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## Correspondence Memorandum

**Date:** October 15, 2015  
**To:** Group Insurance Board (Board)  
**From:** Stacie Meyer, Deputy Management Services and Director  
Dan Voss, STAR Project Manager  
**Subject:** State Transforming Agency Resources (STAR) Updates

**This memo is for informational purposes only. No Board action is required.**

The State of Wisconsin's STAR project continues to move forward in its implementation of the human capital management (HCM) phase of the project. To date, STAR is on track to go live with this release on January 1, 2016. The Department of Employee Trust Funds (ETF) continues to work with the STAR HCM project team to ensure a smooth and successful transition to PeopleSoft.

A number of topics were discussed with the Board over the past year. The following is an update on ETF's and STAR's progress. All items described below have been agreed to with ETF and STAR as well as any Third Party Administrators (TPAs) who are impacted for the various programs.

### Health Insurance

The following changes were made to the health insurance program to accommodate the STAR project.

#### *Changes for health insurance enrollments and premium payments*

The STAR project requested that a new employee's health insurance coverage effective date is driven by the hiring event, not by the date that the employer receives an application (either paper or electronic). STAR pursued statutory changes to accommodate this approach. ETF updated the myETF Benefits health insurance system to meet this new requirement as well.

Additionally, a new employee has another health insurance enrollment opportunity when he or she becomes eligible for the employer contribution of premiums. The effective date is presently based on the date the employer receives the application. Under this provision, the coverage begin date will be based on the hire date, not the date that the employer receives the application.

Reviewed and approved by Robert Martin, Director

Electronically Signed 10/29/15

Board	Mtg Date	Item #
GIB	11.17.15	8G

The Board approved a change to the timing of health insurance premium payments from state agencies to ETF. As a result, myETF Benefits will now allow each employer to pay the invoice for the current month instead of requiring payment one month in advance for coverage. Also, ETF is developing a process for STAR to automatically receive and accept the monthly health insurance invoice. This change will also provide all enrolled State health insurance subscribers in a STAR agency a one month premium deduction holiday in December of 2015.

*Employee death coverage end date*

Coverage currently ends at the end of the month in which an employee's premiums are paid. The Board approved a change so that the employee's coverage ends at the end of the month in which the employee dies. Dependents may continue coverage as long as they are eligible. Staff will monitor when an employee dies and adjust coverage end dates in myETF Benefits to accommodate this change.

**Life Insurance**

The following changes were made to the life insurance program to accommodate the STAR project.

*Six-month eligibility waiting period eliminated*

Prior to the passage of 2015 Wisconsin Act 55 (2015-17 Executive Budget), state law required new Wisconsin Retirement System-enrolled employees (participating employee) to wait six months for eligibility for Income Continuation Insurance (ICI) and life insurance. Act 55 eliminated the six-month waiting period, which accommodates STAR's non-customized development for enrolling employees in these programs. ETF, the Division of Personnel Management and the Department of Administration agreed that all participating employees hired on or after July 1, 2015, will be immediately eligible for ICI and life insurance on January 1, 2016, to accommodate the implementation of this provision.

*Effective date for life insurance*

As with health insurance, STAR also sought a change to the effective date for life insurance. Currently, coverage begins on the first of the month on or after the application is received. STAR requested that this change to the first of the month after the event (hire) date. After Minnesota Life Insurance Company (MLIC) reviewed this with both its legal counsel and actuaries, it proposed an alternative: coverage would begin on the first of the month following 30 days after the hire date. Assuming the Board approves changes to the Group Life Insurance Program Policy Agreement Changes (Item 6. A. on the November 17, 2015 Group Insurance Board agenda), the employee's first premiums would be deducted based on the determined effective date. If a claim is filed after the application is submitted but before the determined effective date, MLIC will pay the claim based on the application date (Ref. GIB | 11.17.15 | 6A).

*Change in life insurance coverage termination*

STAR also sought to modify the life insurance termination date to the end of the month in which an employee either terminated employment or retired. The Board approved this change in August. ETF is modifying its legacy retirement calculation system to accommodate this and STAR is programming the system to support this arrangement.

#### *Supplemental and Additional Coverage plans*

The STAR project team also sought to streamline the Supplemental and Additional plans for greater uniformity. ETF polled a number of employers that offer State Group Life Insurance, many of whom favored the simplification. MLIC, however, indicated that it would need to make a number of changes, which could take more than a year to complete. Early in 2016 ETF will request changes to accommodate the changes as well as remain in compliance with state statutes.

#### **Income Continuation Insurance (ICI)**

As stated above, Wisconsin Act 55 eliminated the six-month wait for ICI and life insurance. Unlike life insurance, ICI premiums are deducted in the month following coverage. Since very few changes were needed to accommodate STAR, the Board did not need to approve administrative changes to ICI.

#### **Optional Plans**

The STAR project requested that all agencies within its scope offer all of the plans within ETF's oversight. In November 2014 the Board decided to have ETF take on administration of these programs, starting with plan year 2016. As a result, all agencies within STAR will be able to offer all optional plans. STAR has been working with each optional plan vendor to design and develop processes and interfaces to enroll members and pay invoices.

The Department of Employee Trust Funds will be addressing the administration of optional plans as part of the Benefit Administration System (BAS) Rollout 3 phase. It is ETF's intent to include enrollments and invoicing for all programs administered by ETF as part of this rollout.

#### **Technical Changes (myETF Benefits and Benefit Administration System)**

ETF has been working with the STAR technical team to develop interfaces for electronically sharing enrollment and invoice data to ETF and/or its third party administrators. The interface for health insurance is the most complex. The myETF Benefits health insurance system validates each enrollment through various business rules (federal and state statutes as well as the Board's rules), requiring STAR to send sometimes complex and somewhat complicated information to ensure accuracy.

ETF developed a method to electronically accept life and income continuation insurance enrollment data from the University of Wisconsin System (UW) in 2012. These data are converted into a data sheet and then sent into a workflow for either Minnesota Life Insurance Company (MLIC) for life insurance or Aetna for ICI.

#### **Wisconsin Retirement System (WRS)**

ETF has been working with STAR to develop an interface to the Wisconsin Retirement System.

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