

DRAFT

MINUTES

November 30, 2016

Group Insurance Board
State of Wisconsin

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



BOARD MEMBERS PRESENT:

Michael Farrell, Chair
Bonnie Cyganek, Vice Chair
Herschel Day, Secretary
Terri Carlson
Chuck Grapentine

Michael Heifetz
Ted Neitzke
Stacey Rolston
JP Wieske
Bob Ziegelbauer

BOARD MEMBERS ABSENT:

Nancy Thompson

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

Division of Retirement Services:
Deb Roemer
Legal Services:
Daniel Hayes

OTHERS PRESENT:

ETF Budget & Procurement:
Jason Barrett, Beth Bucaida, Dana
Perry, Joe Schneider
ETF Division of Retirement Services:
John Alexander
ETF Information Technology Services:
Collin D'Souza, Ryan Perkins, Ali
Vang, Thomas Wakeen
ETF Legal Services:
Diana Felsmann, David Nispel
ETF Office of Communications:
Mark Lamkins

Madison Chamber of Commerce:
Brett Halverson
Martin Schreiber & Associates
Annie Early
Medical Associates:
Karen Brunton
MercyCare:
Sherrie Sargent
Momentum Insurance:
Stephanie Steel
Network Health:
James Dahlke

Board	Mtg Date	Item #
GIB	12.13.16	1

ETF Office of the Secretary:

Liz Doss-Anderson, Pam Henning,
James Kates, Tarna Hunter,
Cheryllynn Wilkins

ETF Office of Strategic Health Policy:

Sarah Bradley, Rachel Carabell,
James Cooper, Sherry Etes, Arlene
Larson, Tara Pray, Jessica Rossner,
Joan Steele, Renee Walk, Wade
Whitmus

Alliance of Health Insurers:

RJ Pirlot

Anthem Blue Cross and Blue Shield:

Ted Osthelder

Association of Career Employees:

Sally Drew

Aurora Health Care:

Andrew Hanus

Baraboo Ambulance:

Troy Snow

Colonial Life:

Patrick Flanagan

Dean Health Plan:

Katie Beals, Penny Bound

Division of Personnel Management:

Paul Ostrowski

EPIC Life Insurance Company:

Wendy Hougan

General Public:

John Bott, Hickory Hurie, Mike McLain,
Millard Susman

Humana:

Mary Haffenbredl

Legislative Audit Bureau:

Jake Gasser

Legislative Fiscal Bureau:

Rachel Janke, Paul Onsager

M3 Insurance:

Tim Byrne, Nathan Janke, Jeremey
Shepherd

Maclver Institute:

Chris Rochester

Office of the Commissioner of Insurance:

Jennifer Stegall

Office of Representative Chris Taylor:

Maggie Gay

Physicians Plus:

Ron Sebranek

Rural Wisconsin Health Co-Op:

Jeremy Levin

Securian:

Kjirsten Elsner, Chris Schmelzer

State Engineering Association:

Bob Schaefer

Unity Health Insurance:

Cari Alexander

University of Wisconsin – Madison:

SE Hutchinson

UW Health:

Anthony Dix

UW System Administration:

LaDonna Steinert

Walgreens:

Matt Wessels

WEA Trust:

Greg Cieslewicz

WisBusiness.com:

Alex Moe

Wisconsin Association of Health Plans:

Tim Lundquist, Nancy Wenzel

Wisconsin Health News:

Sean Kirkby

Wisconsin Hospital Association:

Joanne Alig

Wisconsin Medical Society:

Chris Rasch

Wisconsin Retirement Association:

Gary Mitchell

Wisconsin State Journal:

David Walhberg

WPS Arise:

Matt Harty

Michael Farrell, Chair, called the meeting of the Group Insurance Board (Board) to order at 8:30 a.m.

CONSIDERATION OF AUGUST 16, 2016 OPEN AND CLOSED MEETING MINUTES

MOTION: Ms. Carlson moved to approve the open session meeting minutes of the August 16, 2016, meeting as submitted by the Board Liaison. Mr. Wieske seconded the motion, which passed unanimously on a voice vote.

MOTION: Ms. Carlson moved to approve the closed session meeting minutes of the August 16, 2016, meeting as submitted by the Board Liaison. Mr. Wieske seconded the motion, which passed unanimously on a voice vote.

ANNOUNCEMENTS

Ms. Ellinger made the following announcements:

- 2017 contracts are in place for the Optional Plans and Long-term Care Insurance proposals previously approved by the Board (Ref. GIB | 8.16.16 | 5).
- Chris Schmelzer, Department of Employee Trust Fund (ETF) account manager with Securian, has retired. Kjirsten Elsner has assumed the position of ETF account manager.
- Paul Onsager, Fiscal Analyst with the Legislative Fiscal Bureau, will be replaced by Rachel Janke, Fiscal Analyst.
- The Request for Proposal (RFP) for the Administrative Services for the State of Wisconsin Pharmacy Benefits Program (RFP#ETG0013) was released on November 18, 2016, ahead of schedule. Responses are due January 25, 2017.
- Implementation of the StayWell contract for the Third Party Administration of Wellness and Disease Management programs (RFP#ETG0005) is going well. ETF and StayWell are well positioned to launch the program the week of January 1, 2017. An introductory brochure will be mailed to participants during the third week of January 2107.
- Molly Heisterkamp has been hired by StayWell to serve as the onsite StayWell resource for ETF, as stipulated in the contract with StayWell. Ms. Heisterkamp will begin her tenure in early 2017.
- The High Deductible Health Plan (HDHP) had a 40% enrollment increase for 2017 with 3,500 participants. The HDHP program was implemented in 2015 with 500 participants. The program grew to over 2,500 participants for 2016.
- WisconsinEye was not present to record the meeting, due to the short duration of open session.

Ms. Ellinger provided a brief overview of the meeting structure, stating that it would largely be held in closed session, and that the closed session would be split evenly between the assessment and deliberation of proposals for Data Warehouse and Visual

Business solution (RFP#ETG0004/ETG0006) and proposals for the State of Wisconsin Health Benefit Program (RFP#ETG0003). The purpose of the closed sessions was to protect confidential and proprietary information obtained as part of the RFP process.

Ms. Ellinger stated that the Board would not act on self-insuring or regionalizing the health insurance program during the meeting, as the afternoon closed session was the Board's first opportunity to hear in detail the analysis from the RFP, to ask questions, discuss options and give feedback. ETF will present actionable options at the December 13 Board meeting.

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

Mr. Hayes, Ms. Roemer, and Ms. Elsner of Securian, presented the memo, Clearinghouse Rule #16-034 – Proposed Administrative Rule Making Technical and Minor Substantive Changes to Existing Administrative Rules (Ref. GIB | 11.30.16 | 3). 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.

The rule was presented at the August 16 Board meeting (Ref. GIB | 8.16.16 | 6), but several questions were raised about the proposed changes and the Board requested clarification at the November 30 meeting. Mr. Hayes provided the requested clarification.

Two changes were recommended for modernizing the definition of dependent for the purposes of the life insurance program and making it consistent with industry trends. The first proposed change was to remove the requirement that the dependent be more than 14 days of age. This requirement does not make a difference from an actuarial standpoint or lead to a substantial number of claims that impact premiums. The second proposed change was to remove the requirement that the dependent rely on the employee for at least 50% of support and maintenance. This requirement was deemed difficult to prove and administer, and is not commonly seen in life insurance policies. Securian advised ETF to remove the requirement.

Two additional changes were recommended in order to bring the definition in alignment with the Patient Protection and Affordable Care Act (ACA) and better administer dependent life coverage with respect to the development of ETF's new Benefit Administration System (BAS). The first proposed change was to remove the requirement that the dependent be unmarried, and the second was to allow dependents to be insured up to age 26.

When the rule was discussed at the August 16 Board meeting, the Board questioned why the requirement for a dependent to be a full-time student remained in the proposed

rule, given that this is no longer required for health insurance. ETF determined the point to be valid and changed the recommendation to delete the full-time student requirement, thereby making the provision consistent with health insurance eligibility for dependents.

Mr. Hayes also provided a brief overview of the proposed modifications to the 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.

MOTION: Ms. Cyganek moved to approve the final version of the proposed rule. Ms. Rolston seconded the motion, which passed on a voice vote.

DELTA DENTAL CONTRACT EXTENSION

Ms. Mallow referred the Board to the Uniform Dental Benefit Contract Extension memo (Ref. GIB | 11.30.16 | 4). The Board entered into a contract with Delta Dental of Wisconsin in July 2015 for the administration of the statewide Uniform Dental Benefit plan for the State and the Wisconsin Public Employers (WPE) programs. The initial contract period ends December 31, 2017 and includes the option of two 2-year extensions.

Delta Dental proposed a modest administrative fee increase of \$0.05 per contract per month (PCPM) beginning in 2018, which would increase the total fee to \$1.14 PCPM. Delta Dental has expressed a willingness to maintain this fee beyond the two-year extension, which staff will seek to negotiate.

Staff requested the Board approve one 2-year extension to extend the contract with Delta Dental through December 31, 2019.

MOTION: Mr. Heifetz moved to approve the extension of the Administrative Services Only contract with Delta Dental of Wisconsin for two years, and extend the terms of the contract through December 31, 2019. Mr. Ziegelbauer seconded the motion, which passed on a voice vote.

Members Abstaining: Wieske

OPERATIONAL UPDATES

Mr. Farrell referred the Board to the Operational updates in the Board Packets (Ref. GIB | 11.30.16 | 5) and offered that staff were available if the Board had questions.

STATE OF WISCONSIN GROUP HEALTH INSURANCE PROGRAM CURRENT STATE AND OVERVIEW

Ms. Ellinger referred the Board to the memo, State of Wisconsin Group Health Insurance Program – Current State & Overview (Ref. GIB | 11.30.16 | 6). The memo provided an overview of the current program structure of the State of Wisconsin Group Health Insurance Program (GHIP), as well as the program history, key attributes, opportunities in the current structure, and key changes on the horizon.

The current program structure has a number of challenges and areas for improvement, especially in regard to the administrative complexity involved with 17 fully-insured health plans and 1 self-insured health plan through WPS. Additional challenges include 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.), and the overall high costs to the State.

Ms. Ellinger noted that the overall high costs to the State may seem at odds with the noted success of health plan negotiations. Over a 9-year history of preliminary bids versus final premium increases, the average annual increase of 3.7% is less than half of the 7.6% premium increase requested in the preliminary bids, and below national trends. The plan premium tiering structure has accounted for nearly \$283 million in cost reductions over 9 years (the difference between the preliminary and final bids).

She elaborated that the GHIP is a high-cost program with a \$1.5 billion budget for the state and local employee programs, which will continue to face competition for state resources moving forward.

Recent studies also indicate GHIP premiums may be higher than those paid by employers in Wisconsin and surrounding states. Ms. Ellinger cited the inclusion of data from a Commonwealth Fund analysis in Table 6 of the memo, which compared the 2015 average premium for active state employees in the GHIP program against other Midwestern states. The GHIP premiums were higher than the relative benchmarks, which can be attributed to difference in benefit design, higher costs of care in Wisconsin, and the higher disease burden of GHIP members.

The Board has considered self-insuring the medical portion of the GHIP periodically over the past five years. Ms. Ellinger stated that the appeal of self-insurance boils down to two factors—cost and control. Most employers are looking to reduce administrative costs while also increasing control over their benefit package and data. Furthermore, Ms. Ellinger stated that as a unique major purchaser, the State currently has more control than other employers. However, statutory requirements limit how much the Board can change the benefit package.

There are number of potential benefits associated with offering a self-insured model, including:

- More opportunity for control and management
- Better data access

- Initial cash flow improvement
- Avoid certain ACA fees (uncertain)
- No insurer risk charge or profit margin
- Possible lower vendor administrative costs

Concerns related to offering a self-insured model include:

- ACA fees are uncertain
- Limitations on value-based provider payment model
- Claims risk
- Administrative costs will shift (more administrative burden for ETF staff)
- Likely increase of Board and ETF legal liability

The benefits of regionalization include:

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

Concerns related to regionalization include:

- Potential for limited provider options for participants
- Possible capacity issues (unknown)
- Potential for reduced competition in the Wisconsin marketplace that could possibly impact the program long-term

If the Board were to execute a contract with a self-insured TPA for any aspect of the GHIP, 2015 Wisconsin Act 119 requires the Board, in consultation with the Division of Personnel Management in the Department of Administration, to report to the Legislature's Joint Committee on Finance (Committee) through a passive review process.

The Chair announced the Board would convene in closed sessions pursuant to the exemptions contained in Wis. Stat. § 19.85 (1) (e) for the purpose of deliberating the potential investment of public funds and to review proposals for services for which competitive and bargaining reasons required a closed session. Staff from the Department of Employee Trust Funds, actuarial representatives from Segal Consulting, and members of the data warehouse proposal evaluation committee were invited to remain during the closed session.

MOTION: Ms. Carlson moved to convene in closed session, pursuant to the exemptions contained in Wis. Stat. § 19.85 (1) (e) to deliberate or negotiate the investing of public funds or conduct other specified public business. Mr. Grapentine seconded the motion, which passed on the following roll call vote:

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

Members Absent: Thompson

The Board convened in closed session at 9:44 a.m. and reconvened in open session at 1:36 p.m.

ANNOUNCEMENT OF ACTION TAKEN ON BUSINESS DELIBERATED DURING CLOSED SESSION

Mr. Farrell announced the Board reviewed and deliberated on RFPs for the Data Warehouse and Visual Business Intelligence Solution for the State of Wisconsin Group Health Insurance Board (RFP#ETG0004/ETG00006) during closed session.

Ms. Rolston stated both of the top scoring vendors, Truven Health Analytics (an IBM company) and The Lewin Group, were capable of assisting ETF and the Board to develop a data warehouse and visual business intelligence solution. Other vendors that submitted proposals scored significantly lower than Truven Health Analytics and The Lewin Group and were determined not able to assist the Board in accomplishing its goals.

Motion: Ms. Rolston moved to grant authority to the Secretary of the Department of Employee Trust Funds to issue an intent to award the contract for a Data Warehouse / Visual Business Intelligence Solution to Truven Health Analytics for the period of January 1, 2017 through December 31, 2018, with the potential for two 2-year extensions, subject to successful contract negotiations.

In addition, if the contract negotiations fail or extend beyond a reasonable period of time, the Secretary has the authority to issue an intent to award the contract for a Data Warehouse / Visual Business Intelligence Solution to The Lewin Group.

Ms. Carlson seconded the motion, which passed on the following roll call vote:

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

Members Absent: Thompson

The Board took a break from 1:39 p.m. to 1:44 p.m.

The Chair announced the Board would convene in closed sessions pursuant to the exemptions contained in Wis. Stat. § 19.85 (1) (e) for the purpose of deliberating the potential investment of public funds and to review proposals for services for which competitive and bargaining reasons required a closed session. Staff from the Department of Employee Trust Funds, Office of the Commissioner of Insurance, the Department of Administration, Segal, and members of the self-insuring/regionalization proposal evaluation committee were invited to remain during the closed session.

MOTION: Mr. Neitzke moved to convene in closed session, pursuant to the exemptions contained in Wis. Stat. § 19.85 (1) (e) to deliberate or negotiate the investing of public funds or conduct other specified public business. Ms. Cyganek seconded the motion, which passed on the following roll call vote:

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

Members Absent: Thompson

The Board convened in closed session at 1:44 p.m. and reconvened in open session at 4:25 p.m.

ANNOUNCEMENT OF ACTION TAKEN ON BUSINESS DELIBERATED DURING CLOSED SESSION

Mr. Farrell announced the Board reviewed and deliberated on the RFP for Administrative Services for the State of Wisconsin Health Benefit Program (RFP#ETG0003) during closed session. The Board will reconvene on December 13, 2016 for further deliberation.

ADJOURNMENT

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

The meeting adjourned at 4:27 p.m.

Date Approved: _____

Signed: _____

Herschel Day, Secretary
Group Insurance Board