

DRAFT

# MINUTES

August 16, 2016

## Group Insurance Board

State of Wisconsin

### Location:

Lussier Family Heritage Center  
3101 Lake Farm Road, Madison, WI 53711



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### BOARD MEMBERS PRESENT:

Michael Farrell, Chair  
Herschel Day, Secretary  
Terri Carlson  
Chuck Grapentine  
Michael Heifetz

Ted Neitzke  
Stacey Rolston  
Nancy Thompson  
JP Wieske  
Bob Ziegelbauer

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### BOARD MEMBERS ABSENT:

Bonnie Cyganek, Vice Chair

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### PARTICIPATING EMPLOYEE TRUST FUNDS (ETF) STAFF:

Bob Conlin, Secretary  
John Voelker, Deputy Secretary  
Office of Strategic Health Policy:  
Lisa Ellinger, Director  
Sara Brockman, Board Liaison  
Eileen Mallow, Jeff Bogardus, Sarah  
Bradley, Rachel Carabell, Tara Pray,  
Shayna Schomber, Joan Steele

Legal Services:  
Daniel Hayes

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### OTHERS PRESENT:

ETF Department of Trust Finance:  
Bob Willett  
ETF Information Technology Services:  
Ryan Perkins  
ETF Legal Services:  
David Nispel  
ETF Office of Communications:  
Nancy Ketterhagen, Mark Lamkins  
ETF Office of Internal Audit:  
Jacquelyn Van Marter, Yikchau Sze

Maclver Institute:  
Chris Rochester  
Momentum Insurance:  
Stephanie Steel  
Navitus:  
Tom Pabich, Pam Olson  
Network Health:  
James Dahlke  
Office of the Commissioner of Insurance:  
Jennifer Stegall

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Board	Mtg Date	Item #
GIB	11.30.16	1

ETF Office of the Secretary: Pam Henning, Tarna Hunter, James Kates, Liz Doss-Anderson, Cheryllynn Wilkins	Physicians Plus: Ron Sebranek
ETF Office of Strategic Health Policy: James Cooper, Sherry Etes, Arlene Larson, Jessie Rossner, Renee Walk, Wade Whitmus	Securian: Hans Larsen, Paul Rudeen, Chris Schmelzer
Anthem: Brian Martin, Ted Osthelder	Segal Consulting: Patrick Klein, Kirsten Schatten, Ken Vieira
Baraboo Ambulance: Troy Snow	State Engineering Association: Bob Schaefer
Dean Health Plan: Katie Beals, Penny Bound	TRICAST: Stacy Ausbrung, Greg Rucinski
Department of Administration: Derek Sherwin, Nicole Zimm	UnitedHealth Group: Jodie Tierney
Division of Personnel Management: Peter Flood, Diana McNall, Paul Ostrowski	Unity Health Insurance: Cari Alexander
EPIC Life Insurance Company: Wendy Hougan	University of Wisconsin – Madison: Deanne DeSlover, SE Hutchinson
General Public: Hickory Hurie	UW Hospital and Clinics: Anthony Dix, Liz Melin
Group Health Cooperative – South Central Wisconsin: Emily Halter	UW System Administration: Zoua Vang
Health Choice: Cliff Morris, Bob Pearson	WEA Trust: Greg Cieslewicz
Humana: Rain Buck, Elizabeth Wright	Wisconsin Association of Health Plans: Phil Dougherty, Nancy Wenzel
Legislative Audit Bureau: Lisa Kasel	Wisconsin Health News: Tim Stumm
Legislative Fiscal Bureau: Paul Onsager	Wisconsin Hospital Association: Joanne Alig
M3 Insurance: Jeremy Shepherd	Wisconsin Medical Society: Chris Rasch
	WPS: Matt Harty

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

**CONSIDERATION OF MAY 18, 2016 OPEN MEETING MINUTES AND JULY 12, 2016 OPEN & CLOSED MEETING MINUTES**

***MOTION: Ms. Carlson moved to approve the open session meeting minutes of the May 18, 2016 meeting as submitted by the Board Liaison. Mr. Heifetz seconded the motion, which passed unanimously on a voice vote.***

***MOTION: Mr. Wieske moved to approve the open session meeting minutes of the July 12, 2016, meeting as submitted by the Board Liaison. Ms. Carlson seconded the motion, which passed unanimously on a voice vote.***

***MOTION: Mr. Grapentine moved to approve the closed session meeting minutes of the July 12, 2016, meeting as submitted by the Board Liaison. Ms. Thompson seconded the motion, which passed unanimously on a voice vote.***

## **ANNOUNCEMENTS**

Ms. Ellinger made the following announcements:

- Rachel Carabell has accepted the position of Strategic Health Policy Advisor with the Office of Strategic Health Policy.
- Renee Walk has accepted the position of Strategic Health Policy Advisor with the Office of Strategic Health Policy.
- Wade Whitmus has accepted the position of Health Policy Project Manager with the Office of Strategic Health Policy.
- Sara Brockman has accepted the position of Health Policy Advisor with the Office of Strategic Health Policy. Ms. Brockman will continue her role as the Board Liaison.
- Shayna Schomber assumed management of Optional Plans upon the retirement of Roni Harper. Ms. Schomber will continue to manage the dental benefit contract with Delta Dental and oversight of the self-insured medical benefits with Wisconsin Physicians Service.
- WisconsinEye was not present to record the meeting, due to the short duration of open session.

## **LIFE INSURANCE**

### **Wisconsin Public Employers Group Life Insurance 2015 Policy Report and Recommendations**

Mr. Rudeen with Securian referred the Board to the memo, Wisconsin Public Employers (WPE) Group Life Insurance 2015 Policy Year Report and Recommendations (Ref. GIB | 8.16.16 | 3B). Mr. Rudeen presented 2015 policy year highlights and pricing recommendations for the state and local plans for 2017. Detailed information for the 2015 policy year experience is summarized in the Financial Experience Report (Ref. GIB | 8.16.16 | 3B Attachment A).

All components of the State Plan and Local Government Plan are on track financially. Securian recommended maintaining the existing premium rates and benefits of the state and local plans. In addition, ETF staff recommended accepting the annual report as presented by Securian.

***MOTION: Ms. Thompson moved to (1) accept the annual report from Securian Financial Group, and (2) accept the recommendation of no changes to rates under the state and local government portions of the Group Life Insurance Program. Mr. Day seconded the motion, which passed unanimously on a voice vote.***

## **PHARMACY BENEFITS**

### **Audit of Pharmacy Benefit Manager and Employee Group Waiver Plan (Medicare Part D) by TRICAST**

Mr. Bogardus referred the Board to the memo, Audit of Pharmacy Benefit Manager (PBM) Services and Medicare Part D Employer Group Waiver Plan (Ref. GIB | 8.16.16 | 4A). Mr. Bogardus provided a summary of the annual audit performed by TRICAST, Inc. of PBM administrative services provided by Navitus Health Solutions, LLC (Navitus).

The audit report covers the following segments:

- 2015 PBM Commercial (non-Medicare) Pricing
- 2014 Pharmacy Network
- 2014 Fourth Quarter Rebates
- 2015 PBM Commercial (non-Medicare) Plan Design
- 2014 Navitus MedicareRx Employer Group Waiver Plan (EGWP)

TRICAST's Executive Summary and Audit Results Report conclude that TRICAST considered this a passing audit. While the audit found some discrepancies in the processing of claims, the volume is quite small, compared to the overall amount of claims processed by Navitus under both the EGWP and commercial plans. TRICAST concludes that overall, the programs are being administered in accordance with the plan designs and contractual provisions.

## **LONG-TERM CARE INSURANCE**

### **Long-Term Care Insurance Proposal for 2017**

Ms. Schomber and Ms. Mallow presented the memo, Long-Term Care (LTC) Insurance Proposal for 2017 (Ref. GIB | 8.16.16 | 5). Mutual of Omaha has been offered to state employees and their families since 2011. A proposal was submitted by Mutual of Omaha to ETF to continue offering LTC insurance in 2017. The Board was reminded that ETF was unable to come to a contractual agreement with Mutual of Omaha for 2016.

Milliman, the Board's actuarial consultant for LTC insurance, reviewed the proposal and found the policy, assumptions, and premium rates reasonable. Milliman verified that the proposal and benefits are in compliance with the Board's *Standards for Proposing and Providing Long-Term Care Insurance* (Standards), including the most recent changes to the Standards, which were updated and approved by the Board in May 2016.

ETF recommended the Board approve the proposal by Mutual of Omaha to offer LTC insurance to State of Wisconsin employees, annuitants, and their families, subject to negotiations between Mutual of Omaha and ETF that results in a signed contract.

The Board requested clarification regarding the lack of agreement between ETF and Mutual of Omaha for 2016. Ms. Mallow stated that 2016 would have been the first plan year with a contract between ETF and Mutual of Omaha, in accordance with the Board's directive for Optional Plan vendors to contract between the Board and individual vendors. Agreements were signed with individual brokers representing Mutual of Omaha. As such, LTC coverage was not impacted for 2016.

The Standards were updated for 2017 in order to clarify that contracts are required between the insurance vendor and the Board. Ms. Mallow also stated that it is ETF's intention to secure a signed contract with Mutual of Omaha as soon as possible.

***MOTION: Mr. Wieske moved to approve the proposal by Mutual of Omaha to continue offering long-term care insurance to eligible state employees and annuitants. Mr. Neitzke seconded the motion, which passed unanimously on a voice vote.***

#### **CLEARINGHOUSE RULE # CR 16-034: TECHNICAL AND MINOR SUBSTANTIVE CHANGES TO EXISTING ETF ADMINISTRATIVE RULES**

Mr. Hayes referred the Board to the memo, Clearinghouse Rule # 16-034 – Proposed Administrative Rule Making Technical and Minor Substantive Changes to Existing Administrative Rules (Ref. GIB | 8.16.16 | 6). ETF proposed a revision to the existing administrative rules in order to make technical updates to existing ETF rules, delete obsolete language in ETF rules, create consistency with provisions in 2015 Wisconsin Act 55 (2015-17 State Budget) and make other minor substantive changes.

Mr. Hayes provided a brief overview of the administrative rule promulgation process and the proposed changes. Of note, ETF proposed modifying the eligibility requirements for Income Continuation Insurance (ICI) for employees of local units of government in order to make requirements consistent with the 2015 Wisconsin Act 55 ICI changes for state employees.

ETF also proposed making minor changes to the definition of "dependent" for the purposes of life insurance offered to state employees, in order to provide flexibility beneficial to the implementation of ETF's Benefit Administration System (BAS). These

changes included removing the requirement that a dependent be unmarried, removing the requirement that the employee be responsible for at least 50 percent of support and maintenance for the dependent, removing the requirement that the dependent be more than 14 days old, and changing full-time student status from age 25 to 26 in order to match the age limit for health insurance.

Mr. Farrell noted the Patient Protection and Affordable Care Act (ACA) does not require dependents between the ages of 19 and 26 years to also be a full-time student, and asked if there was a reason why ETF's definition would be inconsistent with the ACA definition. Mr. Hayes stated that he would seek clarification.

Ms. Rolston also requested additional rationale to support removing the 50 percent support requirement and the requirement that a dependent be unmarried. Mr. Hayes stated that these items were both related to system specifications and functionality, and that he would seek clarification.

The Board did not take a motion on the item. The Board requested that additional information and justifications regarding the proposed administrative rule changes be presented at the November 30 Board meeting.

## **OPERATIONAL UPDATES**

Mr. Farrell referred the Board to the Operational updates in the Board Packets (Ref. GIB | 8.16.16 | 7) and offered that staff were available if the Board had questions.

Mr. Farrell noted the inclusion of a Department of Justice (DOJ) memorandum (Ref. GIB | 8.16.16 | 7A Attachment A) regarding the July 12, 2016 Board action to approve changes to the Guidelines Contract and Uniform Benefits for 2017 (Ref. GIB | 7.12.16 | 3A). ETF reviewed the DOJ memo and provided additional information for Board consideration (Ref. GIB | 8.16.16 | 7A Attachment B).

The Board requested clarification regarding the timing of the DOJ memo in relation to ETF's contracting process for the 2017 plan year, specifically if the Board would be able to revisit the Guidelines Contract and Uniform Benefits for 2017 at a future meeting. Ms. Ellinger stated that 2017 contracts will be signed prior to the November 30 Board meeting. However, the contract clearly states that plan design is based on Board decisions and contracted vendors must implement any Board-directed changes.

## **HEALTH INSURANCE**

### **Wisconsin Health Insurance Market: Review and Update of Developments**

Ms. Carabell referred the Board to the memo, Wisconsin Health Insurance Market: Review and Update of Developments (Ref. GIB | 8.16.16 | 8A). Ms. Carabell provided a brief overview of health plan mergers and partnerships announced since 2013, and

noted developments in the Wisconsin health plan and provider markets that are relevant to the state group health insurance program.

Ms. Carabell noted that several themes have emerged from the developments. National insurers are getting larger and regional insurers are expanding into new regions, including continued movement into Dane County; while local providers are being acquired. Several provider systems from Iowa, Minnesota, and Missouri have purchased formerly Wisconsin-based provider systems and insurance plans in recent years. However, Dane County-based plans continue to grow.

Ms. Carabell stated that most carriers participating in the state group health insurance program have been involved in some new partnership arrangement since 2013, including network expansions and collaborating with new insurance companies. Driving factors behind these changes include the Affordable Care Act, Board discussions around self-insurance and regionalization of health plans and normal market competitive pressures.

ETF will continue to monitor changes within the Wisconsin health plan and provider markets and provide updates to the Board as necessary.

#### **Request for Proposals Implementation Plan Update**

Ms. Ellinger referred the Board to the Requests for Proposals (RFP) Implementation Plan Update memo (Ref. GIB | 8.16.16 | 8B) and provided a brief update on the development and distribution of various RFPs.

At the July 12, 2016 Board meeting, the Board approved the staff recommendation to issue a letter of intent to award the contract for Wellness and Disease Management to The StayWell Company LLC (StayWell). The original contract start date target was August 15, 2016. The contract start date will be delayed, due to a vendor appeal (Ref. GIB | 8.16.16 | 12).

The RFP for a Data Warehousing/Visual Business Intelligence vendor was released on August 5, 2016. Vendor questions and letters of intent to bid are due August 17, 2016. Vendor selection is scheduled to occur at the November Board meeting.

The RFP for the Pharmacy Benefit Manager is on schedule to be released in November 2016.

The RFP to Evaluate Self Insurance and Regional/Statewide Program Structure was released on July 22, 2016. Vendor questions and letters of intent to bid were due August 5, 2016. Ms. Ellinger noted the complexity of the RFP and suggested delaying the November Board meeting by two weeks, in order to allow vendors an additional week to submit responses and provide the evaluation team an extra week to review and prepare for the November Board meeting.

The Board agreed with Ms. Ellinger's proposed timeline adjustment and the Board meeting was rescheduled for November 30, 2016.

### **2018 Contract Changes**

Ms. Pray and Ms. Steele referred the Board to the memo, Potential 2018 Health Benefit Program Contract Changes (Ref. GIB | 8.16.16 | 8C). The required specifications released with the RFP to Evaluate Self Insurance and Regional/Statewide Program Structure were included in a new State of Wisconsin Health Benefit Program Agreement (Agreement). The Agreement was based largely on the current contract between the Board and the health plans, with modifications included to insure the potential accommodation of a self-insurance model. Ms. Pray and Ms. Steele provided an overview of key components of the new Agreement.

Minimal changes were made to enrollment and eligibility specifications, Uniform Benefits, contract requirements and administrative processes, the participant grievance process, and Medicare requirements. Ms. Steele noted that if a Medicare Advantage procurement is executed for 2018, as recommended by Segal, certain Medicare provisions may be removed.

Ms. Pray noted two minor benefit changes that would be necessary under a potential self-insurance model, relating to mid-year plan transfers and the organ retransplantation benefit. No other benefit changes would be required to implement a self-insurance model.

Ms. Steele highlighted several contractual and administrative changes that would be required in a self-insured model. Of note, each participant would be required to select (or be assigned) a Primary Care Provider (PCP). This change is related to the data warehouse and strategic goals related to population health.

Ms. Pray highlighted new provisions that were added to the Agreement, including:

- Objectives, outlining areas of importance to the Board
- Expectations related to data sharing and integration
- Implementation plan requirements
- Administrative fee and financial administration guidelines
- Information technology protocols and technical requirements
- Requirements for continued provider negotiations to strategically realize cost savings to the benefit program and reporting the results annually
- Provider review requirements regarding fraud and abuse
- Reporting and deliverable requirements
- Performance standards and penalties
- Hospital bill audits
- Federally required nondiscrimination testing
- Plan outlining transition to a succeeding vendor



Ms. Pray stated that the Agreement includes provisions that are independent from a decision on self-insurance, such as plan design options, wellness incentives, premium tiering structure, provider networks, out-of-network benefit allowances, pharmacy networks, local provider options, and Medicare program offerings.

Staff noted that regardless of whether the Board moves forward with a self-insured model, stays with a fully-insured model or chooses a hybrid approach, the Agreement is intended to ensure consistent contract requirements for all selected vendors so that participants receive the same level of service irrespective of their benefit plan choice. The flexibility of the new Agreement will allow for the implementation of various other considerations depending upon future Board action.

**Update on Guidelines Contract and Uniform Benefit Changes for 2017 and Current Change for the It's Your Choice Access High Deductible Health Plan**

Ms. Pray and Ms. Schomber referred the Board to the memo, Update on Guidelines Contract and Uniform Benefit Changes for the It's Your Choice (IYC) Access High Deductible Health Plan (Ref. GIB | 8.16.16 | 8D).

At the May 18 and July 12, 2016 meetings, the Board approved initial Guidelines and Uniform Benefit change recommendations as presented, and granted the staff the authority to make additional technical changes as necessary. Additional updates have been made since the July Board meeting.

ETF recommended no change to the non-High Deductible Health Plan (HDHP) Maximum Out-of-Pocket Limits (MOOP) for 2017. Although the federal maximum MOOP for 2017 for non-HDHPs has increased for 2017, ETF recommended maintaining the current MOOP, in keeping with the Board-approved decision of no benefit changes for 2017. Ms. Pray noted that very few people reach the MOOP levels, and the vast majority of benefits covered under the plan accumulate to a much lower out-of-pocket limit (OOPL).

Ms. Pray highlighted new clarification language, including additional clarification on Board authority related to incomplete data submissions by health plans, revised non-discrimination notices for use by health plans on all significant benefit communications, and a minor clarification on exclusion to residential and transitional care regarding compliance with the Mental Health Parity and Addiction Equity Act.

ETF recommended the family OOPL for the IYC Access HDHP be reduced to \$6,550, effective immediately. Ms. Schomber explained that the current OOPL of \$6,750 does not meet the Internal Revenue Service (IRS) requirements related to Health Savings Account-qualified HDHPs. Participants will be notified of the change upon Board approval. Ms. Schomber stated that no participants have met this OOPL for 2016.

In addition, the IRS issued the limits for 2017, and there was no change to the family OOP. ETF recommended that the revised \$6,550 family OOP remain in place for 2017.

Final change recommendations will be presented at the November 30, 2016 Board meeting.

***MOTION: Mr. Neitzke moved to (1) approve the 2017 changes to the Guidelines Contract and Uniform Benefits as presented and grant ETF staff the authority to make additional technical changes as necessary, as well as (2) approve the recommended change to the out-of-pocket limit for the It's Your Choice Access High Deductible Health Plan, effective immediately. Ms. Carlson seconded the motion, which passed unanimously on a voice vote.***

The Chair announced the Board would convene in closed session.

***MOTION: Ms. Thompson moved to convene in closed session, pursuant to the exemptions contained in Wis. Stats. § 19.85(1) (a), (g) and (e), respectively, for the purposes of deliberating or negotiating the investing of public funds or to conduct other specified public business, whenever competitive or bargaining reasons require a closed session; confer with legal counsel for the Board who is rendering oral or written advice concerning strategy to be adopted by the Board with respect to litigation to which it is or is likely to become involved; and, for quasi-judicial deliberations concerning a case before the Board. Ms. Rolston seconded the motion, which passed on the following roll call vote:***

***Members Voting Aye: Carlson, Day, Farrell, Heifetz, Grapentine, Neitzke, Rolston, Thompson, Wieske, Ziegelbauer***

***Members Absent: Cyganek***

The Board convened in closed session at 10:38 a.m. and reconvened in open session at 12:40 p.m..

## **ANNOUNCEMENT OF ACTION TAKEN ON BUSINESS DELIBERATED DURING CLOSED SESSION**

### **Health Insurance**

Mr. Farrell announced the Board took the following action during closed session:

- Approved a motion to accept the recommended Alternate Plan Service Area Qualifications for 2017 as proposed by ETF staff.
- Approved a motion to accept the Financial Review of Alternate Health Providers for 2017.

- Approved a motion to approve the 2017 Tier assignments.
- Approved a motion to accept the 2017 state rates for self-insured plans, including the Standard Plan, State Maintenance Plan (SMP), Medicare Plus, Pharmacy, and Dental.
- Approved a motion to accept the 2017 local rates for self-insured plans, including the Standard Plan, State Maintenance Plan (SMP), Medicare Plus, Pharmacy, and Dental.

### **Appeal 2015-020-GIB**

During closed session, the Board moved to adopt the hearing examiner's proposed decision with modifications in regard to Appeal 2015-020-GIB.

### **Wellness Program Vendor Appeal**

Mr. Farrell announced the Board reviewed and deliberated the vendor appeal on the Request for Proposal for the Third Party Administration of Wellness and Disease Management Programs (RFP#ETG0005).

***MOTION: Mr. Day moved to accept the recommendation to deny the appeal filed by Limeade for the reasons set forth by ETF legal counsel. Mr. Wieske seconded the motion, which passed unanimously on a voice vote.***

### **FUTURE ITEMS FOR DISCUSSION**

Ms. Ellinger requested Board feedback regarding expectations for the November 30 Board meeting, in light of the considerable amount of information set to be presented to the Board pertaining to the RFP for a Data Warehousing/Visual Business Intelligence Vendor and the RFP to Evaluate Self Insurance and Regional/Statewide Program Structure.

Given the number of significant decisions associated with the RFP to Evaluate Self Insurance and Regional/Statewide Program Structure, Ms. Ellinger proposed that Segal and ETF staff present a series of different health plan options based on the data and information collected in the RFP. The Board would be able to provide feedback and direction during the November meeting, as well as request additional information to be presented at an additional special Board meeting.

The special Board meeting would provide the Board with a dedicated session for further discussion and deliberation and the opportunity to act on staff recommendations pertaining to self-insurance and regional/statewide program structure

The Board requested clarification on the role of the Joint Finance Committee (JFC) in regard to self-insurance. Mr. Conlin stated that should the Board ultimately decide to pursue a self-funded plan, the contract must be sent to the JFC for review and approval. Mr. Conlin also noted that only decisions pertaining self-funding are subject to JFC

review. The Board has the authority to make other plan design changes, such as regionalization, without further review or approval.

The Board supported the addition of a special meeting and expressed a preference to meet in December 2016 instead of January 2017. The additional special Board meeting was scheduled for December 13, 2016.

**ADJOURNMENT**

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

The meeting adjourned at 1:01 p.m.

Date Approved: \_\_\_\_\_

Signed: \_\_\_\_\_

Herschel Day, Secretary  
Group Insurance Board