

DRAFT

MINUTES

February 8, 2017

Group Insurance Board

State of Wisconsin

Location:

Sheraton Hotel Madison – Destination South Ballroom
760 John Nolen Dr, Madison, WI 53713



BOARD MEMBERS PRESENT:

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

Nancy Thompson
Ted Neitzke
Stacey Rolston
JP Wieske
Bob Ziegelbauer

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
 Rachel Carabell, Arlene Larson, Tara
 Pray, Joan Steel, Renee Walk
Division of Retirement Services:
 Gina Fischer, Jim Guidry, Deb
 Roemer, Matt Stohr

OTHERS PRESENT:

ETF Budget & Procurement:
 Dana Perry, Jason Barrett, Joe
 Schneider
ETF Division of Retirement Services:
 Anne Boudreau
ETF Information Technology Services:
 Kadimma Mbanefo
ETF Legal Services:
 Diana Felsmann, Daniel Hayes, David
 Nispel

Legislative Audit Bureau:
 Emily Pape
Legislative Fiscal Bureau:
 Jere Bauer, Rachel Janke
M3 Insurance:
 Nathan Janke, Sean LaBorde, Brad
 Niebuhr, Jeremy Shepherd
Maclver Institute:
 Chris Rochester

Board	Mtg Date	Item #
GIB	5.24.17	1

ETF Office of Communications:
Nancy Ketterhagen, Mark Lamkins

ETF Office of Internal Audit:
Yikchau Sze

ETF Office of the Secretary:
Jennie Baurenhuber, Liz Doss-Anderson, Pam Henning,
Tarna Hunter, James Kates, Mary Richardson, Cherylynn Wilkins

ETF Office of Strategic Health Policy:
James Cooper, Jeff Bogardus, Jessica Rossner, Shayna Schomber

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

City Employees Local 236:
Michael O'Brien

City of Madison:
Emaan Abdel-Halim, Gregg Gotzion, Victoria Larson, Lara Mainella, Denise Nettum, Eric Pederson, Lisa Van Buskirk, William Wick

City of Madison – Metro Transit:
Robin Jahn, Katie McGrath, Kelly Odegaard, Katie Sellner, Nancy Ull

Dean Health Plan:
Kate Beals, Penny Bound, Michael Weber

Delta Dental of Wisconsin:
Sunshine Mikulak

Department of Administration:
Derek Sherwin

Division of Personnel Management:
Paul Ostrowski

EPIC:
Wendy Hougan

Flaherty & Associates:
Mike Flaherty

Marshfield Clinic Health System:
Ryan Natzke

Martin Schreiber & Associates
Annie Early, Jeremy Shepherd

Medical Associates Health Plan:
Karen Brunton

MercyCare:
Sherrie Sargent, DuWayne Severson

Michael Best Strategies:
Andrew Hitt

Milliman, Inc.:
Paul Correia, Dan Skwire

Momentum Insurance:
Stephanie Steel

Navitus Health Solutions:
Tara Argall, Ryan Olson

Network Health:
John Braden, Cara Techlin

Office of the Commissioner of Insurance:
Jennifer Stegall

Physicians Plus:
Tom Luddy, Ron Sebranek

Quartz:
Cari Alexander, Terry Bolz, Brian Collien, Rob Plesha

Securian:
Kjirsten Elner

Segal Consulting:
Kirsten Schatten, Ken Vieira

UW Madison:
Diane Blaskowski, Deann DeSlover

UW System Administration:
Erin Schoonmaker, LaDonna Steinert

WEA Trust:
Greg Cieslewicz

Wisconsin Association of Health Plans:
Phil Dougherty, Tim Lundquist, Nancy Wenzel

Wisconsin Health News:
Sean Kirkby

Wisconsin Hospital Association:
Joanne Alig, Phil Dougherty

General Public: Jim Cerro, Wendi Kent, Glenn Unger	Wisconsin Medical Society: Chris Rasch
Group Health Cooperative – South Central Wisconsin: Paul Perkins, Al Wearing	Wisconsin Public Radio: Shamane Mills
Health Tradition: Chris Massa	Wisconsin State Journal: David Walhberg
Humana: Rain Buck, David Ehrenfried, Elisabeth Wright, Mary Haffenbredl	WisPolitics.com: Polo Rocha
Johnson & Johnson: Dennis Majeskie	WiscTV: Doug Wahl
Johnson Insurance Services: Dan Higgins	WPS Arise: Matt Harty, Greg Nelson

Michael Farrell, chair, called the meeting of the Group Insurance Board (Board) to order at 8:30 a.m. Mr. Neitzke arrived at 8:33 a.m.

CONSIDERATION OF DECEMBER 13, 2016 AND DECEMBER 30, 2016 OPEN AND CLOSED MEETING MINUTES

MOTION: Mr. Wieske moved to approve the open session meeting minutes of the December 13, 2016, meeting as submitted by the Board Liaison. Ms. Thompson seconded the motion, which passed on a voice vote. Ms. Cyganek abstained from voting.

MOTION: Mr. Wieske moved to approve the closed session meeting minutes of the December 13, 2016, meeting as submitted by the Board Liaison. Ms. Thompson seconded the motion, which passed on a voice vote. Ms. Cyganek abstained from voting.

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

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

ANNOUNCEMENTS

Ms. Ellinger made the following announcements:

- Mary Richardson has accepted a position with the Ombudsperson Services staff in the Office of Legal Services.
- WisconsinEye was not present to record the meeting.
- Responses for the Request for Proposal (RFP) for the Administrative Services for the State of Wisconsin Pharmacy Benefits Program (RFP#ETG0013) were due January 30, 2017. Vendor selection will take place at the May Board meeting.
- Negotiations with Truven, the selected vendor for the Data Warehouse and Visual Business solution (RFP#ETG0004/ETF0006), have gone well and were nearing the final stages.

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.

ELECTION OF OFFICERS

MOTION: Mr. Wieske moved to nominate Michael Farrell as Chair of the Group Insurance Board. Mr. Grapentine seconded the motion, which passed unanimously on a voice vote, with Mr. Farrell abstaining.

MOTION: Mr. Day moved to nominate Bonnie Cyganek as Vice Chair of the Group Insurance Board. Ms. Carlson seconded the motion, which passed unanimously on a voice vote, with Ms. Cyganek abstaining.

MOTION: Ms. Cyganek moved to nominate Herschel Day as Secretary of the Group Insurance Board. Ms. Thompson seconded the motion, which passed unanimously on a voice vote, with Mr. Day abstaining.

2017 UNIFORM BENEFITS AND SERVICES RELATED TO GENDER REASSIGNMENT OR SEXUAL TRANSFORMATION – HHS NONDISCRIMINATION RULE

Ms. Ellinger directed the Board to the memo, 2017 Uniform Benefits and Services Related to Gender Reassignment (Ref. GIB | 2.8.17 | 4). At the December 30, 2016 Board meeting, the Board approved reinstating the exclusion of health benefits and services based on gender identity after certain contingencies were met.

ETF issued a 2017 health plan contract amendment (Ref. GIB | 2.8.17 | 4 - Attachment B) to all participating health plans on January 31, 2017, to reinstate the benefit

exclusion effective February 1, 2017. The amendment completed the final contingency set forth by the Board.

Ms. Ellinger also referred the Board to Item 10A – Group Insurance Board Correspondence (Ref. GIB | 2.8.17 | 10A), which included the numerous letters received regarding this topic.

Mr. Day inquired as to possible next legal steps regarding the December 31, 2016, preliminary federal injunction. Mr. Nispel advised that the preliminary injunction is required to be made a permanent injunction through a final court decision. Additional hearings are anticipated, but Mr. Nispel was not aware of any future court dates.

Mr. Day stated that in his opinion, reinstating the exclusion could potentially increase the Board's risk of liability for breach of fiduciary duty should the December 31, 2016, injunction eventually be lifted.

Mr. Nispel noted that one of the requirements for obtaining a preliminary injunction is to show a likelihood of success in receiving a permanent injunction. The Texas federal judge that issued the preliminary injunction found that the plaintiffs met the threshold to indicate they would be likely to obtain a permanent injunction.

Mr. Nispel also noted that the Board, as part of the contingencies set forth at the December 30, 2016, Board meeting, sought and received a final opinion from the Wisconsin Department of Justice (DOJ), which confirmed that the action taken does not constitute a breach of the Board's fiduciary duties. The DOJ opinion was received on January 13, 2017.

Mr. Farrell noted that the Board's December 30, 2016, decision can be revisited at any date in the future as desired by the Board.

The Board took a break at 8:44 a.m. to 8:47 a.m. due to audience disruption.

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 (Segal) were invited to remain during the closed session.

MOTION: Mr. Ziegelbauer moved to convene in closed session, pursuant to the exemptions contained in Wis. Stats. § 19.85 (1) (e) to deliberate or negotiate the investing of public funds or to conduct other specified business, whenever competitive or bargaining reasons require a closed

session. Ms. Cyganek 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 convened in closed session at 8:58 a.m. and reconvened in open session at 12:28 p.m.

The Board took a break from 12:18 p.m. until 12:35 p.m.

ANNOUNCEMENT OF ACTION TAKEN ON BUSINESS DELIBERATED DURING CLOSED SESSION

Mr. Farrell stated that the Board meeting was not a public hearing, and that the Board would not hear comments from the public.

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 and Segal. He stated that the intent of the Board was to provide as much detail as possible after the adjournment of the meeting and in keeping with the requirements of the procurement process, including press releases and frequently asked questions, as well as the language of any motions made, for the sake of transparency.

Mr. Farrell stated that the Board would make a recommendation to the Joint Committee on Finance after the conclusion of the meeting.

MOTION: In an effort to maintain employee benefits as they currently exist, and support the health of our friends and neighbors who are employed by the State of Wisconsin and local regions, and to attract and retain those great employees, Mr. Neitzke moved that;

Whereas the State of Wisconsin currently provides health insurance to state employees, retirees, continuants, and graduate assistants through the It's Your Choice State of Wisconsin Group Health Insurance Program (State Plan), and to local government employees and annuitants through the It's Your Choice local plans;

Whereas the State of Wisconsin has an interest in the good health and wellbeing of its employees, and most large employers of similar size provide employee health insurance through a self-funded plan, and the cost of the State Plan benefits have continued to rise;

Whereas the actuarial value of the State Plan at 96% is one of the highest benefit values in the country for a state employee plan;

Whereas the cost of the State Plan is higher than individual health insurance plans of similar actuarial value on the federal health insurance exchange;

Whereas the Request for Proposals (RFP) to evaluate self-insuring and regionalizing the state employee health insurance program issued by the Department of Employee Trust Funds (ETF) resulted in vendor options for the Group Insurance Board's (Board) consideration that promise significant savings to Wisconsin taxpayers to fund the State Plan;

Whereas one proposed option to self-fund and regionalize includes having one contract in place for statewide coverage, along with two administrator contracts in each of the southern and eastern regions, and one administrator contract in each of the western and northern regions, with minimal provider disruption, meaning an estimated 98% of the current health care providers participating in the State Plan will continue to be accessible;

Whereas such proposed self-funding/regionalization model does not change the benefits that the employees receive, rather it changes the financing of those benefits;

Whereas the proposed self-funding/regionalization model is estimated to save the state more than \$60 million over the 2017-2019 biennium and similar amounts in subsequent years;

Whereas an additional \$30 million in Affordable Care Act (ACA) taxes will be avoided by moving to a self-funded/regionalization model; and Whereas the proposed self-funding/regionalization model will provide the state with ownership rights over the State Plan data, thereby maximizing the ability of the new data warehouse/business intelligence solution to inform state efforts related to improving employee health and lowering health care costs; now, therefore, be it resolved, that the Group Insurance Board:

Give ETF authority to enter into contract negotiations to move the state to a self-funded health plan effective January 1, 2018, with the following administrators in the following regions:

- 1. Statewide Coverage: Compcare Health Services Insurance Corporation (Anthem Blue Cross Blue Shield)***
- 2. Northern Region: Security Administrative Services***
- 3. Eastern Region: Compcare Health Services Insurance Corporation (Anthem Blue Cross Blue Shield) and Network Health Administrative Services, LLC***

4. ***Southern Region: Dean Health Plan, Inc. and SPWI TPA, Inc. (Quartz)***
5. ***Western Region: HealthPartners Administrators, Inc.***

Contracts shall be for a period of three years. If contract negotiations stall with any of the administrators, ETF shall schedule a Board meeting to update the Board on outstanding issues and the Board shall determine next steps. ETF shall not move to the next highest scoring vendor if contract negotiations fail to progress with any of the administrators.

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

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

Members Voting Nay: Grapentine

HEALTH INSURANCE

It's Your Choice Open Enrollment Period

Ms. Ellinger referred the Board to the memo, It's Your Choice Open Enrollment Period (Ref. GIB | 2.8.17 | 8A). Ms. Ellinger stated that the Board typically approves the annual It's Your Choice Open Enrollment period at the first meeting of each year. However, given the unknown factors regarding contract negotiations and program design for plan year 2018, the decision will be delayed until the May Board meeting. While ETF anticipates the enrollment period will remain in its usual timeframe of October to November, more information is desired before making a formal recommendation.

Health Benefit Program Agreement & Uniform Benefits for the 2018 Plan Year

Ms. Walk referred the Board to the memo, Health Benefit Program Agreement & Uniform Benefits for the 2018 Plan Year (Ref. GIB | 2.8.17 | 8B). The Board typically considers and approves health insurance benefit and contract changes at its May meeting. Staff presented 2018 recommendations at the February meeting in order to:

- Enable staff to incorporate 2018 contractual changes in the negotiation process;
- Allow early implementation and promotion of changes to the wellness incentive; and
- Minimize changes for 2018, as directed by the Board, affording an expedited process for analysis.

Ms. Walk provided an overview of recommendations for 2018, including technical and administrative changes, as well as benefit parameters and programmatic changes designed to position the Group Health Insurance Program (GHIP) for a more member-centric, Total Health Management approach. The key recommendations included changes to:

- Wellness incentive design,

- Data reporting requirements,
- Performance standards and quality measurements,
- Technical changes/clarifications, and
- Additional changes to discuss at the May Board meeting.

MOTION: Ms. Thompson moved to approve the changes to the Health Benefit Program Agreement as detailed in the memo and grant ETF staff the authority to make additional changes as necessary. Mr. Grapentine seconded the motion, which passed unanimously on a voice vote.

2018 Program and Operational Recommendations

Ms. Ellinger referred the Board to the memo, 2018 Program and Operations Recommendations for the Group Health Insurance Program (GHIP) and Wisconsin Public Employers (WPE) Program (Ref. GIB | 2.8.17 | 8C).

Ms. Ellinger noted that one of the items in the memo was the proposed elimination of the WPE Deductible Plan Program Option (PO) 4/14. The Board received a significant amount of correspondence regarding the proposal. Ms. Ellinger stated that it is ETF staff opinion that many of the critiques received were legitimate and that a 2018 elimination timeframe was premature. ETF staff requested altering the recommendation to delay potential implantation to 2019, in order to allow staff time for additional discussion with impacted employers and to complete additional analysis to present to the Board.

Mr. Farrell noted that there was an error with the reported number of employees enrolled in PO 4/14. Ms. Ellinger clarified that in December 2016, ETF staff initially reported only 1,238 employees enrolled. However, upon further review of the date, it was discovered that 9,283 employees are enrolled. Ms. Ellinger stated that despite the increase in enrolled employees, ETF staff's original recommendation to eliminate PO 4/14 remained the same.

Ms. Walk requested the Board disregard the proposed elimination of PO 4/14. Ms. Walk and Ms. Larson provided an overview the other two recommendations in the memo regarding 2018 program and operational changes.

ETF recommends administering the IYC Access Plan through the statewide/nationwide vendor contract(s) for the 2018 plan year, as the current contract ends December 31, 2017. The IYC Access Plan is statutorily required and currently self-insured. In addition, ETF recommended aligning benefits coverage for the IYC Access Plan with Uniform Benefits.

Ms. Larson noted that the IYC Access Plan is currently a Tier 3 program. Offering the IYC Access Plan through the statewide/nationwide vendor would allow the plan to become a Tier 1 program, which would be less expensive and more appealing to

members, while the alignment with Uniform Benefits would make the plan more consistent to administer and simplify contracting with a new vendor.

ETF also recommends consolidating the Local Annuitant Health Program (LAHP) be consolidated into the WPE program, and that LAHP members be offered PO 16, The LAHP is a fully insured retiree program that offers benefits different from any other plan administered by ETF. The enrollment group size is small, with 178 total subscribers, and the rates are highly volatile. Consolidation would help to stabilize rates over time and reduce administrative complexity.

MOTION: Ms. Cyganek moved to approve the pursuit of the following program changes for 2018:

- 1. It's Your Choice (IYC) Access Plan (formerly the Standard Plan) – Offer through statewide/nationwide vendor(s) and match Uniform Benefits***
- 2. Local Annuitant Health Program (LAHP) – combine with WPE Program***

Mr. Grapentine seconded the motion, which passed unanimously on a voice vote.

Medicare Member Options Strategy

Ms. Carabell and Ms. Pray referred the Board to the memo, Medicare Member Options Strategy (Ref. GIB | 2.8.17 | 8C). Ms. Carabell provided an overview of current offerings, which include IYC Medicare Plus (Supplement), IYC Medicare, and IYC Health Plan – Medicare.

Ms. Walk provided a brief overview of Medicare Advantage plan administration. In its November 2015 report, Segal suggested the Board explore offering additional Medicare Advantage plans in order to offer Medicare Advantage plans with significantly lower premiums than the current Medicare offerings and to provide enhanced offerings to Medicare-eligible participants with federal oversight and focus on quality.

Ms. Pray provided a brief overview of current Medicare offerings. IYC Medicare Plus is the only Medicare Supplement plan currently offered through the program. The current administrative contract with WPS expires at the end of 2017. Humana administers the program's only Medicare Advantage offering, and the contract also expires at the end of 2017.

ETF recommends incorporating negotiations on the Medicare Supplement and Medicare Advantage plans into the contract negotiations with the new statewide vendor for the program's non-Medicare population, and requests Board approval to explore options to offer additional Medicare offerings beginning in 2019. If the statewide vendor is unable to administer the Medicare Advantage Plan, ETF requests the Board approve extending the contract with the current vendor for 2018.

ETF is currently researching multiple issues and plan design considerations for 2019 and will bring more information and preliminary recommendations to the Board at its May 2017 meeting.

The Board discussed whether it was in the best interest of the program to negotiate with the new statewide vendor to administer the IYC Medicare Advantage Plan, given that the Medicare Advantage plan is fully insured. Ms. Ellinger made an alternate recommendation to negotiate a one year extension of the IYC Medicare Advantage Plan contract with Humana for one year, with the ability to negotiate with the new statewide vendor in the event of unsuccessful negotiations. The Board agreed to the alternate recommendation.

MOTION: Mr. Wieske moved to approve the pursuit of the following program changes related to Medicare member options for 2018 and 2019:

- 1. Negotiate with the new statewide vendor to administer the It's Your Choice Medicare Plus Plan (Medicare Supplement) for 2018, and negotiate with the current vendor to extend the contract for the It's Your Choice Medicare Advantage Plan (Medicare Advantage plan) with the current vendor for one year;***
- 2. If ETF is unable to complete a one year contract extension with the current Medicare Advantage plan vendor, negotiate with the new statewide vendor to administer the Medicare Advantage plan for 2018; and***
- 3. Explore options to offer additional Medicare offerings starting in 2019 approve the pursuit of the following program changes related to Medicare member options for 2018 and 2019.***

ETF will incorporate negotiations of the Medicare Supplement plan into the contract negotiations with the new statewide vendor for the program's non-Medicare population. ETF will bring options for additional Medicare offerings to the Board at its May 2017 meeting. Ms. Rolston seconded the motion, which passed unanimously on a voice vote.

DISABILITY PROGRAM UPDATE

Mr. Conlin provided a brief history of disability program oversight. He stated that ETF has made several efforts to become more proactive in the management of these programs, with the ultimate goal of streamlining and stabilizing the disability programs. The ETF Board has already made several decisions regarding disability program changes, and it was now appropriate for the Board to do the same.

Closure of the Long-Term Disability Insurance Program

Ms. Roemer referred the Board to the memo, Closure of the Long-Term Disability Insurance (LTDI) Program (Ref. GIB | 2.8.17 | 9A). Pursuant to their authority under Wis. Stat. § 40.03 (1) (i), the ETF Board adopted a recommendation to close the LTDI programs to new claims effective January 1, 2018 and reopen the 40.63 Disability

Annuity program (40.63), effective on the same date. The Board took this action at its meeting on September 29, 2016. Ms. Roemer cited several reasons for this action. LTDI was implemented in 1992 to address potential age discrimination issues raised by changes to the Age Discrimination in Employment Act (ADEA); however, a later Supreme Court decision diminished these concerns. The need for both the LTDI and 40.63 programs was questioned, as they are very similar.

Secondly, after analyzing various factors related to both programs, the ETF Board determined that closing the LTDI program and reopening the 40.63 program to new claims would be the most efficient and economical choice for the agency. Staff have begun the necessary administrative rules changes to facilitate the ETF Board's actions, as well as the internal processes for the run-out of the current LTDI claims.

Disability Program Redesign – Income Continuation Insurance

Ms. Roemer referred the Board to the memo, Disability Program Redesign – Income Continuation Insurance (ICI) (Ref. GIB | 2.8.17 | 9B). The state ICI program has had to increase premiums for the past several years because the program is not fully funded. The proposed changes to the state ICI program are intended to help with the long-term sustainability of the program as well as make it easier to understand and administer.

Ms. Roemer and Mr. Guidry presented an overview of the redesign proposal, including historical background, program status, plan enrollment statistics, disability redesign goals, ICI redesign specific goals, feedback from employers, and next steps. Mr. Skwire and Mr. Correia from Milliman presented the results of several experience studies and further analysis.

MOTION: Mr. Ziegelbauer moved to take action on the proposal to redesign the ICI program. Ms. Cyganek seconded the motion, which passed unanimously on a voice vote.

Aetna Contract Amendment and Extension

Ms. Roemer presented the memo, Aetna Contract Amendment and Extension (Ref. GIB | 2.8.17 | 9C). Aetna currently provides administrative services for the ICI and LTDI programs. Aetna was awarded the contract in December 2008 with a five-year term from January 1, 2009, through December 31, 2013, with options for two two-year extensions. The Board elected to exercise each of the two-year extensions; the final extension is scheduled to end December 31, 2017.

Aetna has been a strong partner with ETF in the administration of the ICI and LTDI programs. ETF believes the Board would be best served by having Aetna run out the LTDI claims process instead of contracting with a new vendor. No changes to Aetna's fee structure will result from this proposal.

MOTION: Mr. Ziegelbauer moved to amend the current administrative services contract with Aetna Life Insurance Company (Aetna) to add two

additional one-year contract extensions and exercise one of those options to extend the contract with Aetna for an additional one-year period. This action would extend the contract from January 1, 2018 through December 31, 2018. Ms. Cyganek seconded the motion, which passed unanimously on a voice vote.

Transfer Oversight of Income Continuation Insurance Program and Long-Term Disability Insurance Program from the Group Insurance Board to Employee Trust Funds Board

Mr. Stohr presented the memo, Transfer Oversight of Income Continuation Insurance Program and Long-Term Disability Insurance Program from the Group Insurance Board to Employee Trust Funds Board (Ref. GIB | 2.8.17 | 9D). ETF administers multiple disability programs: state and local ICI, LTDI, 40.63 Disability (also known as disability retirement), and Duty Disability.

Under current state statute, the Board oversees both the state and local ICI plans. The ETF Board oversees the 40.63 Program and the Duty Disability Program. The ETF Board delegated oversight of the LTDI Program to the Board, although staff presents LTDI Program information, such as annual valuations, to both Boards because the LTDI program is so closely tied to the 40.63 Program.

Mr. Stohr stated that the current disability program structure is confusing to employers, members, and ETF staff. The same holds true to the Board oversight structure. Consolidating oversight of the disability programs to the ETF Board is anticipated to reduce time and expense for both ETF staff and actuaries by eliminating duplicative meetings and actuary expenses. Such a change to ICI would require statutory changes. ETF will work with the Legislature and the Governor's Office on the changes, and the shift from the Board to the ETF Board will be effective upon potential enactment of the statutory changes.

MOTION: Mr. Ziegelbauer moved to approve the transfer of oversight of the Income Continuation Program and Long-Term Disability programs from the Group Insurance Board to the Employee Trust Funds Board. Ms. Cyganek seconded the motion, which passed unanimously on a voice vote.

Mr. Neitzke departed at 2:20 p.m.

OPERATIONAL UPDATES

Mr. Farrell referred the Board to the Operational Updates in the Board Packets (Ref. GIB | 2.8.17 | 10) and offered that staff were available if the Board had questions.

The chair announced the Board would convene in closed session pursuant to the exemptions contained in Wis. Stat § 19.85 (1) (a) for quasi-judicial deliberations on an

appeal. Ms. Gibson and Ms. Brockman 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) (a) for the purpose of quasi-judicial deliberations on an appeal. Ms. Thompson seconded the motion, which passed on the following roll call vote:

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

Members Absent: Neitzke

The Board convened in closed session at 2:44 p.m. and reconvened in open session at 2:59 p.m.

ANNOUNCEMENT OF ACTION TAKEN ON BUSINESS DELIBERATED DURING CLOSED SESSION

During closed session, the Board moved to adopt the hearing examiner's proposed decision with amendments as recommended by counsel in regard to Appeal No. 2016-006-GIB.

FUTURE ITEMS FOR DISCUSSION

The Board meeting originally scheduled for February 22, 2017 was cancelled. The Board will reconvene in May.

ADJOURNMENT

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

The meeting adjourned at 3:00 p.m.

Date Approved: _____

Signed: _____

Herschel Day, Secretary
Group Insurance Board