

DRAFT

MINUTES

May 18, 2016

Group Insurance Board
State of Wisconsin



Location:
Lussier Family Heritage Center
3101 Lake Farm Road, Madison, WI

BOARD MEMBERS PRESENT:

- | | |
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| Bonnie Cyganek, Vice Chair | Michael Heifetz |
| Michael Farrell, Secretary | Stacey Rolston |
| Terri Carlson | Jennifer Stegall (Designee of Daniel Schwartz) |
| Herschel Day | Nancy Thompson |
| Chuck Grapentine | |

BOARD MEMBERS ABSENT:

- Ted Neitzke
- Stacey Rolston
- Daniel Schwartz

PARTICIPATING EMPLOYEE TRUST FUNDS (ETF) STAFF:

- | | |
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| Bob Conlin, Secretary | Office of the Secretary: |
| John Voelker, Deputy Secretary | Sara Brockman, Board Liaison |
| Office of Strategic Health Policy: | |
| Lisa Ellinger, Director | |
| Eileen Mallow, Jeff Bogardus, Sarah Bradley, Sherry Etes, Roni Harper, Tara Pray | |

OTHERS PRESENT:

- | | |
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| ETF Information Technology Services: | Navitus: |
| Ryan Perkins | Steve Alexander, Pam Olson, Tom Radloff |
| ETF Legal Services: | Network Health: |
| Liz Doss-Anderson, Diana Felsmann, James Kates, David Nispel | James Dahlke |
| ETF Office of Communications: | Office of the Commissioner of Insurance: |
| Mark Lamkins | J.P. Wieske |
| ETF Office of the Secretary: | Optum: |
| | Mike Wall |

Board	Mtg Date	Item #
GIB	8.16.16	1

Vickie Baker, Dan Hayes, Pam Henning, Tarna Hunter	Physicians Plus: Tom Luddy, Ron Sebranek
ETF Office of Strategic Health Policy: James Cooper, Arlene Larson, Jessica Rossner, Joan Steele	Securian: Kjirsten Elsner, Chris Schmelzer
Anthem Blue Cross Blue Shield: Brian Martin, Ted Osthelder	Security Health Plan: Becky Gorst
Aurora Health Care: Andrew Hanus	Serve You Custom Prescription Management: Sharee Bowsher
Baraboo Ambulance: Troy Snow	The Alliance: Annette Cruz, Calvin Rigsby
BSG Analytics: Peter Garner	United Healthcare: Shelly Mailhiot, Kathy Stachura
Capitol Consultants: Tony Langenohl	United Health Group: Joelle Tierney
Colonial Life: Pat Flanagan	Unity Health Insurance: Cari Alexander, Brian Collien, Rob Plesha
Cooperative Network: Tim Clay	UW Health: Liz Melin, Kathi Skemp
Dean Health Plan: Katie Beals, Penny Bound	UW Hospital and Clinics: Anthony Dix
Delta Dental: Sunshine Mikulak	UW System Administration: Beth Ritchie
Department of Administration: Jennifer Kraus, Mickie Waterman	WEA Trust: Greg Cieslewicz, Kimberly Swanson
Division of Personnel Management: Paul Ostrowski	Wells Fargo: Thomas Harkless
EPIC Life Insurance Company: Wendy Hougan	WisBusiness.com: Polo Rocha
Group Health Cooperative – South Central Wisconsin: Elizabeth Dye, Emily Hatter	Wisconsin Association of Health Plans: Phil Dougherty, Tim Lundquist, Nancy Wenzel
Gundersen Health Plan: Sam Schmirler, Kris Scholze	Wisconsin Association of Health Underwriters: Alice O'Connor
Health Choice: Cliff Morris, Bob Pearson	Wisconsin Eye: Tariq Almagri
Health Tradition: Mike Eckstein, Chris Massa	Wisconsin Health News: Sean Kirkby
Humana: David Ehrenfried, Mary Haffenbredl, Elisabeth Wright	Wisconsin Hospital Association: Joanne Alig
Johnson & Johnson: Dennis Majeskie	Wisconsin Medical Society: Rick Abrams, Chris Rasch
Legislative Audit Bureau:	

Emily Pape, Fatima Hassan
Legislative Fiscal Bureau:
Paul Onsager
M3 Insurance:
Tim Byrne, Nathan Janke, Sean
LaBorde, Brad Niebuhr
MercyCare:
Tracy Craker, DuWayne Severson,
Dean Wolanyk
Michael Best Strategies
Andrew Hitt
Momentum Insurance:
Stephanie Steel

Wisconsin Primary Health Care
Association:
Lisa Olson
Wisconsin Public Radio:
Shamane Mills
Wisconsin State Engineering Association:
Bob Schaefer
WPS:
David Grunke, Matt Harty, Greg
Nelson
WPS Arise:
Carrie Helms

Bonnie Cyganek, Vice Chair, called the meeting of the Group Insurance Board (Board) to order at 8:31 a.m.

Ms. Cyganek expressed appreciation on behalf of the Board for the service and contributions of Jon Litscher, former Chair, who submitted his intent to resign from the Board on March, 22 2016.

CONSIDERATION OF FEBRUARY 16, 2016 OPEN & CLOSED MEETING MINUTES

MOTION: Mr. Grapentine moved to approve the open and closed session meeting minutes of the February 16, 2016 meeting as submitted by the Board Liaison. Mr. Day seconded the motion, which passed unanimously on a voice vote.

ANNOUNCEMENTS

Ms. Ellinger made the following announcements:

- Bob Ziegelbauer, Manitowoc County Executive, will replace Jon Litscher as a member of the Board.
- Bonnie Cyganek, Vice Chair, will serve as acting Chair until an Election of Officers on July 12, 2016.
- Jennifer Stegall, Senior Policy Advisor, attended the meeting in place of Daniel Schwartzer as the designee of the Officer of the Commissioner of Insurance (OCI).
- WisconsinEye was on site to record the meeting. (Note: The recording is available online at the [WisconsinEye website](#).)
- Wisconsin Public Radio was on-site to broadcast the meeting live.

Ms. Ellinger announced that a special Board meeting will be held July 12, 2016 for top vendor(s) to present their proposal(s) in response to the Request for Proposal (RFP) for Third Party Administration (TPA) of Wellness and Disease Management Programs (ETG00005), which was issued on behalf of the Board (Ref. GIB | 5.18.16 | 2A). The meeting will take place at the State Revenue Building instead of the Lussier Center.

Ms. Ellinger also brought the Wisconsin Health Insurance Market: Recent Developments memo (Ref. GIB | 05.18.16 | 2B) to the Board's attention. She provided a brief overview of two recent marketplace developments that are relevant to the state group health insurance program.

The first development is the announcement of a partnership between Anthem Blue Cross and Blue Shield Wisconsin and Aurora Health Care to form the Wisconsin Collaborative Insurance Company.

The second development is OCI's April 2016 approval for the merger of Unity Health Plans, an affiliate of UW Health, and Gundersen Health Plan, a subsidiary of La Crosse-based Gundersen Health System. Unity and Gundersen intend to participate as separate offerings in the state group health insurance program for 2017.

HEALTH INSURANCE

Guidelines/Uniform Benefit Changes for 2017

Ms. Pray referred the Board to the memo, Guidelines Contract & Uniform Benefits for the 2017 Plan Year (Ref. GIB | 2.17.16 | 5A). At the February 17, 2016 meeting, the Board approved the recommendation to make limited benefit changes for the 2017 program year, with exceptions to changes related to the wellness benefit and issues pertaining to compliance with state and federal law.

Ms. Pray provided an overview of additional recommended changes that were technical or administrative in nature and either support the 2016 procurements under way or are clarifications or minor changes identified over the past year.

Final contract language will be presented to the Board for approval at the August 16, 2016 meeting.

MOTION: Ms. Thompson moved to approve the changes to the Guidelines Contract as presented and grant ETF staff the authority to make additional technical changes as necessary. Ms. Carlson seconded the motion, which passed unanimously on a voice vote.

Self-Insuring Request for Proposals – Update & Discussion

Ms. Ellinger presented the Self-Insuring Medical Claims – Request for Proposals Update memo (Ref. GIB | 5.18.16 | 3B). At the February 17, 2016 meeting, the Board

approved the development and distribution of an RFP to evaluate self-insuring and a regional-statewide structure for the group health insurance program.

Ms. Ellinger provided a status report on the development of the RFP, including a brief overview of component detail and context. ETF has engaged Segal Consulting (Segal) to assist with the development and evaluation of the RFP, with an emphasis on performing cost and disruption analyses, as well as performing a review and providing feedback on the complete RFP draft. ETF intends to present various program structure alternatives for the Board's consideration at the November 15, 2016 Board meeting.

The RFP is structured to evaluate the following components:

- Mandatory Requirements
- Vendor Questionnaire
- Performance Measure/Reporting Requirements
- Program Structure: Regional, Statewide, and National
- Provider Access
- Cost Impact

A Request for Comment (RFC) was sent to current health plans and potential vendors on May 4, 2016. The RFC gauged health plan ability to submit data in prescribed formats and collected feedback on the regional structure. Responses were due May 11, 2016. Ms. Ellinger stated the RFC was issued to a broad array of potential vendors, health plans, Wisconsin-based health partnerships, national carriers, and other potentially interested TPAs. In order to ensure that all interested parties were able to provide feedback, the RFC was made publicly available online at ETF's Extranet and the Department of Administration's (DOA) Vendornet.

Mr. Vieira and Ms. Schatten of Segal provided a summary of RFC feedback to the Board (Ref. GIB | 5.18.16 | 3B - Presentation). Segal intends to assist ETF with the creation of a competitive statewide plan option, with ETF and the Board defining regions to ensure consistency moving forward.

Preliminary RFC comments regarding regional designation garnered a wide range of responses, including various suggestions for defining service areas, requests for flexibility when defining regions, and consideration for disruption of utilization and practice patterns.

In regard to network access, RFC comments stated a preference for county-by-county reporting rather than regional reporting, and an urban/non-urban county designation. Plans also requested that a wider variety of sources be considered when defining access standards, such as the Centers for Medicare & Medicaid Services (CMS) and the federally-facilitated marketplace. Feedback also included consideration requests for the consolidation of specialty/facility networks, and a mechanism for filling holes in the network after July 1, 2016.

Repricing file and discounts feedback included comments regarding regional data files versus statewide data files, non-disclosure and confidentiality agreement requirements, allowed use of vendor standard formats, data element changes in regards to protected health information (PHI) and personally identifiable information (PII), 2018 pricing, and concerns about provider level information disclosures.

Comments relating to market pricing stated that the RFC data specifications appeared to be thoughtful and complete, as well as reasonable and applicable. The purpose of the market pricing section was to allow the vendor to demonstrate how its network will be competitive and represent pricing and expected disruption. Feedback revealed that not all plans are currently collecting inpatient claims by a diagnosis-related group (DRG), and that implementing such a collection system would be a significant and time-consuming undertaking. Requests were received to report by county instead of 3-digit ZIP Code.

Segal stated that comments from the RFC will be taken into consideration and integrated into the upcoming Request for Information (RFI) and final RFP, if appropriate. After the release of the RFI, further modifications will be made to the RFP as necessary. Mr. Vieira stated that ETF is being as transparent as possible. The goal is to establish open, direct communication and be fair to all parties.

The RFI will be released in early June 2016. The RFI will allow vendors another opportunity to review and provide feedback on technical components of the RFP and help ensure the final RFP is as strong as possible. Ms. Ellinger stated that issuing the RFI will give vendors additional time to begin structuring RFP responses. The RFI will be made publicly available online at ETF's Extranet and the DOA's Vendornet.

Key dates leading up to the November Board presentation:

- January – July 2016: RFP Development
- May 4, 2016: RFC Issued
- June 3, 2016: RFI Issued
- July 22, 2016: RFP Issued
- August 5, 2016: Proposer Questions and Letter of Intent Due
- August 19, 2016: ETF Posts Answers to Questions on ETF Extranet
- September 9, 2016: **PROPOSAL DUE DATE**
- November 15, 2016: Board Presentation

Requests for Proposals Implementation Plan Update

Ms. Ellinger presented the Requests for Proposals Implementation Plan Update memo (Ref. GIB | 5.18.16 | 3C). At the February 17 meeting, the Board approved the development and distribution of the following RFPs in 2016:

- Wellness and Disease Management Vendor
- Data Warehousing and Business Intelligence Vendor

- Evaluation of Self-Insurance and Regional/Statewide Health Insurance Program Structure
- Pharmacy Benefit Manager

The Wellness and Disease Management Vendor RFP was issued April 25, 2016 and is available online at [ETF Extranet](#). Proposer questions and letters of intent were due May 13, 2016. ETF's answers to RFP questions were posted on ETF's Extranet May 17, 2016, four days later than originally anticipated. Ms. Ellinger explained the delay was due to receiving 244 questions – a large number of responses. At the July 12, 2016 Board meeting, the top vendor(s) will present their proposal(s), highlighting web tools and other user-facing tools of interest for the Board prior to vendor selection.

The Data Warehousing and Business Intelligence Vendor RFP has two components. It will first focus on building a data warehouse, which will incorporate data from medical vendors and health plans, as well as ETF's pharmacy benefit manager (PBM), wellness vendor, and dental vendor. The second component is a business intelligence solution with the tools and expertise to assist with data analytics. A RFI is set to be released June 3, 2016, with an anticipated RFP release date of June 30, 2016.

In late 2015, ETF issued an RFI for the PBM RFP. Results of the RFI are noted in the [Board memo 3D](#) (Ref. GIB | 5.18.16 | 3D).

Pharmacy Benefit Manager – Request for Information Update

Mr. Bogardus referred the Board to the memo, Pharmacy Benefit Management Request for Information (Ref. GIB | 5.18.16 | 3D). In November 2015, the Board exercised the final contract extension with Navitus Health Solutions, the current PBM. The contract with Navitus will expire December 30, 2017. The Board approved the development and release of a PBM RFP at the February 17, 2016 meeting. The RFP will be issued in November 2016 and the new PBM administrative services contract effective January 1, 2018.

The RFI requested that PBMs provide their perspectives, ideas, and concepts with regard to topics identified by ETF and Segal. The questions developed for the RFI were designed to be broadly interpreted in order for PBMs to demonstrate innovative methods, designs, and practices. The major categories of questions are as follows:

- Formulary Concepts and Design
- Pharmacy Network Concepts and Design
- Specialty Drug Management
- Fully Transparent Revenue and Cost Models
- Performance Guarantees
- Integration of Pharmacy and Medical Data and Member Adherence
- Other Innovative PBM Strategies

Mr. Bogardus highlighted three areas: specialty drug management, performance guarantees, and the integration of pharmacy data. While these categories had shared some similarities among PBMs, each category has individual points to consider.

Mr. Bogardus also noted that responses throughout the RFI included references to telemedicine, electronic health and medical records, as well as other technological and digital tools which are becoming more widely adopted concepts. Digital tools can improve member and subscriber engagement and adherence. Other such tools include mobile applications, remote patient monitoring, and targeted electronic messaging.

Transparency concepts garnered the widest range of responses, and reflected differing opinions about defining transparency and access limitations to PBM-negotiated contracts with drug manufacturers and pharmacy networks. Mr. Bogardus stated that it would be crucial during RFP development to maintain the operational, financial, and legal transparency required of a PBM.

Mr. Bogardus stated the RFI responses have provided a great deal of insight, enabling ETF to better select criteria and develop more meaningful questions for the RFP, and to better evaluate RFP responses. ETF is in the process of finalizing timelines for the development, posting and evaluation of the PBM RFP.

2015 Well Wisconsin Participation Rates

Ms. Bradley presented the memo, Well Wisconsin Updates (Ref. GIB | 5.18.16 | 3E), highlighting the utilization of DOA's worksite biometric screening vendor contract, 2015 participation in the \$150 Well Wisconsin incentive program, updates to program eligibility, and third party administration of the program. Ms. Bradley also provided an overview of recently-issued federal guidance not included in the memo.

2015 was the second year of the uniform wellness incentive; all contracted health plans are required to issue \$150 to adult members who complete a biometric screening and a health plan-administered health risk assessment (HRA). This is also the second year that DOA has contracted with OptumHealth to provide biometric screenings at workplace events for employer groups for the group health insurance program.

The contract costs for the biometric screening service is covered by an administrative fee paid to ETF by employer groups. Total contract expenditures for 2015 totaled approximately \$511,000. Overall use of the contract services increased by 20% in 2015.

ETF assisted employer groups with Well Wisconsin worksite promotion in 2015 by providing printed promotional materials and hosting the Well Wisconsin Expo in May 2015. Despite the increased utilization of the OptumHealth contract and added employer level promotion, participation rates for 2015 increased by less than 1% over 2014.

The Well Wisconsin program was designed to provide a uniform wellness incentive to all participants, but there is significant variation in participant experience by health plan, including the length and complexity of the HRA, the type of incentive payment (check or debit card) timeliness of incentive payment, overall program promotion by the health plan and follow-up services provided to participants.

When Well Wisconsin was introduced in 2014, the incentive was made available to all adult members over 18 years of age enrolled in group health insurance. In 2014, the Equal Employment Opportunity Commission (EEOC) filed several lawsuits against employers, including two Wisconsin-based employers, for wellness programs the EEOC considered to violate the Americans with Disabilities Act (ADA) and the Genetic Information Nondiscrimination Act (GINA). Ms. Bradley noted that these programs were deemed allowable under the existing regulations of the Affordable Care Act for wellness programs.

In late 2015, the EEOC issued two notices of proposed rulemaking meant to clarify employee wellness program compliance under ADA and GINA. After reviewing the proposed changes to both acts and consulting with Segal, ETF notified the contracted health plans and employer groups that adult dependents should no longer be eligible for the Well Wisconsin benefit effective January 1, 2016, in order to ensure GINA compliance.

On May 16, 2016, the EEOC released final rules for ADA and GINA. These rules are not reflected in Board memo 3E. The rules will allow spouse participation in employer wellness programs and solidify the exclusion of children from program participation, including adult dependents. The ADA updates require wellness programs to be voluntary and allow financial incentives up to 30% of the cost of employee coverage, in alignment for ACA wellness program guidelines.

DISABILITY PROGRAMS

Acceptance of State and Local Income Continuation Insurance Actuarial Valuations

Mr. Skwire and Mr. Correia of Milliman, Inc., presented an actuarial valuation overview of the State and Local Income Continuation Insurance (ICI) plans (Ref. GIB | 5.18.16 | 4A) as of December 31, 2015.

State ICI Plan

The Board approved a motion to increase State ICI premiums by 20% each year from 2016-2020 at the May 19, 2015 meeting. This recommendation served as the baseline for the valuation report. ETF recommended the 2015 premium rate decision remain in effect, with 20% premium increases for 2017-2020. This rate action is expected to eliminate the deficit by 2020.

MOTION: Mr. Farrell moved to approve the State ICI Actuarial Review as of December 31, 2015. Ms. Carlson seconded the motion, which passed unanimously on a voice vote.

Local ICI Plan

According to Milliman, the Local ICI plan had a significant surplus as of December 31, 2015. The plan is expected to generate a significant surplus for the foreseeable future, with expected investment earnings on the existing fund exceeding the cost of expected new claims and expenses each year. ETF therefore recommends a continuation of the premium holiday for the Local ICI plan.

MOTION: Mr. Farrell moved to approve the Local ICI Actuarial Review as of December 31, 2015. Ms. Thompson seconded the motion, which passed unanimously on a voice vote.

Acceptance of Long-Term Disability Insurance Actuarial Valuation

Mr. Skwire and Mr. Correia of Milliman presented an actuarial valuation overview of the Long-Term Disability Insurance (LTDI) plan (Ref. GIB | 5.18.16 | 4B) as of December 31, 2015. At the May 19, 2015 Board meeting, the Board approved an increase in the contribution rate from 0.32% to 0.52% effective January 2016, and then a decrease in the contribution rate to 0.35%, effective January 2017 and beyond.

ETF recommended the Board's 2015 contribution rate decision remain in effect, with the LTDI contribution declining to 0.35% in 2017, and therefore eliminating the funding deficit of the LTDI program by December 31, 2019.

Milliman presented an alternate funding approach that would eliminate the deficit sooner and result in lower long-term contribution rate for the Board's consideration. The Board deliberated on the alternate funding approach and determined the alternate funding approach was preferable. The Board will reevaluate the impact of the contribution rate in 2017.

MOTION: Mr. Grapentine moved to approve the Long-Term Disability Insurance Actuarial Review as of December 31, 2015, with a contribution rate increase to 0.42% effective January 2017, rather than the previously scheduled 0.35%, and a decrease in contribution rate of 0.32% effective January 2018, instead of the previously scheduled 0.35%. Ms. Thompson seconded the motion, which passed unanimously on a voice vote.

OPTIONAL PLANS

Optional Plans Annual Update

Ms. Mallow and Ms. Harper referred the Board to the memo, Optional Employee-Pay-App Insurance Programs Annual Update (Ref. GIB | 5.18.16 | 5A). 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 make the approved plans available to other state agencies and authorities.

Ms. Harper provided an overview of the following plans which ETF obtained contracts effective January 1, 2016:

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

Ms. Harper also noted that Aflac, an accidental injury insurance plan, chose not to enter into contract discussions with ETF and was discontinued effective December 31, 2015.

Long-Term Care Insurance Standards

Ms. Mallow presented the memo, Long-Term Care (LTC) Insurance Standards Review (Ref. GIB | 5.18.16 | 5B). The Standards document was updated in November 2014 with substantive changes from the 1999 version, including requirements for the benefit thresholds and inflation protection, as well as minor modifications to the process for submitting a proposal for LTC insurance.

Subsequent contract negotiations with insurers have highlighted the need to clarify the roles of entities involved in providing insurance. Ms. Mallow provided a summary overview of proposed changes and stated these additional changes are anticipated to result in a smoother contracting process.

Insurer proposals for 2017 participation will be presented to the Board at the August 18, 2016 Board meeting.

MOTION: Ms. Carlson moved to approve the revised “Standards for Proposing and Offering Long-Term Care Insurance to State Employees.” Ms. Thompson seconded the motion, which passed unanimously on a voice vote.

Optional Plan Proposals

Ms. Mallow presented the Optional Plans Proposals for 2017 memo to the Board (Ref. GIB | 5.18.16 | 5C). Ms. Mallow provided an overview of recent developments with Optional Plans and recommended the Board consider the following:

- Pend discussion of dental plan updates and rates until the July 2016 meeting
- Renew contract with VSP Vision Service Plan
- Replace Hartford with Zurich North American (Zurich) to offer AD&D insurance
- Decline all other new plans proposed

MOTION: Mr. Heifetz moved to renew the contract with VSP Vision Service Plan. Ms. Carlson seconded the motion, which passed unanimously on a voice vote.

MOTION: Ms. Stegall moved to approve the replacement of Hartford with Zurich to offer AD&D insurance. Mr. Day seconded the motion, which passed unanimously on a voice vote.

OPERATIONAL UPDATES

Ms. Cyganek referred the Board to the Operational updates in their Board packets (Ref. GIB | 5.18.16 | 6) and offered that staff were available if the Board had questions.

ADJOURNMENT

MOTION: Mr. Grapentine moved to adjourn the meeting. Mr. Heifetz seconded the motion, which passed unanimously on a voice vote.

The meeting adjourned at 11:13 a.m.

Date Approved: _____

Signed: _____

Michael Farrell, Secretary
Group Insurance Board