

DRAFT

# MINUTES

November 18, 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  
Daniel Schwartz (phone)  
Nancy Thompson

### BOARD MEMBERS ABSENT:

Ted Neitzke

### PARTICIPATING EMPLOYEE TRUST FUNDS (ETF) STAFF:

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

Division of Management Services:  
Sherry Etes, Board Liaison  
Cheryllynn Wilkins, Board Liaison  
ETF Office of the Secretary:  
Tarna Hunter  
ETF Legal Services:  
Daniel Hayes, David Nispel

### OTHERS PRESENT:

ETF Office of the Secretary:  
Pam Henning  
ETF Division of Management Services  
Michael Bormett, Erika Fakler  
ETF Division of Retirement Services:  
Lindi Farra  
ETF Legal Services:  
Allen Angel, Vickie Baker,  
Liz Doss- Anderson

MercyCare:  
Sherrie Sargent  
Minnesota Life:  
Kjirsten Elsner, Eli Vogen,  
Chris Schmelzer  
Momentum Insurance:  
Michelle Kussow, Stephanie Steel

Board	Mtg Date	Item #
GIB	03.25.15	1

ETF Office of Communications:  
Mark Lamkins  
American Dental Plan:  
Tammie Smithbach  
Anthem Blue Cross Blue Shield:  
Brian Martin, Marin Kleinke  
Baraboo Ambulance:  
Troy Snow  
Colonial Life:  
Pat Flanagan  
Dean Health Plan:  
Katie Beals, Penny Bound,  
Delta Dental:  
Steve LeRoy, Maureen Noteboom,  
Department of Administration:  
Mickie Waterman  
EPIC  
Russell Hann, Wendy Hougan,  
Colleen Walsh  
Group Health Cooperative – South  
Central Wisconsin:  
Emily Daws, Elizabeth Dye  
Gundersen Health Plan:  
Sam Schmirler  
Hamilton Consulting Group:  
Rebecca Hogan  
Health Choice:  
Cliff Morris, Bob Pearson  
Hubbard Wilson and Zelenkova:  
Ramie Zelenkova  
Legislative Audit Bureau:  
Jake Gasser  
Medical Associates Health Plan:  
Liz Cook, Joy Kaiser

Navitus:  
Steve Alexander, Tara Argall,  
Brent Eberle, Pam Olson, Tom Pabich,  
Tom Radloff  
Network Health:  
Carrie Helms  
Office of the Commissioner of Insurance:  
Roger Frings  
Physicians Plus:  
Ron Sebranek  
SSM Health Care Wisconsin:  
Andrew Gustafson  
STAR Project:  
Jenny Duis, Brenda Sedmak  
State Engineering Association:  
Bob Schaefer  
Tricast:  
Greg Rucinski, Lisa Lenda  
UnitedHealth Group:  
Amy Boyer  
Unity Health Insurance:  
Cari Alexander, Jennifer Hartwig,  
UW Hospital and Clinics:  
Beth Ritchie  
University of Wisconsin System  
Administration:  
Nicole Zimm  
WEA Trust:  
Mary Karsten  
Wisconsin Association of Health Plans:  
Nancy Wenzel, Phil Dougherty  
Wisconsin Dental Association:  
Mara Brooks  
WPS:  
David Grunke, Matt Harty, Glenn Unger

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Mr. Litscher called the meeting of the Group Insurance Board (Board) to order at 8:34 a.m.

## CONSIDERATION OF AUGUST 26, 2014, OPEN AND CLOSED MEETING MINUTES

***Ms. Thompson noted the motion under Financial Status in the closed minutes should be corrected to “Financial Status” versus “Service Area Qualification”.***

***MOTION: Ms. Carlson moved approval of the August 26, 2014, open and closed session meeting minutes with the correction as noted above.  
Mr. Day seconded the motion, which passed unanimously on a voice vote.***

## ANNOUNCEMENTS

Ms. Ellinger made the following announcements:

- The benefit consultant contract with Segal Consulting has been signed. A kick-off conference call occurred November 17, 2014, and there is an on-site visit scheduled for next month.
- The February 2015 Group Insurance Board (GIB) meeting will need to be moved to March, due to the timing of the benefit consultant contract and deliverables. The Board will be surveyed for available dates.
- The contracts with TASC, the new Health Reimbursement Accounts/Health Savings Accounts vendor, are finalized.
- The Disease Management Symposium will be held on Wednesday, November 19, 2015, 1:00-4:00 p.m. at the Lussier Family Heritage Center. The featured topic this year is Specialty Pharmacy.
- Preliminary figures for the 2015 High Deductible Health Plan enrollment show approximately 600 members, with additional enrollments anticipated before the end of the year. Another update will be provided at the next GIB meeting.

## HEALTH INSURANCE

### Local Annuitant Health Plan Rates

Ms. Gobel referred the Board to the memo, Local Annuitant Health Program Rates 2015 (ref. GIB |11.18.14|3A). Wisconsin Physicians Service Insurance Corporation (WPS), the insurer of the Local Annuitant Health Program (LAHP), will increase premiums for 2015 for the following plans:

- Medicare Supplement – 5% premium increase
- PPO – 15% premium increase

These increases are due primarily to low enrollment and increased claims. It was noted that there could be a premium advantage for the limited number of eligible members to transition to Marketplace coverage.

The Board suggested staff contact these members to counsel them on their options. Ms. Gobel noted that WPS has recently done so, and also explained that an amendment to Wis. Stat. §40.51 (10) would be necessary to remove the PPO plan option. If legislation to discontinue the PPO and Medicare Supplement plans were pursued, a strategy would need to be in place to ensure a smooth transition into other coverage.

#### **Dental Administrator Request for Proposal**

Ms. Gobel presented the Dental Administrator Request for Proposal memo (ref. GIB |11.18.14|3B). The objective of the Request for Proposal (RFP) is to acquire a single dental administrator to provide services that will accommodate the current Uniform Dental Benefit plan design and enhance the value of the plan through the following improvements for 2016:

- Consistent administration of dental benefits
- Expanded access to dental providers
- Uniform availability of dental coverage for all members
- A cost-effective service agreement

It was noted that a self-insured, stand-alone dental benefit model carries manageable premium risk because dental benefits are typically low-cost claims and are generally predictable.

The Board discussed the costs related to self-insuring the dental program. Mr. Kox indicated that if all eligible employees chose to elect dental coverage, the cost increase would be no more than 1%, and administrative savings could offset some of that increase.

***MOTION: Ms. O'Donnell moved to authorize the release of an RFP for the administration of a self-insured, stand-alone dental plan. Ms. Cyganek seconded the motion, which passed on a voice vote with Mr. Schwartzer dissenting.***

#### **Standard Plan – CTI Audit Follow-up**

Ms. Ellinger referred the Board to the Audit of Wisconsin Physicians Service (WPS) Insurance Update memo (ref. GIB |11.18.14|3C). This memo is an update to the CTI audit that was presented to the Board in May.

#### **Guidelines/Uniform Benefits Technical Update**

Ms. Pray presented the 2015 Guidelines – High Deductible Health Plan Technical Changes memo (ref. GIB |11.18.14|3D), which identified potential enrollment and

eligibility issues for State employees who select the High Deductible Health Plan (HDHP).

#### **Pharmacy Benefit Program – Tricast Audit**

Mr. Bogardus directed the Board to the Audit of Pharmacy Benefit Manager Services for Plan Years 2011 & 2012 and Retiree Drug Subsidy Program for Plan Years 2010 & 2011 memo (ref. GIB |11.18.14|3E). ETF retained TRICAST, Inc. to conduct a comprehensive biennial audit to assess compliance with the administrative services agreement with Navitus Health Solutions, LLC (Navitus), as well as Navitus' performance with regard to pharmacy benefits management and reporting for the Retiree Drug Subsidy (RDS) Program. The audit was performed on pharmacy benefits for plan years 2011 and 2012, and the RDS program for plan years 2010 and 2011.

TRICAST's Executive Summary and Audit Results Report concluded that TRICAST considers this a passing audit. All variances identified were validated as appropriate by Navitus.

### **CONTRACT EXTENSIONS**

#### **Pharmacy Benefit Manager - Navitus**

Mr. Bogardus referred the Board to the Extension of the Pharmacy Benefit Management Administrative Services Only Contract with Navitus memo (ref. GIB|11.18.14|4A). Staff requested the Group Insurance Board approve the option for a two-year extension of the contract with Navitus for the administration of pharmacy benefits, as the Board's pharmacy benefit manager (PBM). This would extend the contract for PBM services from January 1, 2016, through December 31, 2017. Navitus has proposed no administrative fee increase for both plans years 2016 and 2017.

The Board discussed a shorter term for the extension, as well as having the benefit consultant analyze whether to issue an RFP for PBM services in 2015. Mr. Kox noted the contract with Navitus does not contain a one-year extension option, which would have to be negotiated.

Ms. Ellinger noted that issuing an RFP in 2015 would be a significant time commitment for internal staff. She also noted that the benefit consultant is already facing significant time constraints to produce recommendations for plan design changes for 2016. Ms. Ellinger advised the Board to approve the two-year extension to allow staff time to get the benefit consultant up-to-speed on the current PBM program and give the benefit consultant time to make thoughtful recommendations for future changes to the pharmacy program.

***MOTION: Ms. Carlson moved to engage the benefit consultant to issue a Request For Proposal for the Pharmacy Benefit Manager in 2015, for January 1, 2016. Mr. Schwartz seconded the motion. Failed to pass. Vote never taken.***

Mr. Kox indicated that there may be technical issues with a motion directing the benefit consultant to issue an RFP, as only ETF has the purchasing authority to issue an RFP.

***MOTION: Ms. Carlson moved to negotiate a one-year contract extension with Navitus and proceed with a Pharmacy Benefit Manager Request for Proposal to be effective January 1, 2017. Mr. Farrell seconded the motion, which passed on a roll call vote of six to three.***

**Members Voting Aye: Carlson, Cyganek, Day, Farrell, Schwartz, Thompson**

**Members Voting Nay: Grapentine, Litscher, O'Donnell**

**Members Absent or Not Voting: Hitt, Neitzke**

#### **Life Insurance – Minnesota Life Insurance Company**

Mr. Huffman presented the Extension of Minnesota Life Insurance Company Contract and Policy Amendment to the Board memo (ref. GIB |11.18.14|4B). The current contract with Minnesota Life Insurance Company (MLIC) runs from January 1, 2011, through December 31, 2015. 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.

Staff requested the Group Insurance 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 recommended that the Board approve adopting policy language to clarify when enrollment and additional units of coverage are available due to a family status change. In February 2012, the Board adopted a policy change to allow an employee who gains a dependent to enroll or add one level of coverage within 30 days of the event. Staff is recommending a policy amendment to clarify the 2012 family status change to ensure consistent administration among employers.

***MOTION: Ms. Thompson moved to approve the one-year contract extension with Minnesota Life Insurance Company, extending the contract from January 1, 2016, through December 31, 2016, and approve the policy language clarification for enrollment of additional units of coverage due to***

***family status change. Mr. Day seconded the motion, which passed unanimously on a voice vote.***

### **Income Continuation Insurance and Long-Term Disability Insurance – Aetna**

Ms. Roemer referred the Board to the Recommendation for Extension of the Income Continuation Insurance (ICI) and Long-Term Disability Insurance (LTDI) Administrative Services Only Contract with Aetna memo (ref. GIB |11.18.14|4C). Aetna has demonstrated the ability to administer the ICI and LTDI plans in a manner that reflects the Board's and ETF's customer services values. Staff requested that the Group Insurance Board exercise the option for a two-year extension of Aetna's contract for the administration of the ICI and LTDI plans.

***MOTION: Mr. Farrell moved to approve the two-year contract extension with Aetna for the administration of the ICI and LTDI plans. Ms. Thompson seconded the motion, which passed unanimously on a voice vote.***

## **OPTIONAL PLANS**

### **STAR Optional Plans**

Mr. Kox directed the Board to the Optional Plan Offerings under STAR (State Transforming Agency Resources) memo (ref. GIB |11.18.14|5A). The STAR Project is a Department of Administration (DOA) initiative. STAR will replace various existing finance, procurement, human resources, payroll, benefits and budget information systems with one consolidated system using Oracle PeopleSoft software. STAR includes the DOA Central Payroll system (covering 43 of the 58 state agencies and approximately half of all state employees), as well as the Legislature's payroll system. STAR does not include the University of Wisconsin System, the UW Hospital and Clinics Authority and the State Court system, among others, that are considered state agencies for the purposes of offering optional plans approved by the Board.

The STAR Project Team recommended that the optional benefit plans be standardized across agencies under STAR through payroll deduction under Wis. Stat. §20.921(1)(a)3. The administration's Information Technology Executive Steering Committee supports the Group Insurance Board being responsible for contracting with the optional plans as the mechanism for standardizing the plans offered. Previously, the Board discussed this option at its February 5, 2013 meeting and decided not to pursue direct contracting for the optional plans.

Staff presented two options for consideration:

***Option 1:*** Have the Board reconsider its decision of February 5, 2013, which maintained the practice of having agencies decide whether to contract with optional plan providers. This option would have the Board assume contracting responsibility and would require all agencies under STAR participate. This differs slightly from previous Board consideration because it does not cover all state employees. As proposed, this would still allow University of Wisconsin System, the UW Hospital and Clinics Authority and the State Court system, among others, to determine which plans to offer. As a result, full advantages identified in the STAR Project Decision Paper would not be fully realized. This approach would also result in two complaint mechanisms. One approach for STAR agencies and one for non-STAR agencies.

***Option 2:*** DOA would use its authority to require agencies under the STAR system to offer the optional plans uniformly. While this option does not require action by the Board, it may be advisable to revise Board guidelines to document DOA's role in the selection of optional plans for STAR agencies.

Staff recommended option 2 for several reasons:

- Maintains the ability of agencies outside of STAR to decide what optional plans to offer.
- Respects the expressed preference of UW System and UW Hospitals and Clinics Authority to maintain their own optional plans.
- Does not require additional ETF resources.

The Board discussed the options presented as well as an alternative that would have ETF hold contracts for the optional plans for **all** eligible state employees, as defined in Chapter 40 – including the UW System, UW Hospital and Clinics Authority and other quasi-state agencies. It was noted that this option would require additional ETF staffing and the Guidelines for the optional plans would need to be updated to reflect these changes.

***MOTION: Mr. Litscher made a motion to direct ETF staff to hold contracts for the optional plans and make benefits uniformly available to all state employees, including the University of Wisconsin System. It is understood that additional staff, if necessary, will be requested to meet this option in the budget request by ETF staff. Mr. Grapentine seconded the motion, which passed unanimously on a roll call vote.***



### **Revised Guidelines: Long-Term Care (LTC) Standards**

Ms. Harper directed the Board to the Standards for Long-Term Care Insurance memo (ref. GIB |11.18.14|5B1). The intent of this proposal is to:

- Create separate documents for:
  - Standards for the process and benefit expectations for LTC insurance
  - Guidelines for the process and expectations for other employee-pay-all optional insurances, such as dental and vision coverage
- Update specific standards related to coverage thresholds in approved LTC insurance policies.
- Describe procedural requirements that outline responsibilities of insurers, their agents, employers and ETF to obtain initial approval and for on-going administration.

Staff recommended the Board adopt the proposed *Standards for Proposing and Providing Long-Term Care Insurance*, to be effective January 1, 2015, and grant staff the authority to make additional technical changes as necessary.

***MOTION: Ms. Cyganek moved to accept the proposed Standards for Proposing and Providing Long-Term Care Insurance, to be effective January 1, 2015, and grant staff authority to make additional technical changes as necessary. Mr. Day seconded the motion, which passed unanimously on a voice vote.***

### **Revised Guidelines: Optional Insurance Plans**

Ms. Harper referred the Board to the Optional Insurance Plans memo [Ref. GIB |11.18.14 | 5B2). The purpose of this memo is to update the process for approving employee-pay-all optional insurance plans, which was last updated in 1999. The updates proposed include:

- Removing references to LTC insurance; LTC insurance is separately discussed in item 5.B.1.A.
- Update the 1999 Guidelines specific to the process and expectations for other employee-pay-all optional insurances, such as dental and vision.
- Clearly outline responsibilities of each entity for ongoing administration.

The Board and staff discussed additional changes that would be required to the Guidelines due to the STAR Project motion which was approved previously. The Board directed staff to make the necessary changes to accommodate the STAR motion in item 5A and bring changes back to the Board for review.

***MOTION: Ms. Thompson moved to adopt the “Guidelines for Optional Insurance Plans: Approval and Operations” and grant staff the authority to make additional technical changes as necessary. Updates required due to the***

***STAR Optional Plans motion will be brought back to the Board for review. Ms. Carlson seconded the motion, which passed unanimously on a voice vote.***

#### **ADMINISTRATIVE RULE CR-14-055 TECHNICAL AND MINOR SUBSTANTIVE CHANGES**

Mr. Hayes presented the Administrative Rule CR-14-055 Technical and Minor Substantive Changes memo [Ref. GIB | 11.18.14 | 6) to the Board. The Rule makes technical updates to existing ETF rules, deletes obsolete language, creates consistency with provisions in 2013 Wisconsin Act 20 related to rehired annuitants, and makes other minor substantive changes.

***MOTION: Ms. O'Donnell moved to approve the final version of the proposed Clearinghouse Rule #14-055. Ms. Cyganek seconded the motion, which passed unanimously on a voice vote.***

#### **EDUCATIONAL TOPICS**

##### **Prescription Drug Benefit Overview**

Mr. Eberle, Vice President of Health Strategies, and Tom Radloff, Senior Director, Clinical Client Services, of Navitus Health Solutions presented a Prescription Drug Benefit Overview [Ref. GIB | 11.18.14 | 7A).

The presentation included:

- 2014 Pharmacy Trend Driver Review
- Pharmacy Trend Management Tools
- Industry Trend Comparisons
- ETF Trends
- Key Trend Driver Review
- Pharmacy Trend Management Tools

##### **Serigraph Presentation**

Mr. Torinus discussed Serigraph's experience with consumer-driven health care and wellness initiatives.

#### **OPERATIONAL UPDATES**

##### **Strategic Planning Workgroup**

Ms. Ellinger noted the Group Insurance Board Strategic Planning Workgroup will remain on hold while the benefit consultant begins its work.

**Biennial Budget Update**

Ms. Hunter directed the Board to the Biennial Budget Update memo [Ref. GIB | 11.18.14 | 8B), which summarized the biennial budget request for ETF for the period of July 1, 2015 – June 30, 2017. The ETF Board voted to support the request as submitted to the Department of Administration and the Legislative Fiscal Bureau.

The following initiatives were included in the budget request:

- Health Care Data Transparency: Cost and Quality
- Critical Customer Service Functions: Call Center
- Mandatory LAB and GASB Audits/Financial Reporting
- Technical changes:
  - Return to Work Changes
  - Eligibility Language Change
  - Electronic Annuity Payment
  - Group Insurance Board Terms
  - Income Continuation Insurance – Time to Elect Coverage

**Other Operational Updates**

Ms. Ellinger referred the Board to operational updates 8C-8F that were included in the Board member’s binders, and offered that staff were available if the Board had any questions.

**ADJOURNMENT**

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

The meeting adjourned at 12:33 p.m.

Date Approved: \_\_\_\_\_

Signed: \_\_\_\_\_

Secretary  
Group Insurance Board