

DRAFT

# MINUTES

December 13, 2016

Group Insurance Board  
State of Wisconsin

Location:

Clarion Suites at the Alliant Energy Center – Michigan Room  
2110 Rimrock Rd, Madison, WI 53713



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**BOARD MEMBERS PRESENT:**

Michael Farrell, Chair	Nancy Thompson
Bonnie Cyganek, Vice Chair	Ted Neitzke
Herschel Day, Secretary	Stacey Rolston
Terri Carlson	JP Wieske
Chuck Grapentine	Bob Ziegelbauer
Michael Heifetz	

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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, Deputy Director  
    Arlene Larson, Tara Pray, Renee Walk

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**OTHERS PRESENT:**

ETF Budget & Procurement: Jason Barrett, Dana Perry, Joe Schneider	Martin Schreiber & Associates Annie Early, Jeremy Shepherd
ETF Information Technology Services: Ryan Perkins	MercyCare: Sherrie Sargent, DuWayne Severson
ETF Legal Services: Diana Felsmann, Daniel Hayes, David Nispel	Michael Best Strategies: Andrew Hitt
ETF Office of Communications: Mark Lamkins	Momentum Insurance: Stephanie Steel
	Navitus Health Solutions: Tara Argall, Pam Olson

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Board	Mtg Date	Item #
GIB	2.8.17	1

ETF Office of the Secretary:

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

ETF Office of Strategic Health Policy:

Sarah Bradley, Rachel Carabell,  
Sherry Etes, Jessica Rossner, Joan  
Steele, Wade Whitmus

American Federation of State, County and  
Municipal Employers (AFSCME):

Susan McMurray

Anthem Blue Cross and Blue Shield:

Brian Martin, Ted Osthelder

Association of Career Employees:

Sally Drew, Jack Lawton

Aurora Health Care:

Andrew Hanus

Baraboo Ambulance:

Troy Snow

Dean Health Plan:

Angie Dalton, Brant Sonzogni, Michael  
Weber

Department of Administration:

Jennifer Kraus

Department of Justice:

Kevin Potter, Colin Roth

Division of Personnel Management:

Paul Ostrowski

General Public:

Hickory Hurie, Sharon Hutchinson

Group Health Cooperative – South

Central Wisconsin:

Emily Halter

Grand Rounds:

Eric Weiner

Grunke Group:

David Grunke

Health Choice:

Bob Pearson

Humana:

David Ehrenfried, Mary Haffenbredl,  
Elisabeth Wright

Legislative Audit Bureau:

Emily Pape

Office of the Commissioner of Insurance:

Jennifer Stegall

Office of Representative Chris Taylor:

Maggie Gay

Office of Representative John Nygren:

Caroline Krause

Office of Senator Alberta Darling:

Rachel Keith

Physicians Plus:

Tom Luddy, Ron Sebranek

Protect Our Wisconsin Retirement  
Security (POWRS):

Roger Springman

Rural Wisconsin Health Co-Op:

Jeremy Levin

Segal Consulting:

Kirsten Schatten, Ken Vieira

State Engineering Association:

Bob Schaefer

United Healthcare:

Kurt Rich

Unity Health Insurance:

Cari Alexander, Terry Bolz, Rob  
Plesha

UW Madison:

Diane Blaskowski

UW System Administration:

LaDonna Steinert

WEA Trust:

Greg Cieslewicz

Wisconsin Academy of Physician

Assistants:

Reid Bowers

Wisconsin Association of Health Plans:

Phil Dougherty, Tim Lundquist, Nancy  
Wenzel

Wisconsin Health News:

Sean Kirkby

Wisconsin Hospital Association:

Joanne Alig

Wisconsin Medical Society:

Chris Rasch

Wisconsin Public Radio:

Shamane Mills

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Legislative Fiscal Bureau:

Jere Bauer, Rachel Janke

M3 Insurance:

Nathan Janke, Brad Niebuhr

MacIver Institute:

Chris Rochester

Wisconsin State Journal:

David Walhberg

WisPolitics.com:

Polo Rocha

WPS Arise:

Matt Harty

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

## **CONSIDERATION OF NOVEMBER 30, 2016 OPEN AND CLOSED MEETING MINUTES**

***MOTION: Mr. Wieske moved to approve the open session meeting minutes of the November 30, 2016, meeting as submitted by the Board Liaison. Mr. Heifetz seconded the motion, which passed on a voice vote. Ms. Thompson abstained from voting.***

***MOTION: Mr. Wieske moved to approve the closed session meeting minutes of the November 30, 2016, meeting as submitted by the Board Liaison. Mr. Heifetz seconded the motion, which passed on a voice vote. Ms. Thompson abstained from voting.***

## **ANNOUNCEMENTS**

Ms. Ellinger made the following announcements:

- The Pharmacy Benefit Manager Request for Proposal (RFP) was released on November 18, 2016. The first round of vendor questions were due December 9, 2016.
- The contract negotiation process with Truven Health Analytics began on December 12, 2016.
- WisconsinEye was not present to record the meeting.

Ms. Ellinger provided a brief overview of the meeting structure, stating that it would largely be held in closed session for the assessment and deliberation of proposals for the State of Wisconsin Health Benefit Program (RFP#ETG0003). The purpose of the closed session was to protect confidential and proprietary information obtained as part of the RFP process.

## **OPERATIONAL UPDATES**

Mr. Farrell referred the Board to the Operational Updates in the Board Packets (Ref. GIB | 12.13.16 | 3) and offered that staff were available if the Board had questions. Of

note, several letters were submitted for the Board's consideration from legislators and members, including a letter from the chairs of the Joint Committee on Finance.

## **ASSESSMENT AND DELIBERATION OF PROPOSALS FOR THE STATE OF WISCONSIN GROUP HEALTH BENEFIT PROGRAM (ETG0003)**

### **Request for Proposals for the State of Wisconsin Health Benefit Program: Results and Analysis**

Ms. Ellinger referred the Board to the memo, Request for Proposals for the State of Wisconsin Health Benefit Program: Results and Analysis (Ref. GIB | 12.13.16 | 4A). The memo presented a variety of options for the State of Wisconsin Group Health Insurance Program (GHIP). These options aimed to maintain benefits, contain costs and improve quality.

A total of nine proposing vendors submitted responses to the RFP, including two statewide/regional vendors and nine regional vendors. Ms. Ellinger stated that not all currently participating plans responded to the RFP.

Ms. Ellinger provided an overview of the RFP scoring process and evaluation categories. She emphasized that the RFP was focused on a balance between cost and quality performance.

The November 30 Board meeting was the first opportunity for the Board to review the results of the RFP in detail. Feedback and guidance provided by the Board was used by ETF to develop potential scenarios. Primary objectives identified by the Board included reducing long-term costs, ensuring member access to providers, vendor proposal scores, improving quality and maintaining benefit levels.

Ms. Ellinger presented seven program scenarios developed by ETF based on Board priorities and RFP results. The seven scenarios produced equivalent future costs, allowing the Board to focus on the non-financial merits of each scenario. Ms. Ellinger stated the scenarios were ordered from the least change (Option 1) to the largest degree of change (Option 7).

Ms. Ellinger stated the status quo for the GHIP was not presented as an option; and that the program is in transition. The Board previously approved several initiatives that will ultimately change the program, regardless of any decisions the Board may make about self-insurance. These initiatives included the implementation of the StayWell contract for the Third Party Administration of Wellness and Disease Management programs (RFP#ETG0005), and the decision to issue an intent to award the contract for a Data Warehouse / Visual Business Intelligence Solution (RFP#ETG0004/ETG006) to Truven Health Analytics on November 30, 2016.

All options presented were summarized in Table 12 of the memo (Ref. GIB | 12.13.16 | 4A), which is included below for reference.

Table 12. All Scenarios

Scenario	Self-Insured	Fully-Insured
<b>Scenario 1: Current Program Structure Up to 16 Vendors</b>	<ul style="list-style-type: none"> <li>• <i>Statewide: 1 plan</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Maintain current structure</i></li> <li>• <i>Up to 16 plans</i></li> <li>• <i>Plans define service area</i></li> </ul>
<b>Scenario 2: Regionalized 7-11 Total Vendors</b>	<ul style="list-style-type: none"> <li>• <i>Statewide: 1 plan</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>East: Multiple plans</i></li> <li>• <i>West: Multiple plans</i></li> <li>• <i>North: Multiple plans</i></li> <li>• <i>South: Current plans that define service area</i></li> </ul>
<b>Scenario 3: Regionalized 6-10 Total Vendors</b>	<ul style="list-style-type: none"> <li>• <i>Statewide: 2 plans</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>East: Fewer plans</i></li> <li>• <i>West: Fewer plans</i></li> <li>• <i>North: Fewer plans</i></li> <li>• <i>South: Current plans that define service area</i></li> </ul>
<b>Scenario 4: Regionalized 6-8 Total Vendors</b>	<ul style="list-style-type: none"> <li>• <i>Statewide: 2 plans</i></li> <li>• <i>Regions determined by Board</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Regions selected by Board</i></li> <li>• <i>South: Current plans that define service area</i></li> </ul>
<b>Scenario 5: Regionalized 6 Total Vendors</b>	<ul style="list-style-type: none"> <li>• <i>Statewide: 2 plans</i></li> <li>• <i>Regions determined by Board</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Regions determined by Board</i></li> <li>• <i>South: 2 plans</i></li> </ul>
<b>Scenario 6: Regionalized 6 Total Vendors</b>	<ul style="list-style-type: none"> <li>• <i>Statewide: 2 plans</i></li> <li>• <i>Regions determined by the Board</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>None</i></li> </ul>
<b>Scenario 7: Statewide 1-2 Total Vendors</b>	<ul style="list-style-type: none"> <li>• <i>Statewide: 1-2 plans</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>None</i></li> </ul>

### **Health Insurance: 2018 Program and Operational Considerations**

Ms. Larson, Ms. Pray and Ms. Walk presented the memo, Group Health Insurance Program and Wisconsin Public Employers Program: 2018 Program and Operational Considerations (Ref. GIB | 12.13.16 | 4B). Program structure changes currently under consideration by the Board require and/or create the opportunity to revamp the following aspects of the health insurance program:

- Reduce the number of options available in the Wisconsin Public Employers (WPE) Program,
- Combine the WPE with the Local Annuitant Health Program (LAHP),
- Consolidate the It's Your Choice (IYC) Access Plan (Standard Plan) into statewide/nationwide contracts, and
- Make new Medicare Advantage options available to for 2019.

Ms. Walk provided an overview of the WPE Program recommendations. In 2015 Segal Consulting recommended offering only Program Options (PO) that mirror state benefits. These two plans are PO 16 – IYC Local Health Plan and PO 17 – IYC Local High Deductible Health Plan (HDHP). Staff stated that most local government employers offer employees plan options that do not mirror the state employee plans, PO 12 – IYC Local Traditional Plan and PO 14 – IYC Local Deductible Plan.

ETF surveyed WPE employers in late 2016 to ask whether they would consider terminating participation in the program if ETF limited options to PO 16 and PO 17. Most responded that they would prefer to offer benefits to their employees that are more generous than the state plans, and they would prefer not to be forced to change their benefits. These employers were also undecided about remaining in the program if the Board changes program options.

ETF recommended reducing the available options to three POs for 2018 – PO 12, PO 16 and PO 17. New deductibles for the state plans (POs 16 and 17) provide options comparable to PO 14 that were not previously available. Maintaining the inclusion of PO 12 provides the richer benefit option local governments can use as a competitive recruitment tool, while bringing local government offerings into closer alignment with state plans.

Ms. Larson provided an overview of the LAHP recommendations. She stated the LAHP is required by Wis. Stat. § 40.51 (10), is fully insured, offers different benefit levels than other ETF-administered programs, and is administered by WPS. The program serves a small population of annuitants from municipalities who are not otherwise eligible for program participation and who may not have an insurance offering through their former employer. LAHP offers a Medicare Supplement to retirees over age 65 and a Preferred Provider Organization (PPO) for retirees under age 65.

Combining the LAHP with the WPE would simplify administration and could also stabilize volatile rates in the LAHP. Previous analysis indicated no adverse program impact on the WPE.

ETF recommended administering the LAHP within the WPE program structure, with additional changes to implement limited enrollment periods and eliminate individual medical underwriting of late applications.

Ms. Larson provided an overview of the IYC Access Plan recommendations. The IYC Access Plan is statutorily required. The program is currently a self-insured, Tier 3 PPO that is administered by WPS and available nationwide.

The program is attractive to out-of-state members and those who desire freedom of choice for providers. However, the program has low and decreasing membership.

The IYC Access Plan also has slight benefit variations from Uniform Benefits.

ETF recommended pursuing a strategy that would establish a Tier 1 statewide/nationwide plan to replace the IYC Access Plan to ensure that it is a competitive offering. In order to achieve this objective, ETF also recommended adjusting benefit offerings to align with Uniform Benefits, implementing a meaningful differential between in-network and out-of-network costs in order to steer care in-network, and investigating any statutory changes necessary to implement this program change.

Ms. Pray provided an overview of the Medicare options recommendations. Currently, Medicare-eligible annuitants have several options available for coverage under the GHIPL the IYC Health Plan; the IYC Medicare Advantage (MA) plan; and the IYC Medicare Plus supplement.

With structural changes to the GHIP, there is an opportunity to improve offerings for Medicare retirees. In addition, Segal has recommended that the Board consider offering more Medicare Advantage plan choices to state and WPE annuitants, noting that Medicare-eligible annuitants could see reductions in premiums if more Medicare Advantage plans were available.

ETF recommended minimal Medicare changes for 2018, with the intent to expand Medicare Advantage options for 2019. This will allow time to determine the most cost effective and highest quality program structure, as well as the necessary amount of time for a communications campaign, and better alignment with the timing of other Board initiatives.

ETF agreed to provide more information on the recommended program changes at the next Board meeting.

The chair announced the Board would convene in closed session 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 (ETF), Office of the Commissioner of Insurance (OCI), the Department of Administration (DOA), and actuarial advisors from Segal Consulting were invited to remain during the closed session.

***MOTION: Mr. Wieske 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. Ziegelbauer seconded the motion, which passed on the following roll call vote:***

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

The Board took a break from 9:39 a.m. to 9:47 a.m.

The Board convened in closed session at 9:47 a.m. and reconvened in open session at 2:34 p.m.

The Board took a break from 2:34 p.m. to 2:40 p.m.

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

Mr. Farrell announced the Board met in closed session to assess and deliberate the many options for the State of Wisconsin Health Benefit Program presented by ETF staff and Segal Consulting. The Board asked ETF and Segal to gather more data in order to continue deliberations. Mr. Farrell stated that there is much complexity and large volumes of information related to these considerations, and the Board does not take these decisions lightly.

No action was taken during closed session. The Board will reconvene in January.

#### **DISCUSSION AND CONSIDERATION OF 2017 UNIFORM BENEFITS – HHS NONDISCRIMINATION RULE**

Ms. Ellinger referred the Board to the memo, Discussion and Consideration of 2017 Uniform Benefits – HHS Nondiscrimination Rule (Ref. GIB | 12.13.16 | 6), which included memoranda previously submitted for Board consideration. The item was added to the December 13 meeting agenda at the request of a Board member, as the Wisconsin Department of Justice (DOJ) indicated the intent to send representation to the Board meeting to discuss the issue.

The DOJ previously submitted a memorandum in regard to the July 12, 2016, Board action to approve changes to the Guidelines Contract and Uniform Benefits for 2017

(Ref. GIB | 7.12.16 | 3A). Mr. Potter stated that the August 10, 2016, memorandum was authored by the DOJ at the request of the governor's office for the benefit of the Board.

Mr. Potter noted the State of Wisconsin has joined a federal lawsuit in Texas challenging the federal Department of Health and Human Services (HHS) final regulations pertaining to Section 1557 of the Affordable Care Act (ACA) issued on May 18, 2016. The lawsuit requests a preliminary injunction be issued to preclude the enforcement of the HHS regulations. A hearing is scheduled for December 20, 2016.

Mr. Potter stated that the DOJ recommends the Board follow the law as it currently stands. The changes approved by the Board on July 12 are in compliance with the HHS regulations.

ETF was directed to proceed with the implementation of the language previously adopted. Should the court order a preliminary injunction, the Board will reassess the language at a future Board meeting.

#### **ADJOURNMENT**

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

The meeting adjourned at 2:53 p.m.

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

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

Herschel Day, Secretary  
Group Insurance Board