

Current State and Overview

State of Wisconsin Group Health Insurance Program
Group Insurance Board, November 30, 2016

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Impetus for today's discussion

- Due Diligence – Investigation of Opportunities for Improvement
- Opportunity to ease program administration
- Opportunity to contain costs
- Opportunity to reduce variation in care delivery
- Opportunity to improve member health and outcomes

Let's review the history and pros and cons of current program structure.

Competitive Model + Tiering

- Current competitive market model
- Health plans absorb risk
- Uniform benefit
- Utilizes 3 premium tiers for annual bid negotiations



- Risk adjustments to compensate for membership
- Requires increasingly competitive bids to earn Tier 1 status
- Plans falling to Tier 2 or 3 lose enrollment and exit program

Service Area Requirements

Annual bids include provider and service area commitments

Minimum service area requirements must be met

Plans can offer their most competitive provider arrangements

Reasons for change may include:

- Tier 1 premium requirements
- Striving for membership growth
- Change in provider relationships

Quality & Performance: Annual Report Card

Quality & Performance Measures	Categories	Measures (examples)
<ul style="list-style-type: none">• HEDIS• CAHPS	<ul style="list-style-type: none">• Overall performance• Quality• Care coordination• Overuse of services	<ul style="list-style-type: none">• Controlling high blood pressure• Preventing hospital readmissions• Avoiding overuse of antibiotics

- Results in “quality credit”
- Reported in *It’s Your Choice* participant materials

Quality & Performance Trends

Consistent High Scores

- Gundersen Health Plan
- Dean Health Insurance
- HealthPartners

Consistent Average Scores

- Anthem
- GHC of South Central WI
- Health Tradition
- Unity

Consistent Low Scores

- Arise Health Plan
- Humana
- UnitedHealthcare

Member Grievance Trends

Consistent Low Rate of Grievances

- Dean Health Insurance
- GHC of Eau Claire
- GHC of South Central WI
- Medical Associates
- WEA Trust

Consistent High Rate of Grievances

- Anthem
- Humana

Premium Trends & Negotiations

Current structure is
a powerful
negotiation tool

- Plans are motivated to lower bids to meet Tier 1 requirements
- Average final vs. preliminary bid saved \$283M over past 9 years
- Average 3.7% premium increase over the past 9 years is < national trends

Current Structure Challenges

Key challenges/limitations in managing 18 health plans:

- Ensuring contract requirements are met
- Consistent application of member services and benefits
- Variation in data submissions
- Complex and time-intensive annual processes (bid negotiations, service area qualifications, etc.)
- Overall high cost to State

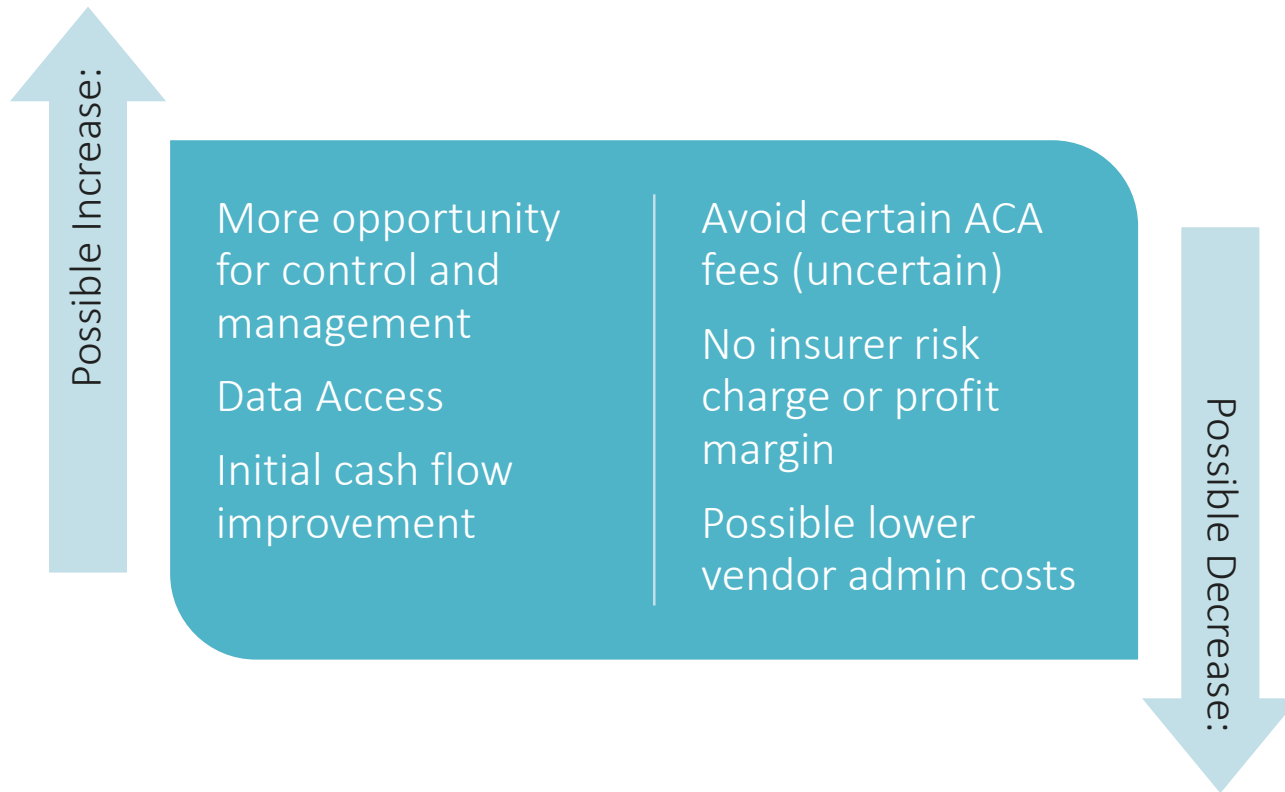
Self-Insurance: Background & Considerations

Concept has been explored over past 5 yrs

Board and ETF have experience administering (Rx, Dental, IYC Access Plan)

Majority of larger employers self-insure

Self-Insurance Benefits



Self-Insurance Concerns

ACA fees uncertain

Limitations on value-based provider payment model

Claims risk

Administrative costs will shift (more administrative burden)

Likely increased Board and ETF legal liability

Regionalization

Board could pursue regionalizing program regardless of funding model (fully-insured, self-insured, hybrid)

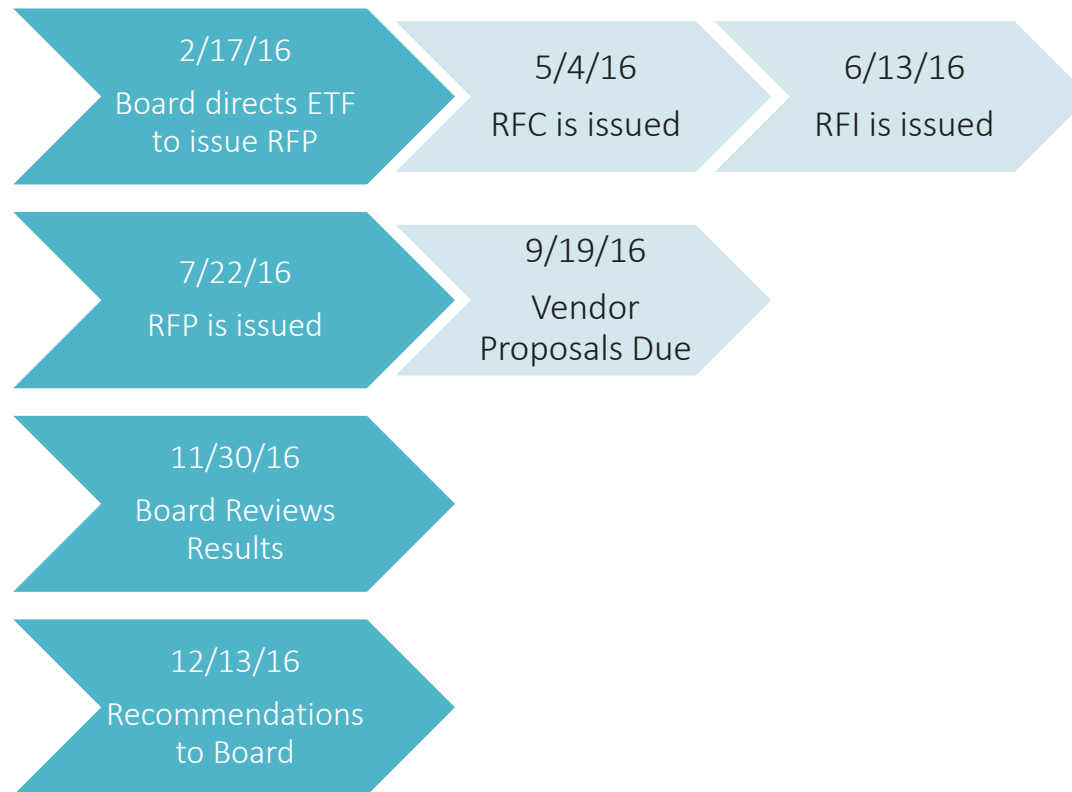
Benefits:

- Streamlined administration and member communication
- Possibility for increased provider discounts due to vendors' increased buying power
- Restrict participation to top vendors

Concerns:

- Could limit provider options for participants
- Possible capacity issues (unknown)
- Possible reduced competition in WI marketplace potentially impacting the program long-term

Evaluation Timeline



Chapter 40 Procurement

RFP authorized under Chapter 40 Wis. Stats.

- Board has broad authority to contract for services, including defining the process for selecting vendors

Process used closely followed Chapter 16 Wis. Stats.

Chpt 16 vs. Chpt 40:

- Segal was responsible for scoring the cost proposals, due to the complex financial analysis required
- All vendor proposals presented to the Board for consideration under a variety of regional and statewide scenarios

Legislative Oversight



Next Steps



Board reviews results of RFP and possible scenarios

Board provides Segal and ETF staff feedback and guidance on preferred scenarios

Board reconvenes on 12/13/16 to review actionable options