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 SECRETARY

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## **Correspondence Memorandum**

**Date:** April 10, 2018  
**To:** Group Insurance Board  
**From:** Renee Walk, Strategic Health Policy Advisor  
 Office of Strategic Health Policy  
**Subject:** Supplemental Insurance Program Annual Update

**This memorandum is for informational purposes only. No Group Insurance Board (Board) action is required.**

Under authority granted to the Board by Wis. Stats. §40.03 (6) and §40.55 and pursuant to Wis. Stats. §20.921 (1)(a)3 and Wis. Admin. Code ETF 10.20 and ETF 41, the Board is responsible for approving Supplemental Insurance Program offerings that are eligible for payroll deduction.


The Department of Employee Trust Funds (ETF) annually provides the Board with an update on the Supplemental Insurance Program.

### **Review of 2017 Activity**

In 2017, ETF recommended contracts with existing vendors Vision Service Plan (VSP), EPIC, Anthem DentalBlue, Zurich North America and Mutual of Omaha.

*Table 1. 2018 approved rates and change in rates from 2017*

Vendor (Benefit)	Active Employee		Annuitant	
	Single	Family	Single	Family
<b>VSP (Vision)</b>	\$6.54	\$23.54	\$6.60	\$15.50
<i>Change from 2017</i>	<i>0%</i>	<i>0%</i>	--	--
<b>Anthem DentalBlue HMO (Dental)</b>	\$18.47	\$59.09	\$18.47	\$59.09
<i>Change from 2017</i>	<i>0%</i>	<i>0%</i>	--	--
<b>Anthem DentalBlue PPO (Dental)</b>	\$19.15	\$63.18	\$19.15	\$63.18
<i>Change from 2017</i>	<i>0%</i>	<i>0%</i>	--	--
<b>Anthem DentalBlue Supplement (Dental)</b>	\$19.56	\$58.73	\$19.56	\$58.73
<i>Change from 2017</i>	<i>0%</i>	<i>0%</i>	--	--

Reviewed and approved by Eileen K Mallow, Director, Office of Strategic Health Policy  
 Electronically Signed 5/1/18

Board	Mtg Date	Item #
GIB	5.16.18	5A

<b>Zurich North America (AD&amp;D) General Employee</b>	\$0.026/\$ 1,000	\$0.036/\$ 1,000	n/a	n/a
<i>Change from 2017</i>	<i>0%</i>	<i>0%</i>	<i>--</i>	<i>--</i>
<b>Zurich North America (AD&amp;D) Protective Employee</b>	\$0.044/\$ 1,000	\$0.060/\$ 1,000	n/a	n/a
<i>Change from 2017</i>	<i>0%</i>	<i>0%</i>	<i>--</i>	<i>--</i>
<b>EPIC Dental WI PPO (Dental)</b>	\$22.38	\$80.10	\$35.62	\$127.48
<i>Change from 2017</i>	<i>-9.0%</i>	<i>-9.0%</i>	<i>0.0%</i>	<i>0.0%</i>
<b>EPIC Dental WI Select (Dental)</b>	\$21.04	\$73.36	\$27.56	\$96.20
<i>Change from 2017</i>	<i>+2.5%</i>	<i>+2.5%</i>	<i>+7.5%</i>	<i>+7.5%</i>
<b>EPIC Benefits+ Total (Combined)</b>	\$21.38 (Vision +\$3.64)	\$64.14 (Vision +\$9.44)	\$28.74 (Vision +\$3.26)	\$79.16 (Vision +\$8.48)
<i>Change from 2017</i>	<i>-0.8%</i>	<i>-0.8%</i>	<i>-0.6%</i>	<i>-0.6%</i>

Long-term care coverage through Mutual of Omaha is rated individually, and therefore not available for inclusion in this table.

To achieve flat rates and the required 75% loss ratio from 2016 to 2017, VSP agreed to several expanded benefits. EPIC also agreed to a variety of changes to benefits in order to hold down increases in the Select dental product and decrease rates in their other lines. Details were provided in the May 2017 and August 2017 Optional Plan memos to the Board.

ETF also recommended an approach to consolidating supplemental programs into a more coordinated set of benefits. This approach included modifying *Supplemental Insurance Plan Guidelines* (ET-7422) and the *Long-Term Care Insurance Standards* (ET-7423) to allow the Board to limit the number of carriers providing each type of benefit based upon the benefit plans proposed, as well as to limit the benefits so as not to overlap one another or Uniform Benefits. The Board approved this alignment initiative in August of 2017.

### **2018 Supplemental Plan Enrollment**

All supplemental insurance plans offered in 2018 experienced an increase in the number of participants enrolled from 2017 to 2018. The largest increases were in the EPIC Benefits+ and VSP groups. VSP continues to be the supplemental benefit with the largest number of enrollments.

Long-term care, offered by Mutual of Omaha through HealthChoice brokerage, has the smallest number of enrollments overall. This is not unexpected, as long-term care products are challenging to sell in the general market. ETF is unaware of the change in enrollment from 2017 to 2018 as the vendor did not report this data. As of December 31, 2017, however, Mutual of Omaha reported 1,866 contracts from State of Wisconsin employees, up slightly from 1,751 in December of 2016.

Table 2. 2018 Supplemental Plan subscriber enrollment by vendor and change

Vendor	Active Employees			Annuitants*			
	Enrolled as of:	12/31/17	3/31/18	%Change	12/31/17	3/31/18	% Change
<b>Anthem DentalBlue</b>		7,468	7,942	+6.3%	1,505	1,638	+8.8%
<b>VSP</b>		20,858	23,476	+12.6%	221	282	+27.6%
<b>EPIC Benefits+</b>		12,976	14,000	+7.9%	5,524	5,631	+1.9%
<b>EPIC Benefits+ Vision</b>		5,228	6,168	+18.0%	384	485	+26.3%
<b>EPIC Dental PPO</b>		3,499	4,161	+18.9%	480	539	+12.3%
<b>EPIC Dental Select</b>		4,868	4,926	+1.2%	750	776	1.03%
<b>Zurich</b>		5,895	6,037	+2.4%	N/A	N/A	--
<b>Total Enrollments**</b>		<b>60,792</b>	<b>66,710</b>	<b>+9.7%</b>	<b>8,864</b>	<b>9,351</b>	<b>+5.5%</b>

\*Annuitants includes continuants

\*\*Note: enrollments are not necessarily unique employees

Across all supplemental plans, there was an increase in enrollment of almost 10% for active employees from the close of 2017 to the first months of 2018. The annuitant population saw an increase of 5.5%.

### Loss Ratios

Following the implementation of new contract guidelines, all supplemental plans are required to meet a minimum 75% loss ratio. Despite this requirement, only the stand-alone accidental death and dismemberment (AD&D) plan offered by Zurich met this requirement in 2017. See Attachment A for detailed enrollment and loss ratio information.

### Performance Metrics

All supplemental plans are also required to submit data to prove they have adhered to certain performance standards. While all plans submitting data indicated that they had met the standards as described, several vendors submitted incomplete data, and the data submitted would be a significant challenge to audit given the number of plans and the limits of enforcement language included in the Board's current supplemental plan contracts. The improvement of performance metric reporting, as well as enforcement of penalties for failure to meet requirements, will be a focus of the contracts proposed for the 2019 benefit year.

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

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Anthem DentalBlue 2017 Members and Experience						
Enrollment as of 12/31/17						
Contract Type	Subscriber (Count)	Dependents (Count)		Total (Count)		
Active Employees	7468	8,302		15,770		
Continuants/ Annuitants	1505	787		2,292		
<b>Total</b>	<b>8,973</b>	<b>9,089</b>		<b>18,062</b>		
Claims Experience, Calendar Year 2017						
Contract Type	Incurred Amount	Premium Amount	Loss Ratio	Paid Claims (Count)	Denied Claims (Count)	Total Claim Count
Active Employees	\$1,907,125	\$3,189,853	60%	9,606	2,496	12,102
Continuants/ Annuitants	\$594,108	\$727,503	82%	14,195	1,776	15,971
			-			-
<b>Total</b>	<b>\$2,501,233</b>	<b>\$3,917,356</b>	<b>64%</b>	<b>23,801</b>	<b>4,272</b>	<b>28,073</b>

Attachment A. Calendar year 2017 enrollment and experience by plan.

EPIC Benefits+ 2017 Members and Experience			
Enrollment in Core Benefits+ as of 12/31/17			
Contract Type	Subscriber (Count)	Dependents (Count)	Total (Count)
Active Employees	12,976	15,074	28,050
Continuants	81	54	135
Annuitants	5,443	2,603	8,046
<b>Total</b>	<b>18,500</b>	<b>17,731</b>	<b>36,231</b>
Enrollment in Core Benefits+ with Optional Vision as of 12/31/17			
Contract Type	Subscriber (Count)	Dependents (Count)	Total (Count)
Active Employees	5,228	6,541	11,769
Continuants	26	19	45
Annuitants	358	203	561
<b>Total</b>	<b>5,612</b>	<b>6,763</b>	<b>12,375</b>

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Claims Experience (Calendar Year 2017; as of 12/31/2017)						
AD&D						
Contract Type	Incurred Amount	Premium Amount	Loss Ratio	Paid Claims (Count)	Denied Claims (Count)	Total Claim Count
Active Employees	\$15,000	\$55,881	27%	2	2	4
Continuants	\$0	\$272	0%	0	0	-
Annuitants	\$7,500	\$33,384	22%	3	0	3
<b>Total</b>	\$22,500	\$89,538	25%	5	2	7
Hospital						
Active Employees	\$530,514	\$631,677	84%	980	580	1,560
Continuants	\$30,110	\$3,072	980%	27	25	52
Annuitants	\$342,949	\$393,928	87%	528	307	835
<b>Total</b>	\$903,573	\$1,028,677	88%	1,535	912	2,447
Dental						
Active Employees	\$3,981,734	\$5,339,183	75%	15,114	24,012	39,126
Continuants	\$19,564	\$26,090	75%	67	130	197
Annuitants	\$1,633,436	\$2,289,388	71%	5,372	10,221	15,593
<b>Total</b>	\$5,634,734	\$7,654,661	74%	20,553	34,363	54,916
Vision						
Active Employees	\$263,155	\$402,470	65%	2,444	245	2,689
Continuants	\$1,134	\$1,378	82%	12	0	12
Annuitants	\$12,605	\$24,925	51%	111	7	118
<b>Total</b>	\$276,894	\$428,773	65%	2,567	252	2,819
All Benefits+ Components						
Active Employees	\$4,790,403.	\$6,429,211	75%	18,540	24,839	43,379
Continuants	\$50,808	\$30,812	165%	106	155	261
Annuitants	\$1,996,489	\$2,741,626	73%	6,014	10,535	16,549
<b>Grand Total</b>	\$6,837,70	\$9,201,649	74%	24,660	35,529	60,189

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EPIC Dental 2017 Members and Experience						
Preferred Provider Option (PPO) Enrollment						
Contract Type	Subscriber (Count)	Dependents (Count)	Total (Count)			
Active Employees	3,499	3,145	6,644			
Continuants	22	13	35			
Annuitants	458	267	725			
<b>Total</b>	<b>3,979</b>	<b>3,425</b>	<b>7,404</b>			
Select Enrollment						
Contract Type	Subscriber (Count)	Dependents (Count)	Total (Count)			
Active Employees	4,868	5,026	9,894			
Continuants	27	18	45			
Annuitants	723	362	1,085			
<b>Total</b>	<b>5,618</b>	<b>5,406</b>	<b>11,024</b>			
Claims Experience (Calendar Year 2017; as of 12/31/2017)						
PPO						
Contract Type	Incurred Amount	Premium Amount	Loss Ratio	Paid Claims (Count)	Denied Claims (Count)	Total Claim Count
Active Employees	\$1,155,497	\$1,846,328	63%	7,175	4,791	11,966
Continuants	\$6,991	\$7,264	96%	70	26	96
Annuitants	\$228,790	\$306,306	75%	1,520	642	2,162
<b>Total</b>	<b>\$1,391,278</b>	<b>\$2,159,898</b>	<b>64%</b>	<b>8,765</b>	<b>5,459</b>	<b>14,224</b>
Select						
Active Employees	\$1,803,046	\$2,289,480	79%	7,723	11,437	19,160
Continuants	\$8,589	\$5,848	147%	28	19	47
Annuitants	\$258,209	\$318,607	81%	1,111	1,398	2,509
<b>Total</b>	<b>\$2,069,844</b>	<b>\$2,613,935</b>	<b>79%</b>	<b>8,862</b>	<b>12,854</b>	<b>21,716</b>
All EPIC Dental						
Active Employees	\$2,958,543	\$4,135,808	72%	14,898	16,228	31,126
Continuants	\$15,581	\$13,112	119%	98	45	143
Annuitants	\$486,999	\$624,914	78%	2,631	2,040	4,671
<b>Grand Total</b>	<b>\$3,461,123</b>	<b>\$4,773,834</b>	<b>73%</b>	<b>17,627</b>	<b>18,313</b>	<b>35,940</b>

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VSP 2017 Members and Experience						
Enrollment Information (as of 12/31/2017)						
Plan	Subscriber (Count)		Dependents (Count)		Total (Count)	
Active Employees	20,858		20,347		41,205	
Continuants	221		124		345	
Annuitants	3,932		2,073		6,005	
<b>Total</b>	25,011		22,544		47,555	
Claims Experience (Calendar Year 2017; as of 12/31/2017)						
Plan	Incurred Amount	Premium Amount	Loss Ratio	Paid Claims (Count)	Denied Claims (Count)	Total Claim Count
Active Employees	\$2,088,788	\$3,115,236	67%	25,126	-	25,126
Continuants	\$28,251	\$33,115	85%	358	-	358
Annuitants	\$278,992	\$469,793	59%	3,741	-	3,741
<b>Total</b>	\$2,396,031	\$3,618,144	<b>66%</b>	29,225	-	29,225

Zurich 2017 Members and Experience						
Enrollment Information (as of 12/31/2017)						
Plan	Subscriber (Count)	Dependents (Count)			Total (Count)	
Active Employees	5895	Information Not Available			5,895	
Continuants	Not Applicable	Not Applicable			-	
Annuitants	Not Applicable	Not Applicable			-	
COBRA	Not Applicable	Not Applicable			-	
<b>Total</b>	5,895	-			5,895	
Claims Experience (Calendar Year 2017; as of 12/31/2017)						
Plan	Incurred Amount	Premium Amount	Loss Ratio	Paid Claims (Count)	Denied Claims (Count)	Total Claim Count
Active Employees	\$532,453	\$533,457	100%	1	-	2
Continuants			-			-
Annuitants			-			-
<b>Total</b>	\$532,453	\$533,457	100%	1	-	2