

DRAFT

MINUTES

August 26, 2014

Group Insurance Board

State of Wisconsin

Location:

Monona Terrace
1 John Nolen Drive, Madison, WI



BOARD MEMBERS PRESENT:

Jon Litscher, Chair	Charles Grapentine
Bonnie Cyganek, Vice Chair	Andrew Hitt
Jessica O'Donnell, Secretary	Ted Neitzke
Terri Carlson	Daniel Schwartzer
Herschel Day	Nancy Thompson
Michael Farrell	

PARTICIPATING EMPLOYEE TRUST FUNDS (ETF) STAFF:

Bob Conlin, Secretary	Division of Management Services:
John Voelker, Deputy Secretary	Sherry Etes, Board Liaison
Lisa Ellinger, Administrator	Cherylynn Mullins, Board Liaison
Bill Kox, Deputy Administrator	Nicole Sankey, Training Coordinator
Division of Insurance Services:	ETF Office of Communications
Jeff Bogardus, Roni Harper, Arlene Larson, Tara Pray, Deb Roemer, Mary Statz, Korbey White	Al Florence

OTHERS PRESENT:

Deloitte: Timothy Gustafson, Dan Plante, Pat Pechacek, Nichole Ramsey	Momentum Insurance: Stephanie Steel
ETF Office of the Secretary: Pam Henning, Tarna Hunter	Navitus: Steve Alexander, Tom Radloff
ETF Division of Management Services Michael Bormett, Ericka Fakler	Network Health: Carrie Helms
ETF Division of Insurance Services: Sara Eskrich, Shayna Gobel, Adam Huffman	Office of the Commissioner of Insurance: Jason Levine
ETF Legal Services: Allen Angel, Liz Doss- Anderson, Daniel Hayes, David Nispel	Office of State Employment Relations: Lynn Maulbetsch, Paul Ostrowski, Lyra Trapp
ETF Office of Communications:	Physicians Plus: Ron Sebranek
	Security Health Plan:

Board	Mtg Date	Item #
GIB	11.18.14	1

Mark Lamkins
ETF Office of Internal Audit:
Yikchau Sze
Anthem Blue Cross Blue Shield:
Brian Martin, Marin Kleinke
Baraboo Ambulance:
Troy Snow
Dean Health Plan:
Katie Beals, Penny Bound,
Laurie Breitzke
Delta Dental:
Sunshine Mikilah
Department of Administration:
Mickie Waterman
Group Health Cooperative – South
Central Wisconsin:
Emily Daws
Gundersen Health Plan:
Sam Schmirler
MacIver Institute:
Matt Crumb
Medical Associates Health Plan:
Joy Kaiser
Minnesota Life:
Kristen Elsner, Hans Larson,
Paul Rudeen, Chris Schmelzer

Becky Gorst
Segal:
Penny Finch, Kirsten Schatten,
Ken Vieira, Richard Ward
UnitedHealthCare:
Andrea Darling, Brandon Widell
Unity Health Insurance:
Kathy Ikeman
UW Hospital and Clinics:
Trina Ruppert
University of Wisconsin – Madison:
Deanna Glatczak
University of Wisconsin System
Administration:
Beth Ritchie
WEA Trust:
Mary Karsten
Wisconsin Association of Health Plans:
Phil Dougherty
Wisconsin Dental Association:
Erika Valadez
Wisconsin Hospital Association:
Joanne Alig
WPS:
David Grunke, Matt Harty,
Carri Moberg, Greg Nelson

Mr. Litscher called the meeting of the Group Insurance Board (Board) to order at 8:30 a.m.

CONSIDERATION OF MAY 21, 2014, OPEN AND CLOSED MEETING MINUTES

MOTION: Ms. Thompson moved approval of the May 21, 2014, open and closed session meeting minutes. Mr. Day seconded the motion, which passed unanimously on a voice vote.

ANNOUNCEMENTS

Ms. Ellinger referred the Board to the memo Department of Employee Trust Funds Personnel Changes (Ref. GIB | 8.26.14 | 2), which listed several key personnel changes within ETF:

- John Voelker, Deputy Secretary
- Pam Henning, Assistant Deputy Secretary
- Mike Bormett, Deputy Administrator – Division of Management Services

- Yikchau Sze, Internal Audit Director
- Adam Huffman, Employee Reimbursement Accounts, Health Savings Account, and Life Insurance Programs Manager

Ms. Ellinger also made the following announcements:

- Segal has been selected as the actuarial consultant for the Group Insurance Board and is present today.
- The Benefits Consultant Request for Proposal evaluation committee has completed its review and expects to have a contract in place in September.
- The Employee Reimbursement Accounts (ERA)/Health Savings Accounts (HSA) Third Party Administrator contract is near completion.
- Wellness Benefits are taxable. Guidance has been sent to staff and payroll centers will be notified to include any wellness benefit received in year-end reporting.

HEALTH INSURANCE

Uniform Benefits Update

Ms. Pray referred the Board to the memo, High Deductible Health Plan/Uniform Benefits/Guidelines/Uniform Dental Technical Update (ref. GIB |8.26.14|3A) for information regarding the following:

1. HDHP Eligibility
2. State Employer Costs to Administer the HSA
3. Standard PPO HDHP
4. Telehealth and E-visits
5. Advance Care Planning (ACP) Requirements for Health Plan Programs
6. Uniform Benefits Schedule of Benefits
7. Uniform Dental

The Board asked whether the CPT Codes (ref. GIB|8.26.14|3A Attachment B) were an exclusive list of covered telehealth services. Ms. Statz replied that it was not an exclusive list, but rather a sample.

The Board convened in closed session at 8:44 a.m. and reconvened in open session at 10:02 a.m.

MOTION: Ms. Thompson moved to convene in open session. Ms. Carlson 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 approved the 2015 Tier Assignments and the 2015 rate setting for the state and local plans as presented.

LIFE INSURANCE

Life Insurance Annual Report

Mr. Rudeen of Minnesota Life Insurance Company presented the Group Life Insurance Program report (Ref. GIB | 8.26.14 | 5A), which included an overview of the 2013 policy year highlights and pricing recommendations for both the State and Local Plans.

MOTION: Ms. Cyganek moved to approve the annual report from Minnesota Life Insurance Company and the recommendation that premiums will not change for 2015. Ms. Thompson seconded the motion, which passed unanimously on a voice vote.

LONG-TERM DISABILITY INSURANCE (LTDI) PLAN REPORT

Mr. Gustafson with Deloitte Consulting, LLP (Deloitte), presented the annual Long-Term Disability Insurance Actuarial Review for 2013 (ref. GIB | 8.26.14 | 6). This review examines the LTDI Plan's experience, provides a summary of benefits paid, an estimate of future benefits, an estimate of reserves for future claims, and a premium recommendation. Mr. Gustafson recommended that the current LTDI premium rate of 0.32% of covered salary continue in 2015.

MOTION: Mr. Day moved to approve the LTDI plan actuarial review as of December 31, 2013, with a recommended premium rate of 0.32% of covered salary to continue in 2015. Mr. Hitt seconded the motion, which passed unanimously on a voice vote.

CONSIDERATION OF OPTIONAL EMPLOYEE PAY-ALL PLANS

EPIC Benefits+ and Dental Wisconsin

Ms. Harper directed the Board to the memo EPIC Proposals to Adjust Benefits+ and Dental Wisconsin Plans for 2015 (ref. GIB | 8.26.14 | 7A). EPIC's proposal addresses the recent loss ratios, which fell below the threshold required by the Optional Plans Guidelines.

EPIC proposed the following changes to Benefits+:

- 50% increase in accidental death and dismemberment benefits
- 100% increase in hospital indemnity benefits (from \$100 to \$200 per day)
- Enhanced benefits for optional vision materials rider
- Expansion of the "Employee plus child" premium level to "Employee plus child(ren)"

Deloitte reviewed the proposal and concluded that the proposed design changes for Benefits+ could be reasonably expected to increase the loss ratio to be consistent with the Board's 75% loss ratio requirement.

EPIC proposed changes to the Dental Wisconsin plan, including a decrease in premiums for Active and COBRA members in the PPO plan by 10%, with no changes to benefits. Deloitte reviewed the proposal from Dental Wisconsin and found the premium reduction proposed could be reasonably expected to produce an aggregate loss ratio of 75.4%.

MOTION: Mr. Farrell moved to accept the recommendation to approve the proposal for Benefits+ with increased benefits, with no change in premiums, and a change in participation category three from Parent + child to Parent + child(ren) and a 10% decrease in premiums for Active and COBRA members in the PPO Plan for Dental Wisconsin, with no change in benefits. Mr. Grapentine seconded the motion, which passed unanimously on a voice vote.

Anthem DentalBlue

Ms. Harper referred the Board to the Anthem DentalBlue Proposal for Benefit Adjustment and Premium Decreases (ref. GIB | 8.26.14 | 7B). Anthem proposed the following plan enhancements and premium adjustments to its three plan types:

- Supplemental: increase coverage from 50% to 60% for major and complex service codes (crowns, bridges, endodontics), with no change in premium
- Dentacare HMO (VDC 186): Decrease premiums 20.08%
- Preferred PPO (VP 864): Decrease premiums 12.88%

Anthem will also offer an open enrollment opportunity for these plans for active employees in participating agencies during the fall 2014 It's Your Choice opportunity. Anthem will not offer an open enrollment for retirees.

Deloitte reviewed the Anthem DentalBlue proposal and estimated the projected 2015 combined loss ratios of the three plans to be 78.6%. Therefore, Deloitte stated that the proposed changes appear to be reasonable and could be expected to achieve the 75% minimum loss ratio.

Staff recommended the Board approve the proposed premium and benefit adjustments for Anthem DentalBlue, effective January 1, 2015.

The Board asked why no open enrollment will be offered for retirees. Mr. Kox stated that the Board's guidelines only require an annual open enrollment when the plan is first offered, and any enrollment thereafter has traditionally been at the discretion of the plan. The Board could consider changing this requirement by revising the Guidelines.

MOTION: Mr. Hitt moved to approve the Anthem DentalBlue proposed premium and benefit adjustments for January 1, 2015. Mr. Day seconded the motion, which passed unanimously on a voice vote.

Vision Service Plan (VSP) Proposal to Adjust Premiums

Ms. Harper presented the proposed changes of the Vision Service Plan (VSP) to the Board (ref. GIB | 8.26.14 | 7C). VSP proposed to increase premiums for Active members by 3% effective January 1, 2015, through December 31, 2017, in order to offset the Health Insurance Provider Fee (HIPF), a tax implemented as part of the Affordable Care Act (ACA). VSP also proposed to decrease premiums for the Annuitant plan by 10%.

Deloitte reviewed the VSP proposal and concurred that the 3% ACA HIPF will likely grow, and therefore found the proposal to raise the premiums on the Active plan and decrease the Annuitant plan premiums by 10%, to be reasonable. With the proposed changes, Deloitte projected the loss ratio to be 77.3% in 2015 and increase to 81.8% through 2017.

Staff recommended the Board accept VSP's proposal. VSP will offer an open enrollment period for active and annuitant members coinciding with the It's Your Choice enrollment period.

MOTION: Ms. Carlson moved to approve the VSP 3% increase for the Active plan effective January 1, 2015, through December 31, 2017, and a 10% premium decrease for the Annuitant plan. 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 June and July meetings were canceled, with the understanding that Workgroup activities would remain on hold until the benefit consultant is on board to work with staff on strategic planning initiatives. The contract with the benefit consultant is not finalized, therefore Ms. Cyganek proposed that the Workgroup defer further meetings and rely on ETF staff recommendations. If there are a need for additional Board meetings or special sessions, the Board reserves the right to establish committees going forward for specific topics or issues.

High Deductible Health Plan/Health Savings Accounts Communication and Education

Ms. Pray directed the Board to a memo (ref. GIB | 8.26.14 | 8B) outlining member communication and education for the implementation of the High Deductible Health Plan for 2015. Ms. Sankey presented a demonstration of the "e-learning module," which was the first major communications piece on the HDHP targeting state employees. This module provides a very brief, high-level introduction to the concepts of HDHP and HSA, along with glossary terms.

It's Your Choice Guide Updates

Ms. Ellinger introduced Mr. Florence, who demonstrated the It's Your Choice online version of the 2015 guide. Six sections were removed from the paper guide and made available strictly on the on-line guide:

- Frequently Asked Questions
- Interactive Map - Location of State Health Plans
- 2014 Health Plan Report Card
- Other Quality Resources
- Benefit Fair Dates and Locations
- Federal Glossary

All web pages have been built with accessibility in mind and is completely compliant and accessible.

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.

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 11:15 a.m.

Date Approved: _____

Signed: _____

Jessica O'Donnell, Secretary
Group Insurance Board