in § 40.03 (6) (a) 1.

WPS provided proposed terms for continuing the contract beyond 2014. Staff worked with WPS resulting in a final WPS proposal (attached) that calls for:

- A two-year administrative expense increase of 5.3% in 2015 and 5% in 2016 for non-Medicare State and WPE employees and early retirees; and
- A 5.3% increase in 2015 and in 2016 for Medicare State and WPE retirees.

The proposed administrative fee for each contract increases the overall premium by \$1.27 per contract per month for Standard Plan members and \$0.90 for Medicare Plus members in 2015. Staff believes the proposed fee increases are reasonable.

Reviewed and approved by Lisa Ellinger, Administrator, Division of Insurance

Electronically Signed:
5/5/2014

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WPS continues to perform well in audits of the self-insured plans. In the most recent audit for January 2012 through July 2013, WPS exceeded all performance measures for financial, payment, and processing accuracy. WPS performance was above average in all six Key Performance Indicators developed by Claims Technologies Incorporated to measure and monitor claims payment accuracy and administrative process quality.

Staff requests the Board extend the contract with WPS through December 31, 2016. Staff believes WPS has competently discharged its administrative responsibilities under the contract and has been responsive to the needs of ETF and its members.

Staff will be at the Board meeting to answer any questions.

Attachment: WPS 2015 and 2016 Administrative Fees **(Confidential)**