



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

801 W Badger Road  
PO Box 7931  
Madison WI 53707-7931  
1-877-533-5020 (toll free)  
Fax 608-267-4549  
etf.wi.gov

**CORRESPONDENCE MEMORANDUM**

**DATE:** January 4, 2016  
**TO:** Group Insurance Board  
**FROM:** Lisa Ellinger, Director  
Office of Strategic Health Policy (OSHP)  
**SUBJECT:** Segal Recommendations – Next Steps

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

**Background**

At the November 17, 2015 meeting of the Group Insurance Board (Board), Segal Consulting (Segal) presented a report that offered recommendations for the state employee health insurance program in the following areas:

- Total Health Management
- Program Structure
- Pharmacy
- Data Management
- Self-Insurance
- Retiree Coverage
- Local Government Plan

Formal recommendations pertaining to these topics will be presented to the Board at the February 17, 2016 meeting. ETF staff is providing initial analysis of administrative considerations for the Board's information to a) address the organizational capacity issue raised at the November Board meeting, and b) assist the Board in preparing for the February discussion regarding an overall implementation strategy.

**Discussion**

The following analysis outlines specific recommendations and key activities from the Segal report (see pages 24-25 of the November 2015 report), and notes the required lead time and resources necessary for implementation. Please note that many of the implementation steps listed below would occur on concurrent / parallel timelines.

Reviewed and approved by John Voelker, Deputy Secretary

Electronically Signed: 01/04/16

Board	Mtg Date	Item #
GIB	1.7.16	3

## **Total Health Management**

### *Segal Recommendations*

1. Market wellness vendor for 2017 (Request for Proposal (RFP) in 2016)

*Implementation Lead Time: 6-8 months*

*Implementation Steps:*

- ✓ RFP Development – 2-3 months
- ✓ RFP Distribution, Collection, Evaluation – 2-3 months
- ✓ Vendor Contract Negotiations – 1-2 months
- ✓ Uniform Benefit / Health Plan Contract Redesign – 3-4 months
- ✓ Rollout Strategy Development – 1-2 months
- ✓ Member Communication Strategy – 2-3 months

*Timing Considerations:*

In order to have this vendor in place for the 2017 It's Your Choice open enrollment period (October 2016), the Board would need to approve issuing an RFP no later than the February 2016 meeting.

2. Implement wellness and premium surcharges for 2017

*Implementation Lead Time: 12-18 months*

*Implementation Steps:*

- ✓ Uniform Benefit / Health Plan Contract Redesign – 3-4 months
- ✓ Premium Differential Criteria / Reporting Development – 4-6 months
- ✓ IT/STAR Data Transmission / Invoicing Process – 10-12 months
- ✓ Rollout Strategy Development – 1-2 months
- ✓ Member Communication Strategy – 6-8 months

*Timing Considerations:*

In order to implement a premium differential for 2018, the Board would need to approve relevant 2017 benefit changes no later than the May 2016 meeting.

3. Health management performance initiatives for 2018

*See Data Management section below.*

## **Program Structure**

### *Segal Recommendations*

1. Market Statewide Self-Insured PPO/HDHP for 2017 (RFP in 2016)

The implementation plan below proposes a short-term strategy to redesign the current Standard Plan contract for 2017.

*Implementation Lead Time: 8-12 months*

*Implementation Steps:*

- ✓ Extend and Redesign Existing Vendor Contract – 4-5 months
- ✓ Develop Value Network Strategy – 4-5 months
- ✓ Benefit Plan Contract Redesign – 4-5 months
- ✓ Rollout Strategy Development – 1-2 months
- ✓ Member Communication Strategy – 6-8 months

*Timing Considerations:*

In order to extend the existing self-insured contract for 2017, the Board would need to approve the extension no later than the February 2016 meeting.

2. Market Regional Plans for 2018

*Implementation Lead Time: 18-24 months*

*Implementation Steps:*

- ✓ Collect data and conduct outreach to inform regional structure recommendation – 12 months
- ✓ Develop regional market structure – 4-5 months
- ✓ Negotiate with plans – 3-4 months
- ✓ Member communication – 6-8 months

*Timing Considerations:* Data collected under the Self-Insurance and Data Management recommendations will help inform the regional structure. Board approval would be needed no later than the November 2016 meeting to have a new structure in place for the 2018 plan year.

3. Implement Value-Based Benefit Design with Tiered Provider Networks for 2018

*See Data Management section below.*

4. New employee premium structure in 2018

*See Data Management section below.*

## Pharmacy

### *Segal Recommendations*

1. Extend Navitus contract for 2017

*Implementation Lead Time: 1 month*

*Implementation Steps*

- ✓ Negotiate Contract Extension with Vendor – 1 month

*Timing Considerations:*

This initiative is already complete. The Board approved the extension in November 2015 and the contract was signed by Navitus in December 2015.

2. Begin implementing strategic changes in 2017

*Implementation Lead Time: 4-6 months*

*Implementation Steps*

- ✓ 2017 Benefit Change Development – 3-4 months
- ✓ Rollout Strategy Development – 1-2 months
- ✓ Member Communication Strategy – 1-2 months

*Timing Considerations:*

In order to implement pharmacy benefit changes for 2017, the Board would need to approve relevant changes no later than the May 2016 meeting.

3. Conduct pharmacy Request for Information (RFI) in 2016 in preparation for RFP

*Implementation Lead Time: 4-6 months*

*Implementation Steps*

- ✓ RFI Development – 3 months
- ✓ RFI Distribution, Collection, Evaluation – 3-4 months

*Timing Considerations:*

This initiative is already underway and the RFI was released December 29, 2015. ETF staff will present findings to the Board at the May 2016 meeting.

4. Fully implement changes in 2018 (RFP in 2017)

*Implementation Lead Time: 12-16 months*

*Implementation Steps*

- ✓ RFP Development – 3 months
- ✓ RFP Distribution, Collection, Evaluation – 3-4 months
- ✓ Vendor Contract Negotiations – 1-2 months
- ✓ Rollout Strategy Development – 1-2 months
- ✓ Member Communication Strategy – 2-3 months

*Timing Considerations:*

In order to have this vendor in place for the 2018 plan year, the Board would need to approve issuing an RFP no later than the November 2016 meeting.

## **Data Management**

*Segal Recommendations*

1. Market in 2016 and implement in 2017 (RFP)

*Implementation Lead Time: 8-12 months*

*Implementation Steps*

- ✓ RFP Development – 4 months
- ✓ RFP Distribution, Collection, Evaluation – 3 months
- ✓ Vendor Contract Negotiations – 2 months
- ✓ Vendor Onboarding / Data Transmission Initiation – 4-6 months

*Timing Considerations:*

In order to have this vendor in place for the 2017 plan year, the Board would need to approve issuing an RFP no later than the May 2016 meeting. Contracting for Data Warehousing and Business Intelligence analytics is the key first step necessary to implement the Segal recommendations involving data collection and usage listed in the Total Health Management and Program Structure sections of this memo.

## **Self-Insurance**

*Segal Recommendations*

1. Expand self-insurance with improved statewide PPO/HDHP for 2017

*See Program Structure section above.*

2. Require collection of detailed claims information for 2017 renewals

*Implementation Lead Time: 4-5 months*

*Implementation Steps*

- ✓ Data Requirements Development – 3-4 months
- ✓ Distribution, Collection, Evaluation of Health Plan Data – 2 months
- ✓ Health Plan Contract Negotiations – 2 months
- ✓ Rollout Strategy Development – 1 month
- ✓ Member Communication Strategy – 2 months

*Timing Considerations:*

No Board action is required for this initiative. ETF staff and Segal would need to begin work in early 2016 to develop data submission requirements to use in the 2017 plan year negotiations.

3. Begin transition to self-insurance

*Implementation Lead Time: 18-24 months*

*Implementation Steps*

- ✓ RFP Development – 6-8 months
- ✓ RFP Distribution, Collection, Evaluation – 4-6 months
- ✓ Legislative Approval – 1-2 months
- ✓ Vendor Contract Negotiations – 2-3 months
- ✓ Vendor Onboarding / Data Transmission Initiation – 4-6 months
- ✓ Rollout Strategy Development – 1 month
- ✓ Member Communication Strategy – 3-4 months

*Timing Considerations:*

In order to have vendor(s) in place for the 2018 plan year, the Board would need to approve issuing an RFP no later than the August 2016 meeting.

## **Retiree Coverage**

*Segal Recommendations*

1. Statewide Medicare Advantage Prescription Drug (MAPD) plan for 2017 (RFP in 2016)

*Implementation Lead Time: 12-24 months*

*Implementation Steps*

- ✓ RFP Development – 4 months
- ✓ RFP Distribution, Collection, Evaluation – 3 months
- ✓ Vendor Contract Negotiations – 2 months
- ✓ Vendor Onboarding – 1 month
- ✓ Uniform Benefit / Health Plan Contract Redesign – 2 months
- ✓ Rollout Strategy Development – 2 months
- ✓ Member Communication Strategy – 6-8 months

*Timing Considerations:*

In order to have vendor(s) in place for the 2017 plan year, the Board would need to approve issuing an RFP no later than the May 2016 meeting.

2. Additional Medicare choices in 2018 in conjunction with regional plans

## **Local Government Plan**

### *Segal Recommendations*

1. Match changes in state plan (2017-2020)

*Implementation Lead Time: 12-24 months*

#### *Implementation Steps*

- ✓ Outreach Strategy Development – 3 months
- ✓ Employer Communication Strategy – 6-8 months
- ✓ Uniform Benefit / Health Plan Contract Redesign – 2 months
- ✓ Rollout Strategy Development – 2 months
- ✓ Member Communication Strategy – 6-8 months

#### *Timing Considerations:*

In order to have this initiative in place for the 2018 plan year, the Board would need to approve changes no later than the May 2017 meeting.

## **Conclusion**

These initiatives would be led by ETF OSHP and Procurement staff, and will require a variety of resources, particularly in the procurement area. If the Board opts to proceed on the Segal proposed timeline, additional staff resources will be necessary. In the event the Board identifies an alternative timeline, an assessment can be done at that time regarding the extent of additional resources required.

In addition to the immediate resource needs to implement each Segal recommendation, depending on the overall changes adopted by the Board, consideration should also be given to the long term resource needs to assure vendor performance, evaluate future program needs and implement program changes. In particular, maintenance of the data warehouse and implementation of an expanded self-funded plan would require additional staff.

Staff will develop implementation options based on the discussion at the January meeting, and will provide those to the Board for consideration at the February 17, 2016 meeting.

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

# Segal Report Recommendations Timeline: ETF Action, Board Action and Plan Year Effective Date

2016, 2017 and 2018

		2016												2017												2018
Key Activities		F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	
Wellness	Market Wellness Vendor	★											★													
	Implement Wellness and Premium Surcharges				★																			★		
Structure	Market Regional Plans	★									★															
	Implement Strategic Changes				★							★														
Pharmacy	Conduct Pharmacy RFI				★																					
	PBM RFP/Implement Changes										★													★		
Data	Market/Implement				★							★														
	Expand Self-Insurance with Improved Statewide-PPO/HDHP (Contract Extension and Benefit Re-design)	★																								
Self-Insurance	Require Collection of Detailed Claims Information	★										★														
	Begin Transition to Self-Insurance							★																★		
Retiree	Statewide Medicare Advantage Prescription Drug Plan				★							★														
Local	Match Changes in State Plan																★							★		

**Key:**

- ★ Board Action
- ★ ETF Action
- ★ Plan Year Effective Date
- ETF Implementation Activity Leading up to Effective Date