

DRAFT

MINUTES

May 21, 2014

Group Insurance Board

State of Wisconsin

Location:

Lussier Family Heritage Center
3101 Lake Farm Road, Madison, WI



BOARD MEMBERS PRESENT:

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

Charles Grapentine
Andrew Hitt
Theodore Neitzke
Daniel Schwartz
Nancy Thompson

PARTICIPATING EMPLOYEE TRUST FUNDS (ETF) STAFF:

Bob Conlin, Secretary
Lisa Ellinger, Administrator
Bill Kox, Deputy Administrator
Division of Insurance Services:
Shayna Gobel, Roni Harper, Arlene
Larson, Tara Pray, Deb Roemer,
Mary Statz, Korbey White

Division of Management Services:
Sherry Etes, Board Liaison
Sharon Walk, Executive Staff Assistant
Erika Fakler, Jack Loman

OTHERS PRESENT:

Deloitte:
Timothy Gustafson, Dan Plante
ETF Division of Insurance Services:
Jeff Bogardus, Sarah Bradley, Sara
Eskrich, Gina Fischer, Jim Guidry,
Brian Shah, Ann Suchomel
ETF Division of Management Services
Pam Henning
ETF Legal Services:
Allen Angel, Vickie Baker,
Liz Doss- Anderson, Daniel Hayes,
David Nispel
ETF Office of the Secretary:
Tarna Hunter

Medical Associates Health Plan:
Joy Kaiser
Minnesota Life:
Kristen Elsner
Momentum Insurance:
Stephanie Steel
Navitus:
Pam Olson, Steve Alexander
Network Health:
Carrie Helms
Office of the Commissioner of Insurance:
Jen Stegall

Board	Mtg Date	Item #
GIB	8.26.14	1

ETF Office of Communications: Mark Lamkins	Office of State of Employment Relations: Paul Ostrowski
ETF Office of Internal Audit: John Vincent	Physicians Plus: Ron Sebranek
Anthem Blue Cross Blue Shield: Brian Martin, Marin Kleinke	Security Health Plan: Becky Gorst
Baraboo Ambulance: Troy Snow	SSM Health Care Wisconsin: Andrew Gustafson
Colonial Life: Pat Flanagan	State Engineering Association: Bob Schaefer
Dean Health Plan: Penny Bound	UnitedHealth Group: Amy Boyer
Delta Dental: Steve LeRoy	Unity Health Insurance: Kathy Ikeman
Department of Administration: Mickie Waterman, Jenny Kraus	University of Wisconsin System Administration: Beth Ritchie, LaDonna Steinert, Tonya Williams, Zova Vang
Epic Life: Russell Hann	WEA Trust: Mary Karsten
Group Health Cooperative – South Central Wisconsin: Emily Daws	Wisconsin Association of Health Plans: Phil Dougherty, Nancy Wenzel
Gundersen Health Plan: Sam Schmirler	Wisconsin Association of Health Underwriters: Alice O'Connor
Health Choice: Cliff Morris	Wisconsin Dental Association: Erika Valadez
Hubbard, Wilson and Zelenkova: Ramie Zelenkova	Wisconsin Legislative Fiscal Bureau: Jere Bauer, Art Zimmerman
Legislative Audit Bureau: Jake Gasser	WPS: Greg Nelson, David Grunke

Mr. Litscher called the meeting of the Group Insurance Board (Board) to order at 9:00 a.m.

CONSIDERATION OF FEBRUARY 19, 2014, OPEN MEETING MINUTES

MOTION: Mr. Grapentine moved approval of the February 19, 2014, open meeting minutes. Ms. Cyganek seconded the motion, which passed unanimously on a voice vote. Mr. Neitzke was absent at the time of the motion and vote.

ANNOUNCEMENTS

Ms. Ellinger had several announcements:

- New Board member: Ted Neitzke was appointed to the Board in February.
- ETF Board: Held a special meeting in April to select actuarial services vendors.
 - Gabriel, Roeder & Smith & Company was selected for retirement services;
 - Segal Consulting was selected for health insurance services;
 - Milliman was selected for “other insurance” (e.g. Disability) services.
- Benefits Consultant: The request for proposal is in final stages, it is expected to be posted by the end of May.
- Spousal/Domestic Partner Carve-out Report: Deloitte is working with staff on the analysis and plan to have a draft to the Office of State of Employment Relations (OSER) by the end of May. The final report is due to the Governor and Legislature at the end of June.
- Staffing Announcements:
 - Rob Marchant, Deputy Secretary, has left ETF for an opportunity in the private sector.
 - Tara Pray is the new Alternative Plans Program Manager.
 - Sara Eskrich is a graduate student intern who will be working on the strategic planning initiatives in telehealth and steerage models.

OPTIONAL PLANS ANNUAL UPDATE

Ms. Harper referred the Board to the memo Annual Update for Optional Employee-Pay-All Insurance Programs (ref. GIB| 5.21.14 | 3). Ms. Harper summarized the activity for:

- Aflac Accidental Injury
- Anthem DentalBlue
- EPIC Dental Wisconsin
- Optional “wrap” plan for Dental, Excess Medical and Accidental Death and Dismemberment insurance - EPIC Life Insurance Company
- The Vision Service Plan
- Long-Term Care United of Omaha
- Accidental Death & Dismemberment Insurance - Hartford

Staff is working with plans that are not meeting the loss ratios required for participation, and is in the process of rewriting the Optional Plans standards.

HEALTH INSURANCE

Guidelines/Uniform Benefits Changes

Ms. Larson referred the Board to the memo, Guidelines, Uniform Benefits and Uniform Dental for the 2015 Benefit Year (ref. GIB |5.21.14|4A).

- Recommended administrative changes included:
 - Health Risk Assessment: ETF recommends that in addition to the standard screening for diet, exercise and obesity, health plans' HRAs also consistently screen for depression, substance abuse and tobacco use.
 - Shared Decision Making (SDM): ETF staff recommends expansion of the current SDM program for participants who are considering surgery for low back pain to include the opportunity for a follow-up conversation with the primary care physician, care manager, health educator or an SDM vendor after they have reviewed the plan-provided patient decision aids.
 - Advance Care Planning (ACP): ETF staff recommends requiring health plans to offer a "credible" ACP program, as defined in the Board memo.
- Recommended changes to the state and/or local contract:
 - Leave of Absence (LOA): ETF staff recommends the enrollment opportunity offered to employees while they are on a LOA provide sufficient flexibility to obtain an employer contribution to health insurance premium once they complete the return from leave period.
 - Wisconsin Health Information Organization (WHIO): required participation by all health plans.
- Recommended Uniform Benefits changes relating to:
 - High Deductible Health Plan (HDHP)
 - Out-of-pocket limit (OOPL)
 - Affordable Care Act (ACA) Maximum Out-of-pocket (MOOP) requirements
 - Clarification to prescription drug coverage in the Schedule of Benefits and Definitions
- Potential plan changes not recommended by ETF staff:
 - Increase the Emergency Room Copayment to align with standards in the commercial market
 - Increase the Prescription Drug Copayments to align with standards in the commercial market
 - Coinsurance vs. Copayments
 - Limit the use of certain extremely expensive specialty medications to Food and Drug Administration approved use only
 - Telehealth services
 - Therapy, Home Health and Skilled Nursing Facility Benefit Limitation
 - Dental benefit increases

The Board discussed postponing any increases on deductibles and out-of-pocket limits, citing the fact that state employees and annuitants have not had increases in their earnings to keep pace with inflation. The Board would like the Benefits Consultant to review and make suggestions before moving forward with significant plan design changes.

The Board also discussed telehealth services. Ms. Ellinger and Mr. Kox stated that there are currently no state statutes that define telehealth and that staff were surveying health plans to better understand the current provision as well as coding and billing practices related to telehealth. Mr. Kox also noted that the “managed care provision” of the health plan contracts allows plans to provide services that are medically necessary and more cost effective than covered services. The Board requested that ETF allow telehealth to evolve before setting any limitations on the delivery of telehealth services.

2015 Benefit Design Alternative

Ms. Ellinger referred the Board to memo 2015 Benefits Design Alternative (ref. GIB|5.21.14|4A1). The intent of this alternative is to allow the Board to consider an HMO option that more closely mirrors the HDHP offering, in order to make it easier for members to compare benefit options.

Ms. Ellinger answered questions from the Board regarding the out-of-pocket limits that may affect employees who may have more medical expenses versus pharmaceutical expenses, and vice versa. The Board also noted that offering a new HMO option may be confusing to employees and discourage participation in the HDHP.

MOTION: Ms. O'Donnell moved to accept the recommendations for the Guidelines/Uniform Benefits Changes. Mr. Farrell seconded the motion.

AMENDMENT: Mr. Schwartz moved to amend the motion on telehealth in the Guidelines/Uniform Benefits Changes as follows: ETF will not prohibit an insurer from providing telehealth services delivered to other clients. Ms. Carlson seconded the motion, which passed on a roll call vote of nine to two.

Members Voting Aye: Carlson, Day, Farrell, Grapentine, Hitt, Neitzke, Litscher, Schwartz, Thompson

Members Voting Nay: Cyganek, O'Donnell

Members Absent or Not Voting: none

AMENDMENT: Mr. Hitt moved to amend the motion to remove 3B of item 4A so there are no inflationary increases to medical or prescription drug out of pocket limits for 2015. Mr. Schwartz seconded the motion, which passed on a roll call vote of seven to four.

Members Voting Aye: Carlson, Cyganek, Farrell, Hitt, Neitzke, O'Donnell, Schwartz

Members Voting Nay: Day, Grapentine, Litscher, Thompson

Members Absent or Not Voting: none

MOTION: Ms. O'Donnell moved to accept the recommendations with the amendments listed above for the Guidelines/Uniform Benefits Changes. Mr. Farrell seconded the motion, which passed unanimously on a voice vote.

High Deductible Health Plan (HDHP)/Health Savings Accounts (HSA)

Policy and Administrative Issues

Ms. Pray referred the Board to the memo High Deductible Health Plan/Health Savings Accounts (ref. GIB|5.21.14|4B1). Staff requested the Board approve the recommendation related to the administration, eligibility, and design of the High Deductible Health Plan and Health Savings Accounts.

MOTION: Mr. Grapentine moved to accept the recommendations related to the administration, eligibility, and design of the HDHP/HSA. Mr. Farrell seconded the motion, which passed unanimously on a voice vote.

Bids/Rate Setting Process

Ms. Ellinger announced that ETF received the first round of health plan bids, which included a ratio in the pricing between the HMO plan and the HDHP. Since the following Board discussion involved confidential information relating to health plan premium negotiations, Ms. Ellinger suggested it would be advisable to share this information in closed session.

Mr. Plante, of Deloitte Consulting, LLC, presented and discussed an analysis of estimated net relative value between the HDHP and the Uniform Benefits plan design (ref. GIB|5.21.14|4B2).

MOTION: Ms. Thompson moved to convene in closed session pursuant to

the exemptions contained in Wis. Stat. § 19.85 (1) (e). Mr. Schwartzer seconded the motion, which passed on the following roll call vote:

Members Voting Aye: Carlson, Cyganek, Day, Farrell, Grapentine, Hitt, Neitzke, Litscher, O'Donnell, Schwartzer, Thompson

Members Voting Nay: none

Members Absent or Not Voting: 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), Office of State of Employment Relations (OSER) and Deloitte Consulting, LLC.

The Board convened in closed session at 10:58 a.m. and reconvened in open session at 11:13 a.m.

MOTION: Ms. Thompson moved to convene in open session. Mr. Hitt seconded the motion, which passed unanimously on a voice vote.

ANNOUNCEMENT OF ACTION TAKEN ON BUSINESS DELIBERATED DURING CLOSED SESSION

Mr. Litscher announced that the Board reviewed the estimated bid rates from the health plans relating to the HMO/HDHP bid ratio. No action was taken.

Mr. Hitt left the Board meeting after closed session ended.

Actuarial Analysis

Mr. Plante, of Deloitte Consulting, LLC, referred the Board to the High Deductible Health Plan/Health Savings Account Actuarial Analysis (ref. GIB|5.21.14|4B3). Based on the financial and qualitative objectives presented in the report, the HDHP/HSA plan design to be implemented for plan year 2015, and the reasonableness of the assumptions used, Deloitte Consulting believes, actuarially, that the short-term and long-term state employee health care costs will not increase under the proposed HDHP/HSA plan design.

Mr. Plante directed the Board to the table on page six of the memo – and noted the correct Net Relative Value is 0.827, not 0.847 as depicted.

Establish It's Your Choice Open Enrollment Dates

Ms. Pray presented the *It's Your Choice* enrollment dates memo (ref. GIB|5.21.14|4C). Staff recommended the Board approve October 6 – October 31, 2014, as the It's Your Choice (IYC) open enrollment period for 2015.

MOTION: Mr. Grapentine moved to accept the It's Your Choice enrollment period of October 6 – October 31, 2014. Ms. Thompson seconded the motion, which passed unanimously on a voice vote.

Claim Technologies Incorporated Audit of the Self-Insured Plans

Ms. Gobel referred the Board to memo Third Party Audit of WPS Health Insurance (ref. GIB|5.21.14|4D1). Claim Technologies Incorporated (CTI) conducts periodic audits of the Wisconsin Physicians Service Insurance Corporation (WPS) administration of the self-insured plans. Overall, WPS is performing well and the audit did not reveal any areas of substantial concern.

CTI identified five areas for improvement:

1. Multiple surgical procedures without reductions
2. Eligibility
3. Excluded services
4. Duplicate payments
5. Diabetic supplies

Staff is working with WPS to create a timeline for addressing each of the issues identified in the audit.

Self-Insured Plans Administrator Contract Extension

Ms. Gobel directed the Board to the memo Administrative Services Contract Extension for the Self-Insured Plans (ref. GIB|5.21.14|4D2). Staff recommended extending the Administrative Services Only Contract with WPS Health Insurance for two years and granting staff authority to make additional technical changes as necessary.

MOTION: Ms. Cyganek moved to accept the Administrative Services Contract Extension for the Self-Insured Plans and grant staff authority to make additional technical changes as necessary. Mr. Schwartzer seconded the motion, which passed unanimously on a voice vote.

INCOME CONTINUATION INSURANCE

Acceptance of State and Local Actuarial Valuations

Mr. Gustafson, of Deloitte Consulting, referred the Board to the State and Local Income Continuation Insurance Plans reports (ref. GIB|5.21.14|5A1 and 5A2). Staff requested

that the Board approve both the State and the Local Income Continuation Insurance Plan Actuarial review as of December 31, 2013.

There continues to be a fund deterioration of the State ICI plan. Disability staff are analyzing the program design and claims history to identify issues and potential changes.

Deloitte recommended a 7% increase to premiums for the State plan and a continuation of the premium holiday for the Local plan.

MOTION: Ms. Cyganek moved to accept the State Income Continuation Insurance plan with a 7% premium increase. Ms. Thompson seconded the motion, which passed unanimously on a voice vote.

MOTION: Mr. Farrell moved to accept the Local Income Continuation Insurance plan, continuing the premium holiday. Ms. Cyganek seconded the motion, which passed unanimously on a voice vote.

OPERATIONAL UPDATES

Group Insurance Board Strategic Planning Workgroup Update

Ms. Cyganek updated the Board on the status of the Strategic Planning Workgroup (Workgroup). The Workgroup met in March and April and received updates on:

- Benefits Consultant Request for Proposal process
- Development of the HDHP/HSA
- Study Group Guidelines/Uniform Benefits changes
- ETF strategic planning efforts; two of the 13 strategic initiatives were presented

In June, the Workgroup will take a more in-depth look at the strategic planning initiatives and discuss the structure and composition of the Workgroup.

The Board requested that the Workgroup report at the August meeting and be prepared to discuss the purpose and membership of the Workgroup and its relationship to the Group Insurance Board.

Ms. Ellinger referred the Board to the operational updates that were included in the Board member's binders, and offered that staff were available if the Board had any questions.

Biennial Budget

Secretary Conlin discussed two administrative requests for the upcoming Biennial Budget with the Board:

1. Term extensions for the Group Insurance Board members. Currently, Board members serve a two-year term, whereas other ETF related board members serve four or five-year terms. The Board suggested that longer, staggered terms could provide for more continuity on the Board.
2. Actuarial contracts for the health insurance programs are awarded by the ETF Board. This was recently exercised at the April ETF Board meeting, with a subcommittee of the Group Insurance Board in attendance to provide guidance. Secretary Conlin proposed that the ownership of the actuarial contract for the health insurance programs should be with the Group Insurance Board, allowing the full Board to weigh in on future contract decisions. The Board expressed interest in pursuing this concept and noted that statutory changes may be required.

FUTURE ITEMS FOR DISCUSSION

- None

ADJOURNMENT

MOTION: Ms. Thompson moved to adjourn the meeting, seconded by Ms. Cyganek, which passed unanimously on a voice vote.

The meeting adjourned at 12:12 p.m.

Date Approved: _____

Signed: _____

Jessica O'Donnell, Secretary
Group Insurance Board