



STATE OF WISCONSIN
Department of Employee Trust Funds
Robert J. Conlin
SECRETARY

801 W Badger Road
PO Box 7931
Madison WI 53707-7931

1-877-533-5020 (toll free)
Fax 608-267-4549
etf.wi.gov

Correspondence Memorandum

Date: May 23, 2017
To: Group Insurance Board
From: Shayna Schomber, Optional & Self-Insured Health Plans Manager
Office of Strategic Health Policy
Subject: Optional Insurance Program Proposals

Staff recommends the Group Insurance Board (Board) approve the following, effective January 1, 2018:

- **Pend discussion of EPIC plan changes and rates until August 2017 meeting**
- **Approve benefit changes for Vision Service Plan (VSP)**
- **Approve continued participation with no changes**
 - **Anthem DentalBlue**
 - **Zurich North America**
- **Deny proposals for newly proposed plans**
 - **Nationwide Mutual**
 - **Securian Life Insurance Company**
 - **SeniorCare**

Background

Under the authority granted to the Group Insurance Board (Board) by Wis. Stats. § 40.03 (6) (b) and pursuant to § 20.921(1)(a)(3) and Administrative Code ETF10.20, the Board may approve optional, employee-pay-all group insurance plans to be offered via payroll deduction. Proposals for changes to benefits and/or premiums for existing plans are reviewed under the Board's Guidelines for Offering Optional Insurance Plans (Guidelines).

The Guidelines outline criteria for the Board's determination of whether to approve a proposed plan. The Department of Employee Trust Funds (ETF) evaluated the new proposals using those criteria, and the review process outlined in the Guidelines. For 2018 consideration, there were five new plan proposals from three different vendors.

Reviewed and approved by Lisa Ellinger, Director, Office of Strategic Health Policy

Electronically Signed 5/23/17

Board	Mtg Date	Item #
GIB	5.24.17	7B

Optional Insurance Program Alignment Initiative

ETF has initiated a review of the Optional Insurance Program in an effort to address concerns raised by payroll centers in 2016 regarding the complexity of the supplemental benefit options. There is significant variation among the optional plans and benefits, making it difficult to compare the overall value of the plans for staff and members alike. ETF is consulting with the Board's actuarial consultant, Milliman, to review the Optional Insurance Program structure and benefits, and develop a strategic approach improve the program.

The goals of this initiative are:

- Limit plan offerings based on overall value to members
- Reduce benefit overlap
- Reduce member confusion
- Standardize available benefits
- Maximize administrative efficiency

Staff will bring analysis and a recommendation to the Board at the November 2017 meeting. Given that staff are currently working on changes to the Optional Insurance Program, ETF staff do not recommend making significant changes to the Optional Insurance Program at this time.

Existing Plan Proposals

EPIC Dental Wisconsin and Benefits+

ETF received proposals for rate and benefit changes from EPIC for the Dental Wisconsin and Benefits+ plans. However, based upon the analyses from Milliman, ETF requested that EPIC consider amending the 2018 proposals. Those discussions were still in progress the week of this Board meeting. Therefore, ETF will bring recommendations for any modifications to the 2018 premium rates and benefits for the EPIC plans to the August 2017 Board meeting.

Vision Service Plan (VSP)

ETF received a proposal for benefit enhancements to the current VSP plan with no rate changes (Attachment A). The proposed enhancements for 2018 are:

- Premium rate guarantee for 3 years, through 2020
- Increase contact lens and frame allowances from \$130 to \$150
- Add full coverage for UV protection coating
- Decrease the contact lens exam copay from \$60 to \$40
- Add Primary EyeCare Supplemental Coverage, which includes additional benefits at a \$20 copay
 - Treatment for eye pain or infection
 - Testing for sudden vision changes
 - Cataract monitoring exams
 - Retinal screenings

VSP's loss ratios for 2015 and 2016 were 68%, which is below the required 75% minimum. In response, VSP proposed benefit enhancements at no increased cost for members in order to meet the loss ratio requirement for 2018. Milliman is currently reviewing VSP's 2016 performance and proposed benefit enhancements to confirm that the rates and benefits for 2018 are reasonable, and will meet the 75% minimum loss ratio requirement. Based on initial feedback from Milliman, the proposed changes are expected to meet the loss ratio requirement for 2018.

Anthem DentalBlue

Anthem proposed no rate or benefit changes for 2018 (Attachment B). Milliman reviewed Anthem's 2016 performance and concluded that the rates and benefits are still reasonable for 2018. Anthem met the overall loss ratio for 2016, but the Preferred PPO plan missed the 75% requirement by just over 3%. The Preferred PPO plan has no proposed rate changes, but the plan is expected to meet the 75% loss ratio for 2018 when factoring in dental claims trend.

Zurich North America

Zurich also proposed no rate or benefit changes for 2018 (Attachment C). Zurich is new to the Optional Insurance Program for 2017, and therefore does not have 2016 performance data for review.

New Proposal Review

ETF received five new proposals for 2018, including one from Nationwide Mutual (Nationwide), three from Securian Life Insurance Company (Securian), and one from SeniorCare for Long Term Care.

Nationwide Mutual

Nationwide submitted a Voluntary Pet Insurance plan proposal for consideration in 2018. Pet insurance is considered Property and Casualty (P&C) insurance, while the plans in the Optional Insurance Program are categorized as Accident and Health insurance. The Nationwide proposal would not comply with the required 75% minimum loss ratio. ETF staff recommends not approving Nationwide's proposal.

Securian Life Insurance Company

Securian submitted three proposals: Accidental Death and Dismemberment (AD&D), Critical Illness, and Hospital Indemnity. Milliman reviewed the three proposals and concluded that each of them are reasonable. Securian submitted these proposals for 2017 consideration as well. Given the "alignment initiative" noted above, ETF staff recommend not approving Securian's proposals for 2018, but instead considering them for 2019.

SeniorCare

SeniorCare submitted a proposal for Long Term Care insurance (LTC) on behalf of LifeCare and National Guardian Life (NGL). The proposal is underwritten by NGL and managed by a third-party administrator, LifeCare.

LTC insurance requirements are outlined in the Board-approved Standards for Proposing and Offering Long Term Care Insurance to State Employees (Standards). The Standards require a list of three current or recent employer references, including one government agency and one large group employer. ETF staff met with SeniorCare to discuss the requirements to offer LTC insurance; however, SeniorCare was unable to provide adequate employer references for either National Guardian Life or LifeCare.

The Board may recall that SeniorCare previously proposed a LTC plan from TransAmerica, which was approved by the Board in May 2015. After difficult and protracted negotiations, SeniorCare and TransAmerica came to an agreement with ETF for the 2016 contract in November 2016. However, the prolonged negotiation process required significant resources from ETF, and was not completed with sufficient time to market the LTC plan to state employees and annuitants. As a result, there was no enrollment in the plan for 2016, and the plan was not offered for 2017. With this in mind, and without adequate employer references, ETF staff recommend not approving SeniorCare's proposal for LTC insurance for 2018.

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

Attachment A: VSP Proposal
Attachment B: Anthem Proposal
Attachment C: Zurich Proposal

Attachment A



David Ettipio
Market Director

April 14, 2017

Shayna Schomber
State of WI ETF
801 W Badger Rd
Madison, WI 53713

RE: State of WI – ETF Contracts – **January 1, 2018 Vision Plan Renewal Proposal**

Dear Shayna:

Pursuant to your request, I am providing the renewal proposal information for State of WI, effective January 1 2018.

VSP has reviewed the current plan design and I'm pleased to inform you that VSP can provide a rate guarantee for 36 months. We are happy to share that your employees will enjoy additional value and benefits at no additional cost. The renewal proposal for 2018 includes an increase to the retail frame allowance, elective contact lens materials allowance, covered in full in network UV Protection Coating and VSP's Primary EyeCare plan; maximizing the value of the member's vision benefits. In addition, it includes a decrease to the elective contact lens exam deductible adding additional savings for the members.

	Current Plan
Group Name:	State of WI Department of Employee Trust Funds
Group Number:	30015309, 30015310, 30015848, 30027840 and 30058149
Current Plans:	Choice Plan B
Plan Frequency:	Exam & lenses every 12 months and frame every 24 months
Frame Allowance:	\$130
Elective Contact Lenses:	\$130
Choice Plan Co-payments:	\$15 Exam, \$25 Materials Copay and \$60 Contact Lens Exam Copay
Current Choice Plan Rates Actives:	\$6.54 / \$13.08 / \$14.73 / \$23.54
Current Choice Plan Rates Retirees:	\$6.60 / \$13.20 / \$13.20 / \$15.50

	Renewal Plan Proposal
Renewal Period:	January 1, 2018 – December 31, 2020 (36 months)
Renewal Plans:	Choice Plan B
Plan Frequency:	Exam & lenses every 12 months and frame every 24 months
Frame Allowance:	\$150
Elective Contact Lenses:	\$150
Covered Lens Enhancements:	UV Protection Coating Covered in Full
Primary EyeCare Plan:	Primary EyeCare Supplemental Coverage
Choice Plan Co-payments:	\$15 Exam, \$25 Materials Copay and \$40 Contact Lens Exam Copay
Current Choice Plan Rates Actives:	\$6.54 / \$13.08 / \$14.73 / \$23.54
Current Choice Plan Rates Retirees:	\$6.60 / \$13.20 / \$13.20 / \$15.50

Please have the appropriate group representative sign the renewal proposal below and email a copy of this renewal to Stephanie Perez at Stephanie.Perez@vsp.com.

We appreciate your continued support of VSP.

Thank you,

David Ettipio

DE/smp
Enclosure

Authorized Group Representative Signature

Attachment B



March 1, 2017

Group Insurance Board
C/O Department of Employee Trust Funds
Attention: Shayna Schomber, Division of Insurance Services
801 West Badger Road
Madison, WI 53707-7931

RE: Anthem Optional Dental Blue Plans – 2018 Voluntary Dental Renewal

Dear Group Insurance Board:

Anthem Blue Cross and Blue Shield (Anthem) would like the Group Insurance Board to consider the proposed renewal for all three Voluntary Dental plans offered by Anthem.

The renewal calculations for 2018 are based on data from February of 2016 through January of 2017. Any period over period comparison in the following summary is comparing that data to the prior period data of February 2015 through January of 2016.

There was a 12.3% increase in subscribers (employees) with an additional 122 on the PPO Plan in the current period. The DHMO Plan saw an increase of 103 subscribers representing 11.8% growth in the current period. The Supplemental plan saw a 10.3% increase in the current period gaining 640 subscribers. Overall the current period subscribers for all three plans are 8,950 compared to 8,085 in the prior period, a 10.7% increase.

When reviewing the experience on a plan by plan basis the loss ratio on the Supplemental plan is 79.0% in the current versus 78.8% in the prior, the PPO is 71.7% in the current versus 69.5% in the prior, and the DHMO plan is 77.6% in the current versus 72.2% in the prior period. In aggregate the current period loss ratio is 77.9% compared to 77.1% in the prior period.

In 2017 Anthem reduced the rates for the DHMO and PPO plans by 0.80% and 6.50% respectively. The rates for the Supplemental plan were increased by 8.20%. We expect the trend of increasing loss ratios in the current period for the DHMO and PPO plans to continue as the rate actions of 2017 impact the experience. Furthermore, we anticipate the 2017 rate action for the Supplemental plan to support the period over period stabilization of the plans loss ratio.

There are no benefit adjustments being proposed for the 2018 renewal for the Supplemental, PPO, or DHMO plans.

Effective January 1, 2014 the Patient Protection and Affordable Care Act (PPACAA) required the payment of the ACA Insurer Fee for all fully insured plans including dental plans. The fee is intended to fund premium subsidies and Medicaid expansion. The fees were suspended for 2017 and will be reinstated for 2018. The fee for the 2018 renewal equates to 3.5% of the required annual premium.

The calculations provided represent individual rating of the three plans and an aggregate summary. The renewal calculations include a factor of 1.01 for claims incurred but not yet reported, an enrollment adjustment reflective of the growth, applied trend of 3%, retention, and the ACA fee.

The result of the calculations and the associated factors result in calculated premium adjustments of +2.89% for the Supplemental Plan, +3.63% for the PPO Plan, and +7.72% for the DHMO Plan. After further review and consideration by underwriting the **recommended** premium action by Anthem for 2018 is a no increase in cost for all three plans: Supplemental Plan, PPO Plan, and DHMO Plan. The recommendation to hold 2017 rates for the 2018 plan year is projected to satisfy the minimum loss ratio threshold for all three plans.

The rate illustration and renewal calculations for the three plans have been provided. Following review of the enclosed documents, please contact me with any questions at 920-445-2227 or Brian.Martin@anthem.com.

Sincerely,

Brian Martin
Account Manager Consultant

A handwritten signature in black ink that reads "Brian W. Martin". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Enclosures

2018 Voluntary Dental Rate Exhibit

2018 Anthem Rate Calculation Exhibit



Attachment C

May 3, 2017

State of Wisconsin Group Insurance Board
State of Wisconsin Department of Employee Trust Funds
801 West Badger Road
Madison, WI 53713

Subject: Zurich North America Optional Employee-Pay-All Accident Insurance Plan

This letter confirms that Zurich North America will make no changes to our contract with the State of Wisconsin Group Insurance Board and Department of Employee Trust Fund for the 2018 contract period. We appreciate the ongoing support and look forward to building on our business relationship.

Sincerely,

A handwritten signature in black ink, appearing to read 'C Manchester', with a horizontal line extending to the right from the end of the signature.

Christian Manchester
Vice President / Business Lead Group Voluntary Accident
Specialty Products – A&H
Zurich North America
300 South Riverside Plaza, 21st Floor
Chicago, IL 60606