



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

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CORRESPONDENCE MEMORANDUM

DATE: October 15, 2014

TO: Group Insurance Board

FROM: Adam Huffman, Program Manager, Health Savings Accounts, Employee Reimbursement Accounts and Group Life Insurance
Mary Statz, Director, Health Benefits and Insurance Plans Bureau

SUBJECT: Extension of Minnesota Life Insurance Company Contract and Policy Amendment

Staff requests the Group Insurance Board (Board) exercise the option to extend the current contract with Minnesota Life Insurance Company for one year. This will extend the contract from January 1, 2016, through December 31, 2016. Staff also recommends the Board approve adopting policy language to clarify when enrollment and additional units of coverage are available due to a family status change.

Background

The Department of Employee Trust Funds (ETF) released a Request for Proposal (RFP # ETJ0029) for administrative services for the (WPE) Group Life Insurance Program in February 2010. Minnesota Life Insurance Company (MLIC) was awarded the contract. The current contract with MLIC runs from January 1, 2011, through December 31, 2015. The contract allows for two one-year extensions.

MLIC has been the administrator of the WPE Group Life Insurance Program since its inception in 1958 and has provided excellent service to plan participants. MLIC's dedication to customer service to our Wisconsin Public Employers, as well as our members, is highlighted in the MLIC performance standards for Customer Service.

MLIC Performance Standards for Customer Service

The contract with MLIC includes nine performance standards for timely provision of customer service. MLIC managed 26,830 transactions subject to the nine standards in 2013 and achieved the standard in 99.89% of those transactions. The customer service standards include such measures as:

- Payment of death claims within ten (10) days of receiving necessary proof – goal 95%, achieved 98.99%

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

Electronically Signed:
10/30/2014

Board	Mtg Date	Item #
GIB	11.18.14	4B

- Application for insurance coverage accepted or rejected within seven (7) days of receipt of completed form – goal 99%, achieved 100%

Policy Amendment: Family Status Change

The Board adopted a policy change at the February 2012 meeting to allow an employee who gains a dependent (spouse, domestic partner, or child) to enroll or add one level of coverage within 30 days of the event (see Attachment A). It has recently been discovered that employers are not administering this policy change consistently. As a result, MLIC and staff have drafted the policy amendment below and recommend the Board approve the amendment. The proposed amendment appears in italics.

LIMITED ENROLLMENT FOR FAMILY STATUS CHANGE

An eligible employee may enroll in, or increase, coverage by one level (100% of the employee's previous calendar year's earnings rounded to the next higher \$1,000) without the need to provide satisfactory evidence of insurability if application is made within 30 days of *gaining a dependent as defined in ETF 10.01(2) due to* one of the following: (a) the date of the employee's marriage; (b) the date that the employee establishes a domestic partnership for Wis. Stat. Chapter 40 benefit purposes; or (c) the date of birth, adoption, placement for adoption, or award of legal guardianship of the employee's dependent child. Enrollment is subject to the plan maximum, and if employed by a local government, is subject to the plans that are made available by the employee's employer. *If an employee established a domestic partnership in accordance with item (b) above and subsequently marries the person to whom the employee had established a domestic partnership, the marriage will not be considered a family status change for purposes of this section.*

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



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CORRESPONDENCE MEMORANDUM

DATE: December 20, 2011

TO: Group Insurance Board

FROM: Marcia Blumer, Program Manager
Wisconsin Public Employers (WPE) Group Life Insurance Program
Division of Insurance Services

SUBJECT: WPE Group Life Insurance Program
Policy Amendments

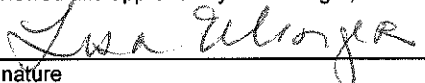
Staff recommends the Group Insurance Board (Board) adopt the policy changes described below to allow enrollment in the WPE Group Life Insurance Program when a family status change event occurs and to allow enrollment for groups of insured employees who would otherwise lose coverage. The amendments will be effective May 1, 2012.

Enrollment Due to Family Status Change Event: This proposed amendment allows an employee who gains a dependent (spouse, domestic partner, or child) to enroll or add one level of coverage within 30 days of the event. According to Minnesota Life, allowing employees to increase coverage due to a family status change is fairly common in the industry and is a benefit included in many group policies. Since additional coverage is being made available across the entire population of insured, active employees and will be limited to one level of coverage (equal to annual earnings), the potential for adverse selection is mitigated.

Proposed Amendment:

Limited Enrollment for Family Status Change. An eligible employee may enroll in or increase coverage by one level (100% of the employee's previous calendar year's earnings rounded to the next higher \$1,000) without the need to provide satisfactory evidence of insurability if application is made within 30 days of one of the following: (a) the date of the employee's marriage; (b) the date that the employee establishes a domestic partnership for Wis. Stat. Chapter 40 benefit purposes; or (c) the date of birth, adoption, placement for adoption, or award of legal guardianship of the employee's dependent child. Enrollment is subject to the plan maximum, and if employed by a local government, is subject to the plans that are made available by the employee's employer.

Reviewed and approved by Lisa Ellinger, Division of Insurance Services


Signature

1/18/12
Date

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GIB	2.7.12	5

Enrollment When Other Group Coverage Is Lost: There are some Wisconsin Retirement System local employers participating in the WPE Group Life Insurance Program who have employee groups who bargained for life insurance coverage under different contracts. Over the years, members of these employee groups have opted to enroll in these alternative group life insurance plans and have declined to enroll in the WPE Program.

As local employers reevaluate benefit options, Minnesota Life and Employee Trust Funds (ETF) are receiving inquiries from employers about allowing these groups of employees to enroll in the WPE Program if their alternative group plan is terminated. Currently, individuals who did not enroll during their initial eligibility must apply for coverage through evidence of insurability (EOI) if they want coverage at a later date. This proposed amendment would allow these employee groups who have been covered under another group life insurance plan an opportunity to enroll in the WPE Group Life Insurance Program if the other insurance is being eliminated by the employer.

Allowing such groups of employees to enroll is not expected to result in any more adverse selection than a new group coming onto the plan. Furthermore, the groups coming back will be limited to the coverage they had under the previous policy and the previous coverage that is being terminated. This will further limit the adverse selection and ensure that the new coverage will be over a greater cross section of the group coming back to the plan.

Proposed Amendment:

An eligible employee who had group term life insurance coverage offered through an alternative employer sponsored plan will be treated as a newly eligible employee if the alternative coverage is being terminated by the employer and the employee had life insurance coverage under the alternative plan up until the effective date for inclusion under this plan. The amount of insurance available will be subject to the amounts available under this policy and the employer's resolution for participation under the plan. Eligible employees must apply for coverage within 30 days of the date coverage is terminated under the alternative employer sponsored plan. Evidence of insurability is required for any amount of insurance that exceeds the amount of insurance for which the employee was insured under the prior alternative employer sponsored plan.

Based on a review of the applicable sections of Wis. Stat. Chapter 40 and the Wisconsin Administration Code, ETF staff does not believe there are any statutory or rule provision that would prevent ETF and the Board from proceeding to establish and implement the proposed life insurance policy amendments.

ETF staff will notify employers and employees of the policy changes prior to the effective date. In addition, ETF and Minnesota Life staff will work with employers to

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coordinate enrollment for their employee groups who may be losing other group life insurance coverage.

ETF staff members will be available at the February 7, 2012, Board meeting to answer any questions you may have regarding the proposed amendments.