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Correspondence Memorandum

Date: May 13, 2016
To: Group Insurance Board
From: Roni Harper, Optional Insurance Plans Manager
Office of Strategic Health Policy
Subject: Optional Employee-Pay-All Insurance Programs Annual Update

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

Annually, staff provides the Group Insurance Board (Board) with an update on the optional insurance plans. Under authority granted to the Board by Wis. Stats. § 40.03 (6) and § 40.55 and pursuant to Wis. Stat. § 20.921 (1) (a) 3 and Wis. Admin. Code ETF 10.20 and ETF 41, the Board is responsible for approving optional group insurance plans offered via payroll deduction.

Overview of 2015 Activity

In 2015, ETF implemented the Board's directive to require all state agencies within the STAR payroll system to make approved insurance plans available to their employees, and to make the approved plans available to other state agencies and authorities, under a uniform contract between the Board and each insurer.

ETF obtained contracts for the following insurance plans, effective in August 2015, to enable implementation of uniform enrollment, plan administration, and performance reporting beginning January 1, 2016:

- Anthem DentalBlue
- EPIC Benefits+ and EPIC Dental Wisconsin
- Hartford Accidental Death and Dismemberment (AD&D)
- VSP Vision Service Plan

Aflac, which had offered an accidental injury insurance plan, chose not to enter into contract discussions. That plan was discontinued effective December 31, 2015.

Reviewed and approved by Lisa Ellinger, Director, Office of Strategic Health Policy

Electronically Signed 5/13/16

Board	Mtg Date	Item #
GIB	5.18.16	5A

ETF worked with the University of Wisconsin System (UWS) and University Hospital and Clinics (UWHC) throughout 2015 to develop recommendations for the Board on the extent to which those entities would be included in the Board’s requirement for uniformity of plan availability. At its February 2016 meeting, the Board accepted ETF’s recommendation that all state agencies except the UWS and UWHC be required to offer each optional insurance plan approved by the Board, with the UWHC and UWS maintaining oversight of their existing plans with Zurich AD&D insurance and Delta Dental (UWHC only).

No changes in premiums or benefits for optional insurance plans were brought to the Board for the 2016 plan year. This allowed ETF, state agencies, and eligible employees to focus on the 2016 changes in health insurance. Likewise, the staff, vendor, and technical resources devoted to the 2015 design and implementation of the “State Transforming Agency Resources” (STAR) project, could focus on the new payroll system.

Data Overview

In addition to the plan experience data collected from each plan, 2015 was the first year vendors were required to report on performance measures outlined in the new contract. Because the contract was only effective for a partial year in 2015, the new performance measures are not included in this annual report.

Aggregate data across plans shows that as of December 31, 2015 there were 55,735 subscriber contracts across the dental, vision, and AD&D plans. For context, there are 69,222 active employee contracts for state group health in 2016.

A key metric collected each year is the plans’ loss ratio. The Board Guidelines require a 75% minimum loss ratio. Table 1 summarizes the trends and current status of the optional plans loss ratio. The loss ratio topic is explained in further detail in the narrative below.

**Table 1
Optional Plans Loss Ratio Trends (2012–2015)**

Loss Ratio Trends	Anthem DentalBlue	EPIC Dental Wisconsin	EPIC Benefits+	The Hartford	VSP
2012	67.2%	77.7%	65.7%	0.0%	83.4%
2013	57.2%	67.4%	59.4%	0.4%	80.7%
2014	66.4%	63%	69.5%	109%	67%
2015	76.2%	72%	79%	23%	68%

Optional Accidental Death & Dismemberment Insurance (AD&D) - Hartford

Enrollment in this plan rose in 2014, but returned to 2013 levels in 2015. As of March 31, 2016 there were 4060 subscribers statewide, with 25% of those in the “Protective” category. Historically, the Board has granted this plan an exception from the required 75% loss ratio because of the plan’s volatility. Average loss ratio over the past thirteen years is now 22.6%. The chart in Attachment A – Table 1 reflects the volatility in number

of claims filed and claim dollars paid, since 2003. However, even considering volatility, the trending loss ratio is not approaching the threshold expected in the Guidelines. This issue will be considered in a separate memo at this Board meeting.

Optional Dental Insurance Program

Two carriers offer optional insurance plans with dental coverage to State employees, as supplemental dental insurance. In recent years, some have questioned the complexity of so many choices; however, some employees elect more than one supplemental plan – “stacking” plans to gain maximum coverage based on the household’s need for orthodontic coverage or to combine the maximum dental coverage limit. Also, in the first year that uniform health insurance could be elected with or without uniform dental insurance, some elected only the employee-pay-all dental plans. Current enrollment data from the two largest payroll systems shows that:

- Of the 21,673 employees who elect at least one optional dental insurance plan, nearly 3,900, or 18%, “stack” two or even three of these optional plans;
- 205 of those who elect more than one optional dental plan do **not** subscribe to the uniform dental benefit available through state group health insurance.

See Attachment B for a comparison chart of benefits and premiums for active employees under Anthem, EPIC Dental Wisconsin, and EPIC Benefits+.

Anthem DentalBlue continues to offer three plans. The HMO Plan and PPO Plan were originally designed for employees without dental coverage through their health plan, and include diagnostic and preventive care in addition to the basic and major services. Those plans use a provider network distinct from the Delta network affiliated with all other Wisconsin Retirement System (WRS) plans. The Supplemental Plan augments the Uniform Dental Benefit, covering basic and major dental services; it allows subscribers to use any provider.

Anthem’s enrollment of active subscribers decreased 2% from 2014 to 2015, followed by a 6.6% increase as of the first quarter of 2016. Effective in 2015, Anthem increased benefits for its Supplemental insurance, and decreased premiums by 13 to 20% for the HMO and PPO plans. These adjustments are reflected in loss ratios moving closer to the required 75% threshold for 2015. Anthem allowed an open enrollment for annuitants for 2016, and increased enrollments are reflected in the subscriber numbers in the second row of Attachment A - Table 2.

EPIC Dental Wisconsin offers two plan types to state employees. The Select plan has no coverage for diagnostic or preventive services, but allows members to select any dentist, with reduced out-of-pocket costs for “Premier” providers. The PPO plan includes diagnostic and preventive work; it covers 100% of in-network and 75% of out-of-network costs.

Dental Wisconsin decreased premiums for the PPO plan for Active employees by 10% for 2015 – annuitant premiums are on a different schedule and are higher. Overall loss ratios

for both the PPO and Select plan moved closer to the required 75% threshold, following the 2015 premium decrease for Active members in the PPO plan. The October 2015 It's Your Choice enrollment period was the first time all state agencies offered Dental Wisconsin, resulting in a 14% increase in active subscribers comparing March 2016 to December 2015. See Attachment A - Table 3.

EPIC Benefits+ Optional "Wrap" Plan: Dental, Hospital and Surgical Indemnity, and Accidental Death & Dismemberment (AD&D) Insurance

This plan is viewed by members primarily as a dental plan that supplements the uniform dental benefits offered by health insurers. 82% of claim dollars paid and 82% of the Benefits+ claims paid in 2015 were for dental benefits, slight decreases from 2014.

Active enrollment decreased by 560 members overall from December 2015 to March 2016. Benefits+ did not offer an open enrollment during IYC for 2016, so the decrease in active enrollment represents more cancellations or retirements compared to newly hired enrollees choosing this plan. The number of annuitants increased by 51; with no open enrollment, this increase represents new retirees who chose to continue their coverage. See trends in Attachment A – Table 4.

Optional Vision Care Insurance Program

Vision Service Plan (VSP) has offered vision care benefits for state and university employees and eligible retired state employees and dependents since 2010. In August 2014 the Board approved a 3% premium increase for active members, along with a 10% decrease in premiums for the annuitant plan. Prior to 2014, VSP's loss ratios had averaged 82.5%, well above the 75% threshold required by the Guidelines. VSP committed to holding the premiums and benefits level through 2017. VSP has experienced steady increases in enrollment from active members and annuitants, including a 10% increase with open enrollment for 2016; they currently have about 22,500 subscribers. See Attachment A - Table 5. The plan expects to make some increases to covered benefits for 2018.

Optional Long-Term Care (LTC) Insurance Program

Wis. Stat. § 40.55 requires the Board to make LTC insurance available to state employees, annuitants, their spouses and the parents of state employees, under contracts established by the Board. LTC insurance is paid for by the subscriber and is individually underwritten, unlike other WRS group insurance. Overall, the rate of growth in the program has declined slowly since 2002. Mutual of Omaha received approval from the Board in March 2015 to update its long-term care (LTC) insurance plan, under the 2014 "Standards for Proposing and Providing Long-term Care Insurance" (Standards). See Attachment A - Table 6. A new LTC plan from Transamerica was approved by the Board in May 2015, as proposed by the local Senior Care Insurance agency. However, Senior Care has not marketed the plan, pending contract negotiations between ETF (on behalf of the Board) and Transamerica. The status of contracts will be discussed in Board item 5B.

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HealthChoice also maintains servicing for policies formerly approved by the Board but no longer actively sold, including Bankers Life, and John-Hancock/Fortis plans.

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

Attachment A: 2015 Enrollment and Claims Experience Tables by Plan

Attachment B: 2016 Dental Plan Comparison Chart

Attachment A: 2015 Enrollment and Claims Experience Tables by Plan

Table 1

Hartford AD&D	2003	2004	2005	2006	2007/ 2008/ 2009	2010	2011/ 2012	2013	2014	2015*
Enrollment								4212	4,443	4190
Premium Income	\$430,081	\$453,684	\$477,288	\$471,087	Average \$498,000	\$511,565	Average \$446,216	\$437,865	\$437,438	\$424,702
Number of Claims	4	3	0	1	0	1	0	1	5	1
Amount of Claims	\$123,126	\$381,732	\$0.00	\$215,867	\$0.00	\$99,000	\$0.00	\$1,765	\$441,342	\$97,394
Loss Ratio	29%	84%	0%	46%	0%	19.35%	0%	0.4%	109%	23%

*Enrollment as of 3-31-2016: 4060.

Table 2

Anthem DentalBlue Insurance Program									
	Dentacare HMO		Preferred PPO		Supplemental		TOTAL		Snapshot 3-31-16
	2014	2015	2014	2015	2014	2015	2014	2015	
Active Subscribers	566	583	676	656	5,046	4,913	6,288	6152	6,558
Annuitant, COBRA	63	66	92	108	477	626	632	800	1,651
# Claims Paid	845	Not reported	1,587	Not reported	4,848	Not reported	7,280	Not reported	
Premium Income	\$324,778	\$252,328	\$380,127	\$352,435	\$2,155,125	\$2,274,155	\$2,860,030	\$2,878,918	
Amount of Claims	\$157,224	\$183,267	\$229,586	\$249,002	\$1,513,432	\$1,761,672	\$1,900,242	\$2,193,941	
Loss Ratios	48.4%	72.6%	60.4%	70.7%	70.2%	77.5%	66.4%	76.2%	

Table 3

EPIC Dental Wisconsin							
	PPO		Select		TOTAL		Snapshot
	2014	2015	2014	2015	2014	2015	3-31-16
Active subscribers	2,586	3036	4,683	4617	7,269	7,653	8,728
Dependents of active	2,116	2492	4,766	4,690	6,882	7182	--
Annuitant and COBRA	271	323	409	493	680	816	828
# Claims paid	5,741	7,522	6,086	6,789	11,827	14,311	
Total Premium Income	\$1,524,289	\$1,656,112	\$2,242,930	\$2,222,258	\$3,767,219	\$3,878,370.7	
Total Claim dollars paid	\$865,751	\$1,186,125	\$1,506,307	\$1,613,684	\$2,372,058	\$2,799,810	
Overall Loss Ratios	56.8%	71.6%	67.2%	72.6%	63.0%	72%	
Loss ratio- Actives		70%		71%		70%	
Loss ratio- Annuitants		89%		93%		90%	

Table 4

EPIC Benefits + Insurance													
	AD&D		Hospital/ Surgical Indemnity		Dental		Vision Option		Total Subscribers		Claims/ Premium experience		Enrollment Snapshot 3-31-16
	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	
# Active, COBRA subscribers							3,520	4,057	13,094	13,075			12,515
# Annuitants							143	203	5,008	5,183			5,234
Total subscribers							3,663	4,260	18,102	18,258			17,749
Total including dependents							8,064	9,284	35,089	35,357			34,261
# Claims Paid	9	6	1,417	1,565	16,289	18,907	1,643	2,400			19,358	22,878	
Premium Income	\$72,309	\$73,324	\$1,460,779	\$1,480,404	\$6,335,148	\$6,423,465	\$290,236	\$341,565			\$8,158,473	\$8,318,759	
Amount of Claims Paid	\$30,000	\$36,750	\$386,208	\$848,580	\$5,109,421	\$5,428,759	\$145,375	\$264,299			\$5,671,004	\$6,578,388	
Loss Ratios	41.5%	50%	26.4%	57%	80.7%	85%	50.1%	77%			69.5%	79%	

Table 5

Vision Services Plan (VSP)									
	Active		COBRA		Annuitants		Combined		Snapshot
	2014	2015	2014	2015	2014	2015	2014	2015	3-31-16
Subscribers	16,928	17,136	180	270	2,758	3,076	19,866	20,482	22,508
# Claims paid	18,185	19,958	160	306	2,432	2,823	20,077	19,958	
Premium Income	\$2,354,784	\$2,509,677	\$20,703	\$29,146	\$363,001	\$369,992	\$2,738,487	\$2,908,545	
\$ Claims paid	\$1,628,443	\$1,743,937	\$13,658	\$25,594	\$193,317	\$222,158	\$1,835,418	\$1,991,689	
Loss Ratio	69%	69%	66%	88%	53%	60%	67%	68%	

Table 6

Marketing and Enrollment Activity for United/Mutual of Omaha	2013	2014	2015
Applications received	387	356	235
Policies denied	93	106	54
Policies issued to state annuitants	45	54	33
Policies issued to state employees	88	83	77
Policies issued to spouses or parents	50	64	71
Earned premium	\$2,105,029	\$3,129,199	\$3,394,682
Number of claims	8	4 new (only 2 received payments during 2014)	5
Amount of claims paid	\$25,150	\$38,259	\$114,519
Number of policies lapsed (L) or withdrawn (W)	13L , 7W	52L, 102W	12L, 8W
Total in-force policies on December 31	1,179	1,533	1,628

Attachment B: 2016 Dental Plan Comparison Chart

2016 Dental Plan Comparisons - State Employees

2016 Dental	State Uniform Dental	EPIC Benefits +		EPIC Dental WI PPO		EPIC Dental WI Select		Anthem Dentacare HMO		Anthem Preferred PPO		Anthem Supplement
Network	Delta Dental PPO and Delta Dental Premier provider networks	Affiliated with Delta Dental nationwide. Member responsible for charges over the allowable amount unless a Delta Premier Provider is used.		Delta Dental PPO Providers	All other recommended Delta Premier Providers	Affiliated with Delta Dental nationwide. Member responsible for charges over the allowable amount unless a Delta Premier Provider is used.		Must use a Dentacare Center		Any Dentist. Benefits are paid at a higher level if a network PPO dentist is used.		Any Dentist
2016 Premium Rates	Optional for 2016*	Without Vision**	With Vision**	Active Employees & COBRA**		Active Employees & COBRA**		Region 1	Region 2			
Employee	\$3.00	\$19.77	\$24.02	\$25.49		\$20.52		\$18.62	\$18.62	\$20.48		\$18.08
Employee + Spouse or Domestic Partner	n/a	\$39.54	\$47.04	\$53.96		\$42.19		\$37.24	\$37.24	\$40.95		\$36.17
Employee + Child(ren) [Anthem = Emp + 1 child]	n/a	\$39.54	\$47.04	\$60.34		\$48.68						
Family	\$8.00	\$59.31	\$70.34	\$91.21		\$71.59		\$59.57	\$59.57	\$67.57		\$54.28
Provider Network	In-network ONLY	Open Network		In Network	Out-of-Network	Open Network		Dentacare Providers ONLY		PPO Dentist	Other Dentist	Open Network
Deductible	\$0	\$75 Must be met before benefits are covered		\$25 Must be met before benefits are covered	\$50 Must be met before benefits are covered	\$50 Must be met before benefits are covered		\$0		\$25 per member Must be met before benefits are covered	\$50 per member Must be met before benefits are covered	\$50 per member Must be met before benefits are covered
Calendar Benefit Max	\$1,000	\$1,500. // For new enrollees, if applicable:		\$1,000		\$1,000		\$750 per member (Diagnostic/Basic/Major) Additional \$500 for Specialty Services		\$1,250 per member		\$1,250 per member
	\$1,000	2015 Max	\$750	\$1,000		\$1,000		See above		\$1,250 per member		\$1,250 per member
		2016 Max	\$1,000									
		2017 Max	\$1,500									
Diagnostic & Preventative	100%	Not Covered		100%	75%	Not Covered		100%	80%	75%	0%	
Routine Evals	2 per year			1 every 6 months								
Cleanings	2 per year			1 every 6 months								
Bitewing X-rays	1-4 films (image)			1 every 12 months		Not Covered		100%	80%	75%	0%	
Panoramic X-rays	Once every 60 months			Once every 60 months								
Fluoride	2 per year up to age 19			Once per year up to age 16								
Basic	See specific services	50% on covered procedures as related to Major Services		75%	55%	75%		80%	60%	50%	75%	
Fillings	100%									75%		
Extractions (non-surgical)	Not covered									75%		
Local Anesthesia	80%			75%	55%	75%		80%	60%	50%	75%	
Emergency Palliative Care	80%	50%								75%		
X-rays (limited)	100%							100%	80%	75%	Not covered	
Oral Surgery	Not covered, but may be covered under medical plan			50%	25%	50%		Limited to certain procedures: 80%	Limited to certain procedures: 60%	Limited to certain procedures: 50%	Limited to certain procedures: 75%	
Major/Restorative	See specific services	50% on covered procedures as related to Major Services		50%	25%	50%		60%	40%	25%	60%	
Implants								Not covered		Not covered		
Crowns												
Bridges												
Dentures	Not covered			50%	25%	50%		60%	40%	25%	60%	
Endodontic								80%	40% Complex 60% Simple	25% Complex 50% Simple	60% Complex 75% Simple	
Periodontic	80%: Limited to Periodontal Maintenance			50%	25%	50%		60%: Limited to Periodontal Maintenance	40%: Limited to Periodontal Maintenance	25%: Limited to Periodontal Maintenance	60%: Limited to Periodontal Maintenance	
Dental Waiting Period	None	None		Preventative - None Basic & Major - 3 months		Basic & Major - 3 months		None		3 months Major & Basic		3 months Major & Basic
Claim Filing Timeline	12 months	120 days		120 days		120 days		15 months		15 months		15 months
Orthodontia	50% (under 19 only)	50% (under 19 only)		50% if begun before age 19		50% if begun before age 19		50%		50%		50%
Ortho Lifetime Max	\$1,500	\$1,200		\$1,000		\$1,000		\$1,000		\$1,000		\$1,000
Ortho Waiting Period	None	24 months		12 months		12 months		None		None		None
Website	http://www.deltadentalwi.com/stated/wi	http://www.epicfla.com/wi-state-employees		http://www.epicfla.com/wi-state-employees		http://www.epicfla.com/wi-state-employees		http://www.anthem.com/dental-stated/wi/		http://www.anthem.com/dental-stated/wi/		http://www.anthem.com/dental-stated/wi/

*If you are enrolled in state group health insurance, Uniform Dental Benefits will be added unless you waive Uniform Dental coverage. Premiums listed represent the cost to the employee to add Uniform Dental coverage to their health insurance.
 ** Annuitant rates are listed on plan website. Anthem DentalBlue is accepting enrollment from annuitants for 2016.

Updated 10/1/2015

This outline is only an overview of dental benefits, limitations, and exclusions. You can find a more detailed description of coverage in the applicable insurance certificate of coverage. A certificate will be issued to each subscriber once enrolled, or is viewable online via etf.wi.gov. A policy consists of the group master policy, the application, all policy riders and endorsements.