

# Results and Analysis

## Request for Proposals for the State of Wisconsin Group Health Insurance Program

Group Insurance Board, December 13, 2016

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# Background

RFP issued July 22, 2016

Proposals due September 19, 2016

9 Proposing vendors

- 2 Statewide/nationwide
- 9 Total regional

Not all current health plans submitted a proposal

# Scoring Categories

Scored by Eval Team 1

Scored by Eval Team 2

## General Questionnaire

Experience

Staff Qualifications

Customer Service

Implementation

Data Security

## Technical Questionnaire

Provider Management

Provider Reimbursement

Medical Management

Total Health Management

Data Integration &  
Technology

## Cost, Data, Network

Region Designation

Network Access

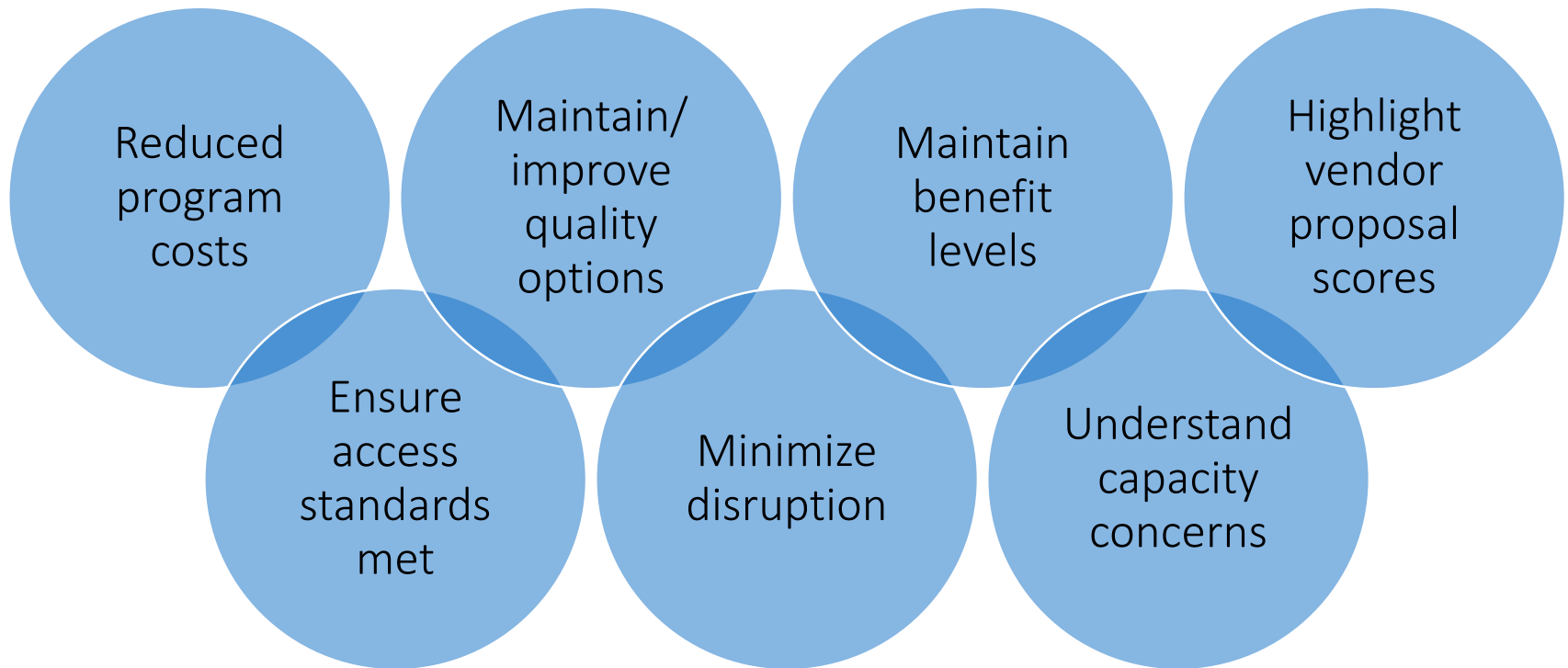
Administrative Fees

Capitation

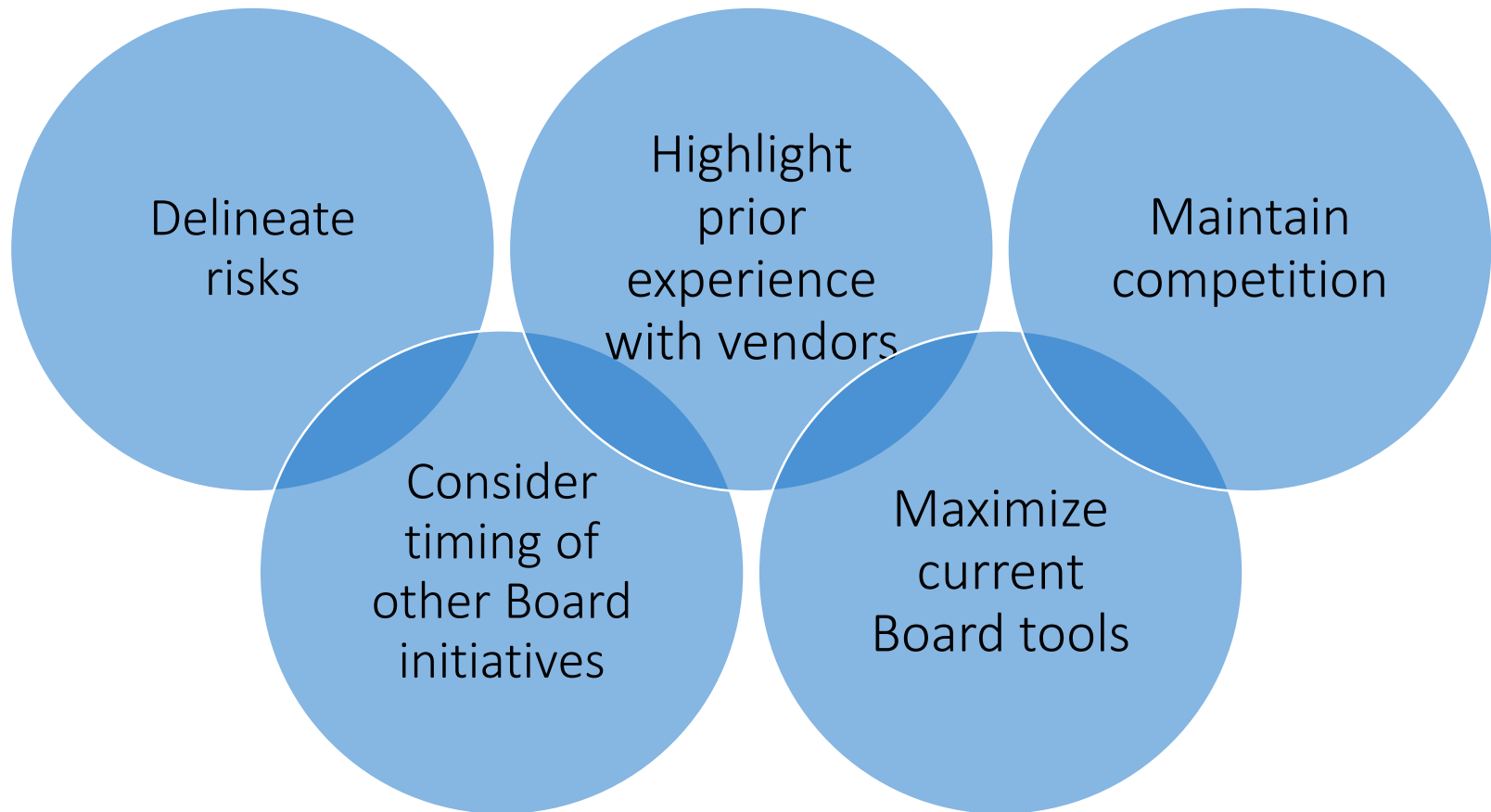
Self-Insured Projection

Data Certification

# Primary Objectives



# Secondary Objectives



# Decision Matrix

Consideration	Description
Cost	How do claims and administrative costs under the scenario compare with the projections under the current model?
Access	Do members have sufficient access to primary and specialty care as well as facilities?
Quality	How do the vendors in the scenario currently perform on quality measures and what is their potential to improve performance over time?
Disruption/ Capacity	How does access to primary and specialty care providers and facilities compare to the access members have today? Is there sufficient capacity in the available network(s) to absorb the disruption?
RFP Score	Does the scenario include only the top scoring vendors?
Risk	How significant/likely are the risks associated with the scenario and do they outweigh the potential improvements?

*Excerpt, not complete document*

# Overview of the 7 Scenarios

Development based on:

- Board priorities
- RFP results

All produce equivalent future costs which allow for:

- Focus on the non-financial merits
- Focus on concerns

Ordered from the least change (Option 1), to the most change (Option 7)

# Improvements: All Scenarios

## Improvements consistent with current Board initiatives:

- Non-negotiable data warehousing requirements
- Increased member incentives for wellness participation
- Improved quality through performance measurement benchmarks/thresholds

## Other proposed improvements:

- Minimize cost shift to members / minimize reduction in benefits
- 3-year contracts with health plans
- Rates established/capped to achieve program costs comparable to other program restructure options

All improvements apply to all scenarios



# Program Structure Scenarios

Scenario	Funding Structure*	Level of Program Change
Scenario 1: Current Program Structure Up to 16 Vendors	Fully-Insured	Minimal
Scenario 2: Regionalized 7-11 Total Vendors	Fully-Insured	Moderate
Scenario 3: Regionalized 6-10 Total Vendors	Fully-Insured	Moderate
Scenario 4: Regionalized 6-8 Total Vendors	Hybrid	Significant
Scenario 5: Regionalized 6 Total Vendors	Hybrid	Significant
Scenario 6: Regionalized 6 Total Vendors	Self-Insured	Major
Scenario 7: Statewide 1-2 Total Vendors	Self-Insured	Major

*\*IYC Access Plan (formerly Standard Plan) remains self-insured in all options.*

# Scenario 1

Table 4. Scenario 1: Current Program Structure, Up to 16 Vendors

Program Structure:	
Self-Insured Plan	Fully-Insured Plans
<ul style="list-style-type: none"><li>• <i>Statewide/Nationwide</i>: One Plan</li></ul>	<ul style="list-style-type: none"><li>• Up to 16 current plans willing to meet program requirements; plans define service area</li></ul>

*Memo page 7*

# Scenario 1

## Benefits

- Cost savings
- Insurers take on claims risk
- Insurer incentive to focus on medical management and utilization
- Maintain competitive insurer environment
- Legislative approval required for statewide vendor only
- Public/member positive perception
- Ability to administer with current ETF staff capacity

## Risks

- Missed opportunity to eliminate lower quality vendors
- Complex administration

## Unknowns

- Which health plans will continue to participate -- impacts access and provider disruption

*Memo page 7, Table 4*

# Scenario 2

Table 5. ETF Regional Membership

Region	NORTH	SOUTH	EAST	WEST
% of membership	4%	54%	30%	10%

Table 6. Scenario 2: Regionalized, 7–11 Total Vendors

Program Structure:	
Self-Insured Plan	Fully-Insured Plans
<ul style="list-style-type: none"> <li>Statewide/Nationwide: One Plan</li> </ul>	<ul style="list-style-type: none"> <li>North: Multiple Plans</li> <li>East: Multiple Plans</li> <li>West: Multiple Plans</li> <li>South: Current plans willing to meet program requirements; plans define service area</li> </ul>

## Key change from Scenario 1:

Regional structure for North/East/West – move away from plans determining service area

*Memo pages 7-8*

# Scenario 2

## Benefits

- Cost savings
- Insurers take on claims risk
- Insurer incentive to focus on medical management and utilization
- Maintain competitive insurer environment, **but with fewer insurers**
- Legislative approval required for statewide vendor only
- Public/member positive perception
- Ability to administer with current ETF staff capacity

## Risks

- Missed opportunity to eliminate lower quality vendors
- Complex administration

## Unknowns

- Which health plans will continue to participate -- impacts access and provider disruption

*Memo page 8, Table 6*

# Scenario 3

Table 7. Scenario 3: Regionalized, 6–10 Total Vendors

Program Structure:	
Self-Insured Plans	Fully-Insured Plans
<ul style="list-style-type: none"><li>• <i>Statewide/Nationwide</i>: Two Plans</li></ul>	<ul style="list-style-type: none"><li>• <i>North</i>: Fewer Plans</li><li>• <i>East</i>: Fewer Plans</li><li>• <i>West</i>: Fewer Plans</li><li>• <i>South</i>: Current plans willing to meet program requirements; plans define service area</li></ul>

## Key changes from Scenario 2:

- Addition of a second statewide/nationwide vendor
- Contracting with fewer insurers in each region

# Scenario 3

## Benefits

- Cost savings
- Insurers take on claims risk
- Insurer incentive to focus on medical management and utilization
- Maintain competitive insurer environment, but with fewer insurers
- Legislative approval required for statewide vendor only
- Public/member positive perception
- Ability to administer with current ETF staff capacity
- **Improved ease of administration**

## Risks

- Missed opportunity to eliminate lower quality vendors

## Unknowns

- Which health plans will continue to participate (impacts access, disruption)

*Memo page 9, Table 7*

# Scenario 4

Table 8. Scenario 4: Regionalized, 6–8 Total Vendors

<b>Program Structure:</b>	
<b>Self-Insured Plans</b>	<b>Fully-Insured Plans</b>
<ul style="list-style-type: none"><li>• <i>Statewide/Nationwide: Two Plans</i></li><li>• <i>Regions selected by Board</i></li></ul>	<ul style="list-style-type: none"><li>• <i>Regions selected by Board</i></li><li>• <i>South: Current plans willing to meet program requirements; plans define service area</i></li></ul>

## Key change from Scenario 3:

Self-insuring regions where the greatest cost savings are anticipated



# Scenario 4

## Benefits

- Cost savings
- Maintain competitive insurer environment, but with fewer insurers
- **Steer membership toward highest quality insurers**
- Improved ease of administration

## Risks

- **Legislative approval required**
- **Shared financial responsibility for claims costs**
- **Public/member perception**

## Unknowns

- Which health plans will continue to participate (impacts access, disruption)

*Memo page 10, Table 8*

# Scenario 5

Table 9. Scenario 5: Regionalized, 6 Total Vendors

Program Structure:	
Self-Insured Plans	Fully-Insured Plans
<ul style="list-style-type: none"><li>• <i>Statewide/Nationwide: Two Plans</i></li><li>• <i>Regions selected by Board</i></li></ul>	<ul style="list-style-type: none"><li>• <i>Regions selected by Board</i></li><li>• <i>South: Two Plans</i></li></ul>

## Key change from Scenario 4:

Only negotiate with the top two vendors in the Southern region

# Scenario 5

## Benefits

- Cost savings
- Maintain competitive insurer environment, but with fewer insurers
- Steer membership toward highest quality insurers
- Improved ease of administration

## Risks

- Legislative approval required
- Public/member perception
- **Health plan capacity**
- Shared financial responsibility for claims costs

## Unknowns

- Which health plans will continue to participate (impacts access, disruption)

*Memo page 11, Table 9*

# Scenario 6

Table 10. Scenario 6: Self-Insured/Regionalized, 6 Total Vendors

Program Structure:	
Self-Insured Plans	Fully-Insured Plans
<ul style="list-style-type: none"><li>• <i>Statewide/Nationwide: Two Plans</i></li><li>• <i>Regions</i></li></ul>	<ul style="list-style-type: none"><li>• None</li></ul>

**Key change from Scenario 5:**  
Self-insure the entire program

*Memo page 12*

# Scenario 6

## Benefits

- Cost savings
- Maintain competitive insurer environment, but with fewer insurers
- Steer membership toward highest quality insurers
- Improved ease of administration

## Risks

- Legislative approval required
- Public/member perception
- Health plan capacity
- **Full** financial responsibility for claims costs

## Unknowns

- Which health plans will continue to participate (impacts access, disruption)

*Memo page 12, Table 10*

# Scenario 7

Table 11. Scenario 7: Self-Insured, 1–2 Total Vendors

<b>Program Structure:</b>	
<b>Self-Insured Plan(s)</b>	<b>Fully-Insured Plans</b>
<ul style="list-style-type: none"><li>• <i>Statewide/Nationwide: One - Two Plans</i></li></ul>	<ul style="list-style-type: none"><li>• None</li></ul>

## Key change from Scenario 6:

Only contract with one or two statewide vendors

# Scenario 7

## Benefits

- Improved ease of administration

## Risks

- **Missed opportunity for cost savings**
- Legislative approval required
- Public/member perception
- Health plan capacity
- Full financial responsibility for claims costs

## Unknowns

*Memo page 13, Table 11*

# Delayed/Phased Implementation

## Options

- July 1, 2018 implementation (aligns with state budget cycle)
- January 1, 2019
- Beyond

## Benefits

- Successful transition (especially related to Data Warehouse & Wellness Vendors)
- Time to complete contracts & provider network arrangements
- Effective member communication

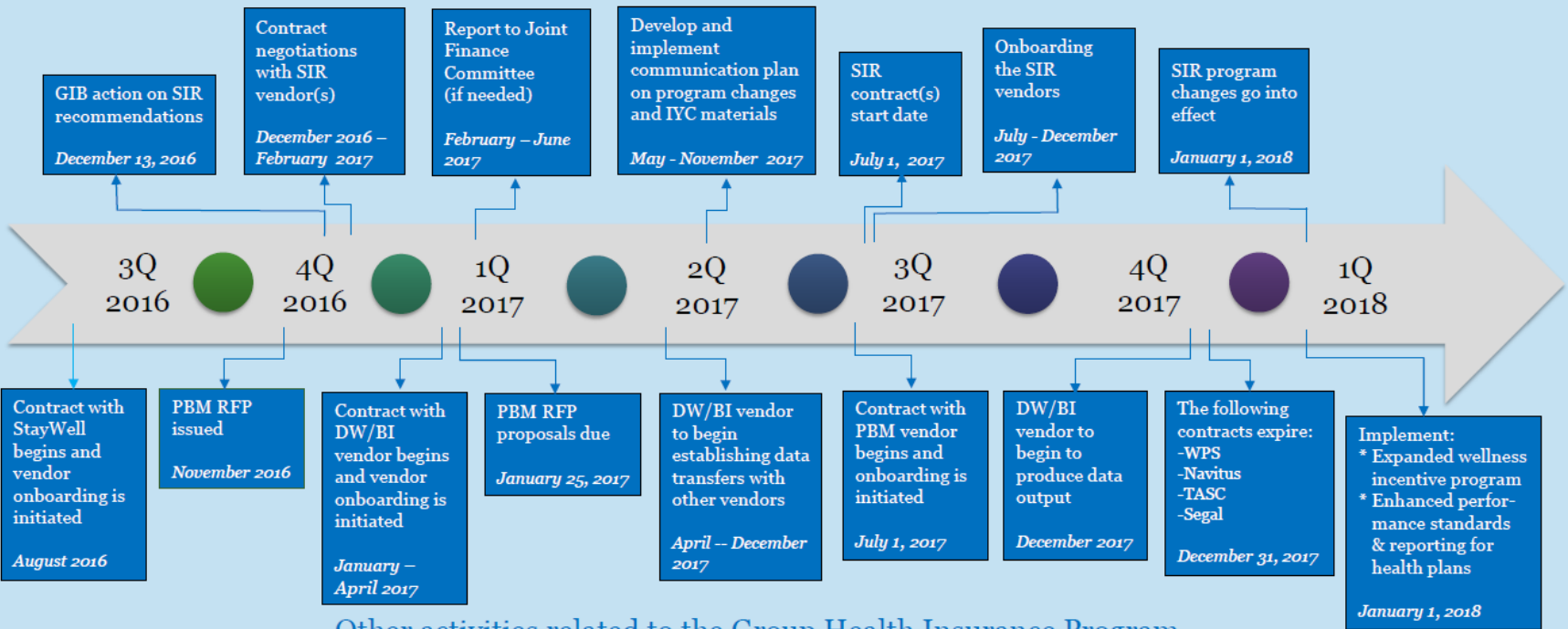
## Risks

- Potential missed opportunity to reduce costs in the short term



# Group Insurance Board Initiatives Timeline

Activities related to the self-insurance and/or regionalization (SIR) RFP



# Q&A