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Correspondence Memorandum

Date: April 20, 2017

To: Group Insurance Board

From: Liz Doss-Anderson, Ombudsperson
James Kates, Ombudsperson
Mary Richardson, Ombudsperson
Dan Hayes, Attorney/Supervisor

Subject: 2016 Health Plan and Pharmacy Benefit Manager Grievance and Independent Review Report

This memo is for informational purposes only. No Board action is required.

The information provided in this report is used to identify trends and areas of concern within the health insurance and pharmacy benefit programs administered by the Department of Employee Trust Funds (ETF). A summary of this information will also be included in the 2017 It's Your Choice online materials.

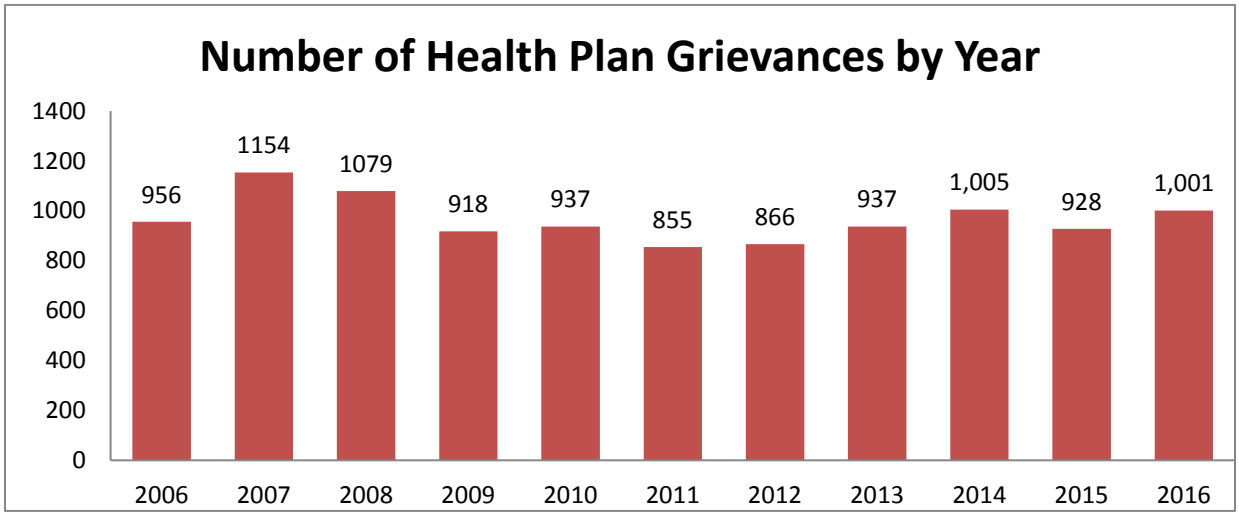
2016 Health Plan Grievances
Below is a summary of the annual grievance data reported to ETF by all plans participating in the State of Wisconsin Group Health Insurance Program. This report also includes grievance data for Navitus Health Solutions (Navitus), the pharmacy benefits manager, and Delta Dental, administrator for Uniform Dental Benefits. When reviewing the numbers of plan grievances and independent reviews that appear later in the report, it is beneficial to keep in mind that in 2016 there were approximately 246,000 members and dependents insured by the State of Wisconsin Group Health Benefits Program.

- The number of grievances reported by health plans increased from 928 in 2015 to 1,001 in 2016. This number is consistent with prior experience (see the chart on page 2 for a 10-year history) and represents 4.1 grievances per 1,000 members across all health plans.

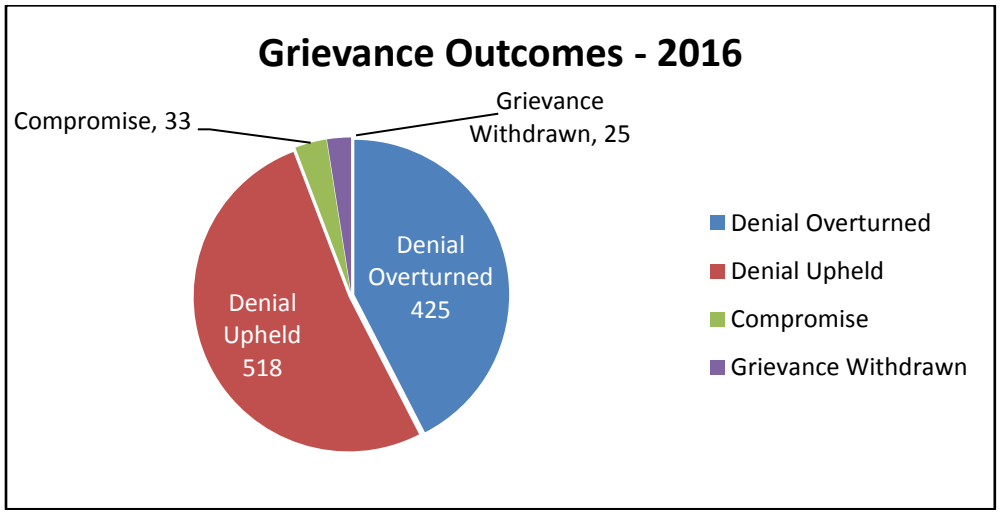
Reviewed and approved by David Nispel, General Counsel, Legal Services

David H. Nispel Electronically Signed 5/8/17

Board	Mtg Date	Item #
GIB	5.24.17	10C

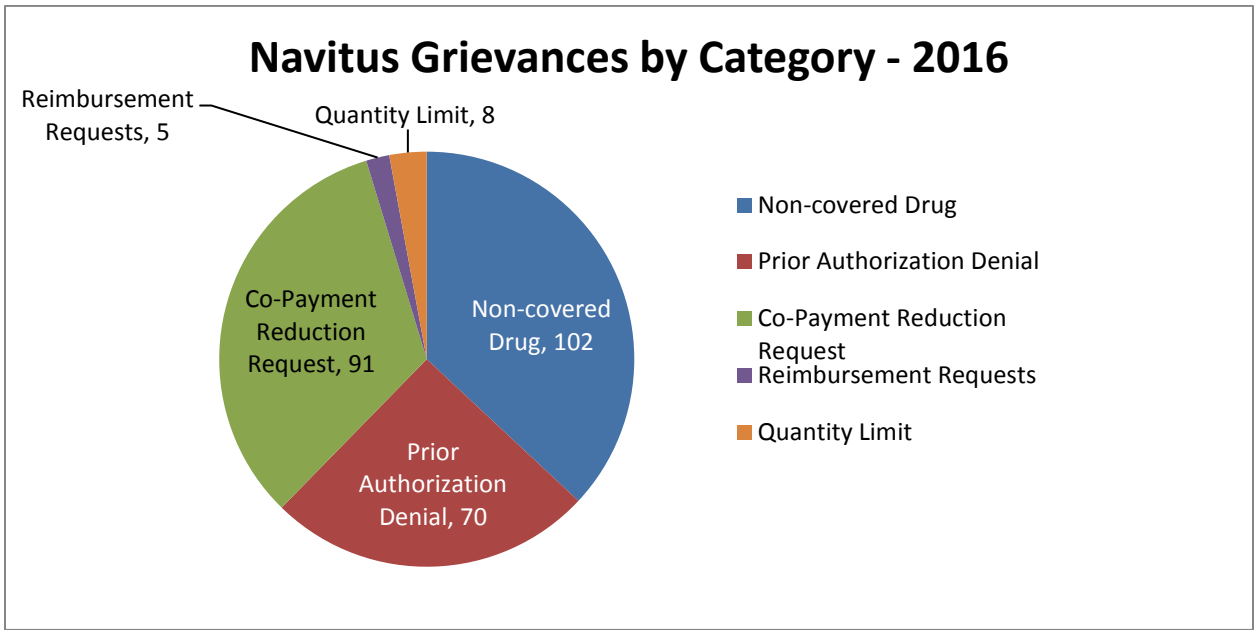


- Once again the most common types of grievances filed by members participating in the Group Health Insurance Program related to denials of coverage for services considered not medically necessary (309), for non-covered benefits (180), for denied prior authorization requests (102), and issues related to plan administration (97).
- Humana had the highest number of grievances per 1,000 members with 15.8 per 1,000. The next two highest were Network Health with 6.2 and Anthem with 6.1.
- Of the 1,001 grievances filed, 425 were resolved in favor of the member (Denial Overturned) and an additional 33 grievances resulted in a compromise.
- Delta Dental, plan administrator for Uniform Dental Benefits, had 11 grievances and served 97,000 members. Two of the grievances resulted in denials being overturned and one resulted in a compromise.



2016 Pharmacy Benefit Grievances

- In 2016, Navitus received 276 grievances, up from 198 grievances reported in 2015.
- The most common type of pharmacy benefit grievance was for Non-Covered Drug (102). This was followed by Co-Payment Reduction Denial (91), up from 17 in 2015.
- The overturn rate for pharmacy benefit grievances was 34%.
- Factors affecting the increase in grievances include the introduction of several new drugs that are considered experimental or not medically necessary, members interested in non-formulary/non-covered drugs, and members upset about the cost of Level 3 copayments and the copayment not counting toward the out-of-pocket maximum.



2016 Independent Reviews

This section of the report provides a summary of Independent Review (IR) requests by State of Wisconsin Group Health Insurance program members. Members who request IRs must have completed the health plan grievance process and may have completed some steps of the ETF administrative review process. IRs are conducted by an Independent Review Organization (IRO) that is independent of both ETF and the individual health plans.

To be eligible for an IR, a member must receive an “adverse determination” involving a medical judgment. Such medically-based determinations are only eligible for IR and may not be appealed to the Board pursuant to contract. Typically, these are denials of a claim or service the health plan or PBM has deemed not medically necessary or

experimental. This includes denials for referral to out-of-network services when a member believes an out-of-network provider may be medically necessary for treatment of the member's medical condition because the expertise is not available in the insurer's provider network.

The IR process allows members to have an outside expert review their grievance and determine if benefits are payable. The IRO's decision is binding on both the plan and the member. As a result, once an IRO decision has been made, the member no longer has a right to an administrative review through ETF or further appeal to the courts. When ETF processes a new health insurance complaint, an ombudsperson reviews it and, if appropriate, contacts the member to educate them about the IR option and process.

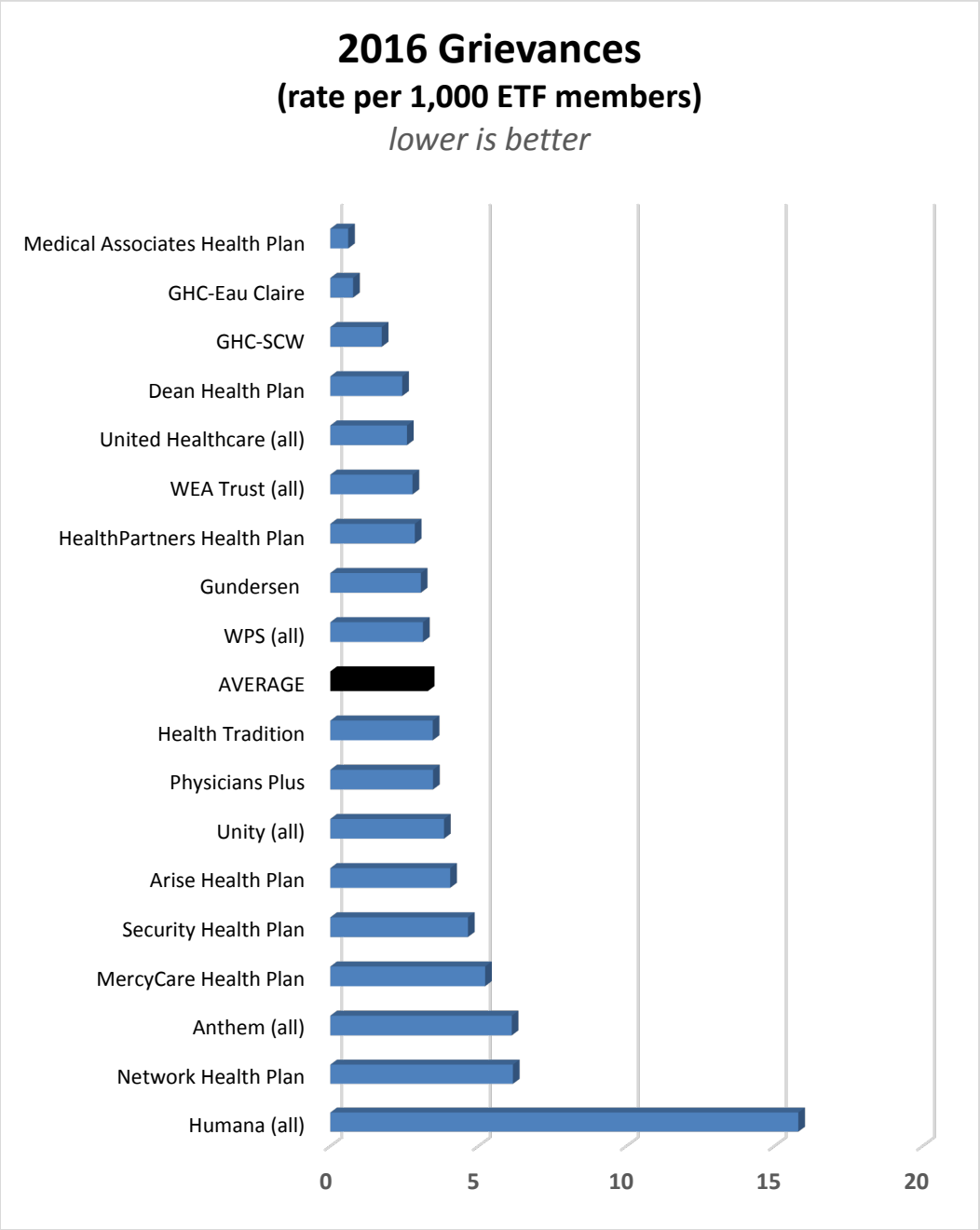
In 2016 the Department was informed of 72 independent review requests from members, up from 41 received in 2015. The independent review organization overturned the plan decision in 21 cases and upheld the plan decision in 42 cases. There were 9 cases in which the independent review organization declined to review the member's request as not eligible for review.

Staff will be available at the Board meeting to answer any questions.

Attachment A: 2016 Complaints Chart
Attachment B: Three Year Grievances Chart

Attachment A

2016 Complaints Chart



Attachment B

Three Year Grievances Chart

Grievances by Health Plan
2014-2016

HEALTH PLAN	2014 Grievances	2015 Grievances	2016 Grievances	Net Change (2015-2016)	Number of Members (2016)
Anthem Blue-NE	11	26	11	-15	4,261
Anthem Blue-NW	1	N/A	N/A	0	0
Anthem Blue-SE	47	76	47	-29	6,660
Arise Health Plan	14	8	8	-	1,976
Dean Health Plan	71	82	98	+16	40,505
Dean Prevea360	0	0	1	+1	246
GHC of Eau Claire	1	1	1	-	1,299
GHC of South Central Wisconsin	21	26	27	+1	15,538
Gundersen Health Plan	17	32	19	-13	6,213
HealthPartners Health Plan	7	15	9	-6	5,488
Health Tradition	34	22	19	-3	3,152
Humana Eastern	196	140	195	+55	12,472
Humana Western	16	18	20	+2	1,122
Medical Associates Health Plan	0	0	1	+1	1,656
MercyCare Health Plan	7	9	8	-1	1,531
Network Health Plan	42	43	66	+23	10,692
Physicians Plus	32	33	46	+13	13,240
Security Health Plan	17	35	41	+6	8,822
UnitedHealthcare	105	50	33	+17	12,737
Unity-Community	41	41	57	+16	14,973
Unity-UW Health	221	182	200	+18	52,002
WEA Trust-East	23	28	40	+12	12,826
WEA Trust-NW Mayo Clinic System	N/A	6	10	+4	5,720
WEA Trust-NW Chippewa Valley	10	15	11	-4	3,606
WEA Trust-South Central WI	0	2	1	-1	167
WPS Self-Funded Plans	60	38	34	-4	10,866
TOTAL	**1,005**	**928**	**1,001**		**246,311**

**Self-Funded Plans include: Standard Plan, Medicare Plus, Local Annuitant Health Plan, and State Maintenance Plan (all administered by WPS Health Insurance)*