



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:** February 8, 2016  
**TO:** Group Insurance Board  
**FROM:** Jennifer Stegall, Senior Health Policy Advisor  
Office of Strategic Health Policy  
**SUBJECT:** Revisions to “Guidelines for Offering Optional Insurance Plans”

**Staff recommends the Group Insurance Board (Board) approve the revised “Guidelines for Offering Optional Insurance Plans (Guidelines).”**

**Background**

Optional Insurance Plan(s) refers to “other group insurance plans” as provided in Wis. Stat. § 40.03 (6). This includes any insurance plan other than group health, life, income continuation, or long term care insurance that is approved by the Group Insurance Board as voluntary group plan offerings for state employees, with 100% of the premium paid by employees through payroll deduction. Examples of insurance plans falling under this definition include: accidental death and dismemberment (AD&D), supplemental vision and supplemental dental plans.

Guidelines for Offering Optional Insurance Plans

The Guidelines outline the requirements insurers must meet to offer optional plans, provides the instructions insurers must follow for submitting a proposal, and outlines the criteria the Board uses in approving or denying an insurer’s proposal. Staff have revised the Guidelines to streamline the document and clarify current practice.

Examples of changes made to the original document include:

- The purpose of the document is articulated.
- Definitions for terms used throughout the document are included.
- References to ETF’s responsibilities to the insurer were deleted and incorporated directly into the vendor contracts. Examples include ETF notification requirements to

Reviewed and approved by Lisa Ellinger, Director, Office of Strategic Health Policy  
*Lisa Ellinger*  
Electronically Signed 2/10/16

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the insurer if eligibility criteria were to change and notice of administrative fees. These references and other similar references were deleted.

- Language related to responsibilities of employers and payroll staff was deleted and incorporated into the Administrative Manual. For example, information indicating that state agency payroll representatives will be responsible for entering premium deductions into the payroll system. These administrative functions were deleted and will be covered in the Administrative Manual, which has a strong emphasis on the details behind implementation.
- Language that committed the insurers to certain provisions that were contractual in nature were removed and will be included directly into the vendor contracts. For example, language stating that, “Each plan shall notify the Board of a “significant event” within thirty (30) calendar days after the plan becomes aware of it,” and the definition of “significant event.”
- A checklist was newly added to the Guidelines so that insurers know exactly what information needs to be submitted to ETF and when. This is included as Appendix I to the Guidelines.
- Reference to the newly introduced performance standards was added. The standards are included in the 2016 Optional Insurance Plan contracts and are included as Appendix II to the Guidelines.
- The open enrollment period is clearly defined as aligning with the It’s Your Choice open enrollment period.
- An annual due date for insurer proposal submissions is newly established. It is February 1 for all years except for 2016. March 16 is the due date this year to ensure plan approvals align with the Board’s preferred approach for 2017.

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

**DRAFT**

# Guidelines for Offering Optional Insurance Plans



Department of Employee Trust Funds  
Group Insurance Board  
801 West Badger Road  
Madison, Wisconsin 53702

Effective as of: *Insert Date of Board Approval*

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## 1. Purpose

This document, “Guidelines for Offering Optional Insurance Plans,” serves as a resource for insurers interested in offering state employees Optional Insurance Plans. It sets forth the requirements insurers must meet to offer these plans, provides the instructions insurers must follow for submitting a proposal, and outlines the criteria the Group Insurance Board (Board) uses in approving or denying an insurer’s proposal.

## 2. Definitions

Group Insurance Board (Board): Eleven (11) member board that sets policy and oversees administration of the group health, life insurance, and income continuation insurance plans for state employees, retirees and the local employers who choose to offer them. The Board also can provide other insurance plans, if employees pay the entire premium. The Board’s authority is governed by [Wis. Stat. § 40.03 \(6\)](#). For more information on the Board visit: [http://www.etf.wi.gov/boards/board\\_gib.htm](http://www.etf.wi.gov/boards/board_gib.htm)

Group Master Contract: Contract between an insurer and the Board related to the offering of an Optional Insurance Plan(s) to state employees.

Optional Insurance Plan(s): This term has the same meaning as, “Other group insurance plans” as provided in [Wis. Stat. § 40.03 \(6\)](#). It includes any insurance plan other than group health insurance, life insurance, income continuation insurance, or long term care insurance that is approved by the Board as voluntary group plan offerings for state employees; with 100% of the premium paid by employees through payroll deduction. Examples of insurance plans falling under this definition include: accidental death & dismemberment (AD&D), supplemental vision and supplemental dental plans.

## 3. Statutory and Administrative Authority

1. The Board is given the following statutory and administrative authority related to Optional Insurance Plans:
  - a. The Board is given authority under [Wis. Stat. § 40.03 \(6\) \(b\)](#) to provide group insurance plans in addition to plans provided for in [Wis. Stats. Chapter 40](#) to annuitants, employees and their dependents.
  - b. The Board is charged by [Wis. Stat. § 20.921 \(1\) \(a\) \(3\)](#) and [Wis. Admin. Code § ETF 10.20](#) to approve or disapprove group insurance plans for which payment of premium is made through payroll deductions
  - c. Fees for program administration are authorized under [Wis. Stat. § 40.04 \(2\)](#)

## 4. Process for Gaining Approval to Offer an Optional Insurance Plan

1. The Process for gaining approval to offer an Optional Insurance Plan includes the following:
  - a. Insurer reviews this document to understand requirements and expectations.
  - b. Insurer submits a proposal to the Department of Employee Trust Funds (ETF), per section 7 of this document.
  - c. ETF reviews the proposal per section 8 of this document.

- After ETF reviews the proposal to ensure all requirements are met, ETF sends a summary of the proposal and a recommendation to the Board for review and consideration.
- d. The Board will review and either Approve or Deny the proposal at a publicly noticed Board meeting.
- e. If the Board approves the proposal, ETF will negotiate the terms of the Group Master Contract with the insurer and the final version is sent to the Board Chair for signature.

## **5. Insurer Requirements**

### **A. General**

1. Insurers interested in offering an Optional Health Insurance Plan must meet the following requirements:
  - a. Hold a license from the State of Wisconsin Office of the Commissioner of Insurance (OCI) to conduct the business of insurance in this state.
  - b. Have at least two years of operating experience in the state of Wisconsin.
    - The Board may waive this requirement, if the insurer can demonstrate that the plan offered is designed to meet a need for coverage that is not already available (or adaptable) to the State of Wisconsin employee group.
  - c. Demonstrate financial stability through documentation requested in Appendix I.
  - d. Demonstrate the ability to exchange data electronically with existing or emerging State systems for payroll and annuities, including but not limited to: (1) the exchange of census data; (2) the reconciliation of premiums; (3) the accommodation of premiums and status changes related to a subscriber leave of absence and continuation of coverage under applicable state and federal laws.
  - e. Provide three to five employer references, including at a minimum, two large groups; one of which must be a public sector group.
  - f. Clearly identify any plan differences related to enrollment, coverage, exclusions, eligibility, and continuation between the State of Wisconsin employee group and other employer groups offering the same plan.
  - g. Agree not to modify benefits or premiums during the coverage period, unless such change is necessary to comply with state or federal law, regulation, or court order.
  - h. Satisfy payment of the annual fee ETF will assess for administration of the plan.

### **B. Premiums**

1. Insurers must maintain a minimum annual claim/premium ratio of 75% or submit actuarial data to justify a ratio below 75%, subject to approval by the Board.

### **C. Enrollment**

1. The open enrollment period for Optional Insurance Plans aligns with the It's Your Choice Open Enrollment period. Visit the ETF website for the dates of the next scheduled open enrollment period. <http://www.etf.wi.gov/>
2. Insurers must allow for an open enrollment period every two years, at a minimum.
3. Insurers may impose waiting periods for certain services upon enrollment, if approved by the Board.

4. Newly-eligible employees shall be afforded an opportunity to enroll, provided application is made within 30 days of first becoming eligible.
5. An insurer must allow an eligible employee and his/her eligible dependents to enroll without restrictions due to a HIPAA qualifying event, such as loss of other comparable coverage, marriage, birth or adoption.
6. Insurers must offer enrollment to annuitants, unless the proposal can demonstrate negative impacts on premium rates, or substantial constraints for continuing to administer the plan if annuitants are included.

#### **D. Group Plans Required**

1. An Optional Insurance Plan must be a group insurance plan; not individual policies marketed as a group plan.
2. For rating purposes, the “group” consists of all eligible employees, their spouses, domestic partners, and other dependents, and retiring members within limits proposed by the insurer.

#### **E. Member Complaints and Grievances**

1. Each plan must file with the Board a detailed description of how member complaints and grievances will be resolved.
2. The procedure for filing a complaint or grievance with the insurer, as well as with ETF, must be outlined in the policyholder certificate. The ETF [Insurance Complaint Form](#) details the process for filing with ETF. Reference to this process is included in the Optional Insurance Plan insurer contract.
3. The grievance procedure utilized by an insurer offering insurance that is not subject to [Wis. Admin. Code § Ins 18.03](#) shall include the following:
  - a. Within 5 business days of receipt of a grievance, a written acknowledgement to the insured or the insured’s authorized representative confirming receipt of the grievance.
  - b. A method whereby the insured who filed the grievance, or the insured’s authorized representative, has the right to appear in person before a grievance panel to present written or oral information.
  - c. A written notification to the insured of the time and place of the grievance meeting at least 7 calendar days before the meeting.

#### **F. Performance Standards and Reporting Requirements**

1. Insurers must agree to meet the performance standards and reporting requirements detailed in Appendix II.
2. Data regarding enrollment, provider networks, utilization, service level statistics and any requested financial information must be reported to ETF in a format and timeline specified by the Board.

#### **G. Marketing, Application Materials, Website**

1. A Group Master Contract must be in place prior to any marketing activity.
2. Marketing material, including any references to electronic access, must have prior approval by ETF to ensure materials reflect approved plan provisions. Approval of marketing materials by OCI is not a substitute for ETF approval.
3. Each Insurer must supply hard copy or electronic brochures, applications and reporting forms

to state agencies, upon request.

4. Each Insurer must provide a State of Wisconsin Employer Group specific website that includes, at a minimum:
  - a. Information summarizing benefits and exclusions.
  - b. A provider listing.
  - c. Access to forms or online processes for enrollment.
  - d. Information on continuation coverage and how to report status changes.
  - e. A means to communicate with customer service representatives.
  - f. A description of the steps to file a grievance.

## **6. Guidelines for Board Approval**

1. In accordance with [Wis. Admin. Code § ETF 10.20 \(1\) \(a\)](#), the Board will determine whether a plan meets an important coverage need through consideration of, but not limited to, the following factors:
  - a. Number of employees affected
  - b. Amount and variation in premiums
  - c. Adequacy of other approved coverage providing the same or similar protection
  - d. Duration of contract
  - e. History, performance and acceptance of the plan by the employees
  - f. New or additional coverage provided
2. If more than one proposal for the same type of insurance is considered by the Board, the Board may:
  - a. Exercise its right to approve the plan that offers the preferred value to employees and best evidence of efficient, reliable procedures for enrollment, claims, and other administration; or
  - b. Exercise its right to approve more than one proposal for the same type of insurance if the Board determines that by doing so, the new plan will provide competition resulting in different benefits, broader provider access, and/or more favorable premiums for subscribers.
3. The Board reserves the right and responsibility to limit the number and types of insurance offered to employees so that choices are available, but clear, and administration is manageable for employers.
4. The Board may withdraw its approval if insurers and the Optional Insurance Plans they offer fail to meet requirements detailed in the Group Master Contract.

## **7. Submitting a Proposal**

1. Send all information to ETF that is outlined in the “Insurer Proposal Submission Check List” located in Appendix I. Specific submittal instructions are included with the check list.
2. All proposals are due February 1 of each year and will be considered at the Board meeting following that date, typically in May.

## **8. Review process by ETF and the Board**

1. ETF notifies an insurer within ten (10) days that the submission has been received and whether it is deemed complete.



2. ETF reviews the proposal and prepares a recommendation to the Board.
3. Review by the Board's consulting actuary may be necessary and will range from brief to extensive, based on the features of the plan and clarity of the proposal submitted. The fee for this review will be billed directly to the insurer by the Board's consulting actuarial firm.
4. The review process may include discussions between the insurer and ETF, an advisory committee of employer representatives, and/or the consulting actuary.
5. Any modifications to the proposal must be received electronically by ETF no later than six (6) weeks prior to the scheduled Board meeting where the proposal will be discussed.
6. The Board will determine whether to approve the proposal at a publicly noticed Board meeting.
  - a) A spokesperson for the insurer must be present at the Board meeting. The agenda and documents for Board meetings are posted to the [ETF website](#) prior to each meeting.
7. If the Board approves a proposal, ETF will negotiate the terms of a contract and the final version will be sent to the Board Chair for signature.

## **9. Contact Information**

1. Please send questions related to the Optional Insurance Plan approval process to:

[ETFSMInsuranceSubmit@etf.wi.gov](mailto:ETFSMInsuranceSubmit@etf.wi.gov)

## Insurer Optional Insurance Plan Proposal Submission Check List

Insurers must submit the following information electronically, organized according to the subheadings below, to the ETF Office of Strategic Health Policy at: [ETFSMBInsuranceSubmit@etf.wi.gov](mailto:ETFSMBInsuranceSubmit@etf.wi.gov)

ETF reserves the right to request paper copies and will expect the paper copies within ten (10) days of the request.

All proposals are due February 1 of each year and will be considered at the Board meeting following that date, typically in May.

**NOTE: Insurers currently offering an Optional Insurance Plan to the Wisconsin state employee group should contact ETF directly if interested in offering the plan beyond the term established in the Group Master Contract. In this case, submitting a proposal that contains all of the information outlined in this check list may not be necessary.**

### **Cover Letter**

Include the following information in the form of a cover letter:

- Name of the Insurer.
- Name of the insurance plan the insurer is interested in offering state employees, as well as the Office of the Commissioner of Insurance (OCI) identification number.
- A statement indicating the insurer is licensed by the WI OCI to sell insurance in Wisconsin, along with the date the license was issued and the section of Wisconsin Statutes the insurer is licensed under.
- A narrative description of the plan features and the value the insurer believes the plan brings to the Wisconsin state employee group.
- Any additional information the insurer views as pertinent for ETF and the Board to understand and consider.

### **Plan Benefits Description**

- Include an outline of the plan benefits as they are proposed for the State of Wisconsin employee group.
  - Clearly identify any plan differences related to enrollment, coverage, exclusions, eligibility, and continuation between the State of Wisconsin employee group and other employer groups offering the same plan.
- Provide a detailed list of exclusions and limitations.
- To the extent possible for the type of plan, eligibility must conform to that of any State of Wisconsin Group Health Insurance Program. Please indicate any exceptions to this eligibility requirement, along with a supporting rationale. Examples of exceptions include the

use of an upper age limit or the eligibility of an extended family member.

**Member Complaints and Grievances**

- Provide a detailed description of the process for resolving member complaints and grievances.
  - The procedure for filing a complaint with the insurer, as well as with ETF, must be outlined in the policyholder certificate. The ETF [Insurance Complaint Form](#) details the ETF process.
  - The grievance procedure utilized by an insurer offering insurance that is not subject to [Wis. Adm. Code s. INS 18.03](#) shall include the following:
    - a) A method whereby the insured who filed the grievance, or the insured’s authorized representative, has the right to appear in person before the grievance panel to present written or oral information.
    - b) A written notification to the insured of the time and place of the grievance meeting at least 7 calendar days before the meeting.
    - c) Within 5 business days of receipt of a grievance, deliver or deposit in the mail a written acknowledgement to the insured or the insured’s authorized representative confirming receipt of the grievance.

**Premium**

- Submit a Premium Schedule.
  - A minimum annual claim/premium ratio of 75% must be maintained or submit actuarial data to justify a ratio below 75%.

**Actuarial Analysis**

- Provide an actuarial analysis of the proposed plan in relation to the State of Wisconsin Employee Group, including a detailed description of the insurer’s rating process.

**Data**

- Complete Data Exhibit I.

**Marketing**

- Provide a sample brochure, specifically drafted to demonstrate the plan available to the State of Wisconsin Employee Group, or clearly marked to show any customization for this group.
- Include a marketing plan demonstrating:
  - The electronic and print materials that will be available.
  - The State of Wisconsin Employer Group specific website that includes, at a minimum:
    - Information summarizing benefits and exclusions;
    - A provider listing;
    - Access to forms or online processes for enrollment;
    - Information on continuation coverage and how to report status changes;
    - A means to communicate with customer service representatives; and
    - A description of the steps to file a grievance.

**Financial Information**

- Submit documentation demonstrating the financial soundness of the insuring organization, including:
  - Balance sheet, statement of operations, an audited financial statement by a certified public accountant in accordance with generally accepted accounting principles, and utilization statistics.
  - Results from the most recent financial examination completed by the insurance regulator of the insurer's state of domicile.

**Employer Reference**

- Provide three to five employer references, including at a minimum, two large groups; one of which must be a public sector group.

**Performance Standards**

- Submit current performance standards in the areas of:
  - Customer Service
  - Enrollment
  - Claims
  
- Review the performance standards contained in Appendix II. Provide an indication of whether your performance standards currently align with those listed, and, if not, how you intend to ensure those standards are met, should you enter into a Group Master Contract.

**Electronic Exchange of Information**

- Demonstrate the ability to exchange data electronically with existing or emerging State systems for payroll and annuities, including but not limited to:
  - The exchange of census data.
  - The reconciliation of premiums.
  - The accommodation of premiums and status changes related to a subscriber leave of absence and continuation of coverage under applicable state and federal laws.

**Contact Information**

- Submit the name, title, address, phone number, and e-mail address for the representative(s) responsible for responding to follow up questions related to the proposal, as well as the representative(s) who will manage contract negotiation and administration.

## Performance Standards

### Customer Service

Standard	Performance Measure	Threshold
Inquiry from Payroll office	Acknowledge w/in 1 business days	95%
	Complete response w/in 7 business days	95%
Inquiry from ETF staff on behalf of another agency	Acknowledge w/in 1 business days	95%
	Complete response w/in 7 business days	95%
Direct Member Inquiry	Acknowledge w/in 1 business day	95%
	Complete Response w/in 10 business days	95%
Billing to non-active members	Bill is accurate	95%
Refunds	Correct refund issued within 15 days of receipt of complete documentation	98%
Member Grievance	Process from Ins Ch. 18, Wis. Adm. Code is followed, including timelines	99%
Telephone response time	Calls dropped while in queue	<3%
Telephone access for members	Available 7AM – 6 PM Central Time Mon-Fri	98%
Claim Processing time	Claim correctly paid within 10 days of receipt of all necessary information	98%
Web Portal Availability	Portal available for member use	99%

### Enrollment Accuracy and Timeliness

Standard	Performance Measure	Threshold
STAR agency	Upload enrollment files successfully, as scheduled	99%
Non STAR agency	Open enrollment - Complete enrollment within 15 business days after close of open enrollment period	98%
	New hire or change in eligibility – within 10 business days of receipt of completed paperwork	
Census file accuracy	Reconcile to agency payroll records within 5 business days of receipt	99%
ID cards to member	Open Enrollment – by Jan 15 of each year	98%
	New hire or change in eligibility - Within 10 business days of receipt of completed paperwork	
Disenrollment	Processed within 5 business days of receipt	98%

**Reports Due**

<b>Timing</b>	<b>Performance Measure</b>	<b>Due Date</b>
Monthly	Appropriate billing file to agency, continuation members	Due 10 days after quarter end
Quarterly	Accurately and completely report customer service and enrollment statistics above	Due 30 days after quarter end
Annually	Report of member grievances and resolution	Due by March 1 of each year for preceding calendar year