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Correspondence Memorandum

Date: May 3, 2018

To: Group Insurance Board

From: Renee Walk, Strategic Health Policy Advisor
 Office of Strategic Health Policy

Subject: Supplemental Insurance Program Proposals

The Department of Employee Trust Funds (ETF) recommends the Group Insurance Board (Board) approve the following, effective January 1, 2019:

- **Approve contracting for supplemental plans with:**
 - **Delta Dental of Wisconsin (Delta), for two supplemental dental plans;**
 - **Zurich North America, for accidental death and dismemberment (AD&D) coverage; and**
 - **Vision Service Plan (VSP), for supplemental vision coverage**
- **Deny proposals for:**
 - **Anthem DentalBlue, for supplemental dental;**
 - **Securian Life Insurance Company, for AD&D, hospital indemnity, and critical illness benefits;**
 - **EPIC, for supplemental dental, AD&D, hospital indemnity, and vision; and**
 - **Mutual of Omaha, for long-term care insurance.**

Background

The Board may approve supplemental, employee-pay-all group insurance plans to be offered via payroll deduction under the authority granted by Wis. Stats. §40.03(6)(b) and pursuant to Wis. Stats. 20.921(1)(a)(3) and Administrative Code ETF 10.20. Insurers who wish to participate in the supplemental insurance program must annually submit benefit plans and premiums for review and approval by the Board. Proposals must meet the requirements described in the Board’s Supplemental Insurance Plan Guidelines ET-7422 (Guidelines). Long-term care insurance must meet the requirements described in the Long-Term Care Insurance Standards ET-7423 (Standards).

In November 2017, the Board approved an alignment strategy for supplemental plans. The goals of this strategy were to reduce benefit overlap, standardize available benefits, reduce the number of plans offering overlapping benefits, and reduce administrative

Reviewed and approved by Eileen K Mallow, Director, Office of Strategic Health Policy

Eileen K Mallow Electronically Signed 5/4/18

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complexity, with the goal of making these plans more understandable to members and more responsive to their needs. Staff revised the Guidelines and Standards accordingly for proposals submitted for the 2019 benefit plan year.

2019 Supplemental Insurance Proposal Review and Selection

All four existing vendors for supplemental plans submitted proposals to participate in the 2019 plan year; two additional vendors that do not currently participate in the supplemental insurance program also submitted proposals. While the two additional vendors have not participated in the supplemental program, they are current vendors to the Board for other programs.

Table 1. Proposal types submitted by vendor

Vendor Name	Benefit Plan Submitted	Current/New Offering
Anthem DentalBlue	Dental	Current
	Vision	New
EPIC	Dental	Current
	Vision	Current
	AD&D	Current
	Hospital Indemnity	Current
Delta	Dental	New
	Vision	New
Securian	AD&D	New
	Critical Illness	New
	Hospital Indemnity	New
VSP	Vision	Current
Zurich	AD&D	Current

Staff verified that all proposal components were complete. Plans were required to sign ETF's Standard Terms and Conditions with their proposals. All proposals were reviewed with the intent to maintain substantially similar or better coverage opportunities at the most affordable premium rates, but with the minimum necessary number of vendor contracts. Staff then reviewed proposals with representatives from the largest payroll centers served by the Board's supplemental programs. Payroll center feedback was critical in reviewing the proposals received, as well as in documenting considerations for successful vendors. Adding payroll center review is a new step for this year, and was added to ensure ETF staff understood payroll center technical needs and prior experience with these plans.

Proposals were also reviewed by the Board's actuary for supplemental plans, Milliman. Milliman determined that most plans who submitted did meet the applicable requirements, and that the benefits proposed should reasonably meet the loss ratio threshold required.

Vendors were invited to submit two versions of each benefit offered -- a more conservative benefit and a more robust benefit. Vendors were also asked to itemize the

component parts of the rates they offered, so that proposals could be accurately compared. For benefits that might overlap with Uniform Benefits (dental or medical), vendors were instructed to exclude these benefits from the benefit designs offered. Staff identified three 2019 vendors based upon the Guidelines and selected one vendor per benefit type.

Delta proposed the lowest premium rates for the most robust supplemental dental benefit. The Board also has experience with Delta as the vendor for Uniform Dental Benefits; Delta will be in the best position to coordinate benefits coverage continuously across the uniform and supplemental benefit designs. Delta will also provide technical assistance to employers to implement this change, as well as intensive marketing support to guide members in making 2019 elections. Members will have the option to enroll in one of two levels of benefit plan, with varying coverage levels.

Zurich North America assumed the Board's AD&D benefit program following the departure of The Hartford from the Board's program. ETF proposes continuing the benefit offered by Zurich and adding coverage for identity theft to the policy. This will result in an additional \$0.002 per \$1,000 of coverage. The benefit includes full resolution of identity theft claims.

VSP has been the Board's long-standing vision carrier, and currently enrolls the largest number of members in any supplemental benefit plan. Historical experience with VSP as a vendor has been very favorable, according to payroll center partners who provided input on the proposals. Maintaining this vendor will also ease the workload that other supplemental plan transitions will have on payroll center staff. While VSP's loss ratios have not always achieved the 75% minimum requirement in prior years, VSP has indicated a strong desire to work with staff to ensure that rates are reduced or additional benefits are provided to continue work toward meeting this requirement. To that end, VSP has increased benefits in this proposal to add greater coverage for frames and progressive lenses, and have reduced premiums by \$0.16 per month for individuals and \$0.56 per month for family coverage.

Proposals from the selected vendors are included in Attachment A of this document.

Long-Term Care Proposal

ETF received one proposal for long-term care for the 2019 program year from Mutual of Omaha, through HealthChoice brokerage. The initial proposal was deficient in several ways. To date, the vendor has refused to provide the required number of references, citing their past engagement with the Board's program as reason they should not need to comply. A vendor that does not offer adequate references fails to meet the requirements approved by the Board.

Mutual of Omaha/HealthChoice has also been late in providing required performance standard reporting. As of the writing of this memo, Mutual of Omaha/HealthChoice has not returned phone calls to arrange a time to begin discussing a contract for service.

Last year's contract negotiations extended through the summer, requiring staff to delay bringing a contract to the Board for approval.

The long-term care policy offered is not a group policy; rather, it is individually rated. Individuals can purchase these policies in the market without the endorsement of the Board, although long-term care policies in general are becoming less common in the marketplace and are often cost-prohibitive. The Board does not subsidize any portion of the long-term care premium for members. Members may choose to pay premiums through payroll deduction, but deductions are made post-tax, and members must update any premium changes with their payroll office directly. At the last census of members provided, there were approximately 1,800 members who had purchased a long-term care product through this offering.

Under Wis. Stats. §40.55(1), the state "shall offer, through the group insurance board, to eligible employees under s.40.02(25)(bm) and to state annuitants long-term care insurance policies which have been approved for sale in this state by the office of the commissioner of insurance and which have been approved for offering under contracts established by the group insurance board if the insurer requests that the policy be offered..."

The vendor does not currently meet the guidelines as approved by the Board. Staff therefore recommends that the proposal and contract not be approved for 2019. Members who currently participate in the program will not lose their coverage; however, they will no longer be able to use payroll deduction to pay premiums. Staff will work with the payroll centers to communicate this change.

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

Attachment A

Supplemental Dental Benefits Delta Dental of Wisconsin, Inc.

Proposer:
Proposed Plan Name:

Delta Dental PPO - Exclusive Plan (Low Benefit Plan) and Delta Dental PPO plus Premier - Choice Plan (High Benefit Plan)

Monthly Premiums no deductible waiver Guaranteed for 12 months	Delta Dental PPO - Exclusive Plan Benefit Plan (Active Employee / Retiree)	Low	Delta Dental PPO plus Premier - Choice Plan High Benefit Plan (Active Employee / Retiree)	Comments
Employee or Retiree Only	\$8.55 / \$14.25		\$16.19 / \$25.83	
Employee or Retiree + Spouse	\$17.10 / \$28.50		\$32.38 / \$51.66	
Employee or Retiree + Child	\$11.54 / \$19.24		\$29.95 / \$47.79	
Family	\$20.52 / \$34.20		\$49.38 / \$78.78	

Plan Features	Low Benefit Plan	High Benefit Plan	Comments
Provider Network Type (HMO, PPO, Open, etc.)	PPO	PPO	
If a specific network is used, list the name of provider network(s)	Delta Dental PPO (one network)	Delta Dental PPO plus Premier (two networks)	The UDB uses the Delta Dental PPO plus Premier networks
Basic Services Waiting Period	0 months	0 months	
Major/Restorative Services Waiting Period	0 months	0 months	
Timely Filing for Claims	15 months	15 months	

Benefits	Low Benefit Plan		High Benefit Plan		Comments
	In-Network Delta Dental PPO only	Out-of-Network Delta Dental Premier and Non-Contracted	In-Network Delta Dental PPO and Delta Dental Premier	Out-of-Network	
Annual Deductible (per person) Deductible applies to all services	\$100	Not Covered	\$25	Not Covered	
Annual Benefit Max (per person)	\$1,000	Not Covered	\$2,500	Not Covered	
Diagnostic & Preventive	In-Network	Out-of-Network	In-Network	Out-of-Network	Comments
All Services	Not Covered		Not Covered		
Basic Services	In-Network Delta Dental PPO only	Out-of-Network Delta Dental Premier and Non-Contracted	In-Network Delta Dental PPO and Delta Dental Premier	Out-of-Network	Comments
Fillings: Amalgam	Not Covered	Not Covered	Not Covered	Not Covered	Fillings are covered under the UDB
Fillings: Resin	Not Covered	Not Covered	Not Covered	Not Covered	
Local Anesthesia**	50%	Not Covered	80%	Not Covered	**Local anesthesia is considered a component of a complete dental procedure and is not billable separately. General anesthesia is a benefit only when billed with covered oral surgery.
Emergency Palliative Care	Not Covered	Not Covered	Not Covered	Not Covered	Emergency Palliative Care is covered under the UDB
Major or Restorative Services	In-Network Delta Dental PPO only	Out-of-Network Delta Dental Premier and Non-Contracted	In-Network Delta Dental PPO and Delta Dental Premier	Out-of-Network	Comments
Extractions (Non- surgical)	Not Covered	Not Covered	Not Covered	Not Covered	Pricing assumes that the non-surgical extractions are covered under the UDB
Extractions (Surgical)	50%	Not Covered	80%	Not Covered	
Implants	50%	Not Covered	60%	Not Covered	
Crowns	50%	Not Covered	60%	Not Covered	
Bridges	50%	Not Covered	60%	Not Covered	
Partials	50%	Not Covered	60%	Not Covered	
Dentures	50%	Not Covered	60%	Not Covered	
Endodontic (Simple)	50%	Not Covered	80%	Not Covered	
Endodontic (Complex)	50%	Not Covered	80%	Not Covered	
Periodontics	50%	Not Covered	80%	Not Covered	Periodontal maintenance (code 4910) and scaling in presence of generalized moderate or severe gingival inflammation (code 4346) are excluded since they are covered under the UDB.
Oral Surgery	50%	Not Covered	80%	Not Covered	
Orthodontia	In-Network Delta Dental PPO only	Out-of-Network Delta Dental Premier and Non-Contracted	In-Network Delta Dental PPO and Delta Dental Premier	Out-of-Network	Comments
Orthodontia Coverage (%)	Not covered	Not Covered	50%	Not Covered	
Orthodontia Lifetime Maximum (\$)	Not covered	Not Covered	\$1,500	Not Covered	
Orthodontia Waiting Period	Not covered	Not Covered	None	Not Covered	
Limited to Children (up to age 19)? (yes/no)	Not covered	Not Covered	No	Not Covered	
Adult Orthodontia Benefit, if different	Not covered	Not Covered		Not Covered	High Benefit Plan includes Adult Orthodontia

Accident Insurance Benefits

Proposer: Zurich North America

Proposed Plan Name: Group Personal Accident

Plan Features	Benefit Plan	Comments
Maximum Benefit for Employee (\$)	\$500,000	
Maximum Benefit for Spouse	\$300,000	
Maximum Benefit for Child	\$50,000	
Lifetime Maximum Benefit, if any	N/A	
Filing Period (from date of accident/injury)	365 days	
Monthly Premiums	General & Protective Occupations	Comments
Family	\$0.038 (Gen.) \$0.062 (Protect.) / \$1,000	Added Prevention & Resolution
Employee Only	\$0.028 (Gen.) \$0.046 (Protect.) / \$1,000	Added Prevention & Resolution

If each benefit is calculated based on employee salary, assume an annual salary of \$50,000. Show all calculations.

Type of Loss for Eligible Insured & Spouse	Benefit Plan	Comments
Life	100% of Principal Sum (PS)	Benefit amounts or Principal Sum (PS) is either three (3) times or five (5) times the Base Annual Earnings
Both hands or both feet	100% of PS	
Sight in both eyes	100% of PS	
One hand or one foot, AND sight in one eye	100% of PS	
One hand or one foot	50% of PS	
Sight in one eye	50% of PS	
Speech	50% of PS	
Hearing, both ears	50% of PS	
Thumb and index finger, one hand	25% of PS	
Use of 4 limbs	150% of PS	
Use of 3 limbs	75% of PS	
Use of 2 limbs	66.67% of PS	
Use of 1 limb	50% of PS	

Type of Loss for Eligible Dependent	Benefit Plan	Comments
Life	100% of Insured's PS / Max. \$50,000	
Both hands or both feet	100% of Insured's PS / Max. \$50,000	
Sight in both eyes	100% of Insured's PS / Max. \$50,000	
One hand or one foot, AND sight in one eye	100% of Insured's PS / Max. \$50,000	
One hand or one foot	50% of Insured's PS / Max. \$50,000	
Sight in one eye	50% of Insured's PS / Max. \$25,000	
Speech	50% of Insured's PS / Max. \$25,000	
Hearing, both ears	50% of Insured's PS / Max. \$25,000	
Thumb and index finger, one hand	25% of Insured's PS / Max. \$25,000	
Use of 4 limbs	150% of Insured's PS / Max. \$75,000	
Use of 3 limbs	75% of Insured's PS / Max. \$37,500	
Use of 2 limbs	66.67% of Insured's PS / Max. \$33,335	
Use of 1 limb	50% of Insured's PS / Max. \$25,000	

Additional Benefits	Benefit Plan	Comments
Felony Victim	20% of the Covered Person's Principal Sum	
Coma Benefit	1% of PS / 12 Months / Remaining PS After 12 Months	

Carjacking	10% of the applicable Principal Sum for the Covered Person to a maximum of \$50,000	
Continuation	10% of PS / Max. \$50,000	
Critical Burn (3rd degree)	10% of PS / Max. \$25,000	
Day Care Allowance	3% of PS / Max. \$5,000 per year / 4 years	
Disappearance	100% of PS	
Higher Education	10% of PS / Max. \$50,000	
Exposure to elements (accident)	100% of PS	
Hepatitis Occupational Accident	20% of PS / Max. \$100,000	
HIV Occupational Accident	20% of PS / Max. \$100,000	
Hearing Aid & Prosthetics	10% of PS / Max. \$15,000	
Home or Vehicle Modification Allowance	10% of PS / Max. \$50,000	
National Guard/Reserve Unit Benefit	100% of PS	
Natural Disaster Benefit	10% of PS / Max. \$50,000	
Permanent and Total Disability	1% of PS / Max. 100 Months	
Rehabilitation: Inpatient per Day	10% of PS / Max. \$50,000	
Rehabilitation: Outpatient per Visit		
Seat Belt Benefit	10% of PS / Max. \$50,000	
Spouse/Domestic Partner Retraining	5% of PS / Max. \$25,000	
Surviving Spouse/Domestic Partner Benefit	1% of PS / Max. 12 Months	
Terrorism	10% of PS / Max. \$50,000	
Therapeutic counseling	Actual Cost / Max. \$2,500	
Waiver of Premium	Yes	
Travel Assistance	Medical Evacuation, Medical Repatriation, Non-Medical Repatriation, Return of Remains, Visit to Hospital, Return of Child(ren), Return of Companion	
Additional Services	Benefit Plan	Comments
Travel Assistance	Included	
Identity Theft Protection	Prevention & Resolution Included	Cost: \$0.002 / \$1,000

Vision Insurance

Proposer:

VSP Vision Care

Proposed Plan Name:

VSP Choice

Monthly Premiums	Actives	Retirees	
Employee or Retiree Only	\$ 6.38	\$ 6.38	
Employee or Retiree + Spouse	\$ 12.76	\$ 12.76	
Employee or Retiree + Child	\$ 14.38	\$ 12.76	
Family	\$ 22.98	\$ 14.98	

Benefits			Comments
Deductible	N/A	N/A	
Copays - Routine Exam	\$15 exam copay	\$15 exam copay	Exam available twice every calendar year for dependent children and once every calendar year for adults
Copays - Eyeglasses Exam	\$15 exam copay	\$15 exam copay	Exam available twice every calendar year for dependent children and once every calendar year for adults
Copays - Contact Lens Exam	\$40 exam & fitting copay	N/A	
Copays - Frames/Lenses	\$25 materials copay	\$25 materials copay	
Lenses Benefit Frequency	\$25 materials copay	\$25 materials copay	Available once every calendar year
Frames Benefit Frequency	\$25 materials copay \$150 retail frame allowance or \$200 retail frame allowance for featured frame brands	\$25 materials copay Up to \$70 allowance	Available once every other calendar year Effective 1/1/2019 members have an additional \$50 towards featured frame brands, making their frame allowance \$200.

Eyeglasses			Comments
Single Vision	Covered in full	\$30 Allowance	
Bifocal	Covered in full	\$50 Allowance	
Trifocal	Covered in full	\$65 Allowance	
Lenticular	Covered in full	\$100 Allowance	
Lens Upgrades	In-Network	Out-of-Network	Comments
Polycarbonate Lenses	Single \$31 / Multi \$35 Covered in full for dependent children	Not Covered	Adult member will pay up to \$31 for Single Vision lens or up to \$35 for Multi-focal lens
Scratch Resistant Coating	Covered in full	Not Covered	
Ultraviolet (UV) Coating	Covered in full	Not Covered	

Scratch Protection Plan	Covered in full	Not Covered	One year warranty when member adds Scratch Resistant Coating to their lenses
Anti-Reflective Coating	\$41-\$85	Not Covered	Member pays up to \$41 - \$85 depending on the Anti-reflective coating
Tinting of Plastic Lenses	\$15	Not Covered	Member pays up to \$15 for tinting on plastic lenses
High-Index Lenses	20% off U&C	Not Covered	Member receives up to 20% discount on usual and customary costs
Progressive Lenses	Standard: Covered in full Premium: \$95-\$105 Custom: \$150-\$175	\$50 Allowance	Effective 1/1/2019 Standard Progressives are covered in full. Member pays up to \$95 - \$105 for Premium Progressives or up to \$150 - \$175 for Custom Progressive lenses
Blended Invisible Bifocals	20% off U&C	Not Covered	Member receives up to 20% discount on usual and customary costs
Photosensitive Lenses	Single: \$33-\$70 Multi: \$41-\$82	Not Covered	Member pays up to \$33 - \$70 for Single Vision lenses with photosensitive also known as Photochromic lenses or up to \$41 - \$82 for Multi-focal
Polarized Lenses	20% off U&C	Not Covered	Member receives up to 20% discount on usual and customary costs
Intermediate Vision Lenses	No charge	Not Covered	
Contact Lenses			Comments
Covered only in lieu of eyeglasses? (yes/no)	Yes	Yes	
Conventional Conacts	\$150 allowance	\$105 Allowance	VSP member exclusive mail-in contact lens rebates towards contact lens purchases.
Disposable Contacts	\$150 allowance	\$105 Allowance	VSP member exclusive mail-in contact lens rebates towards contact lens purchases.
Contact Lens Fitting/Follow-up Visit	Covered in full after copay not to exceed \$40	\$105 Allowance combined with contact lens materials allowance	Patients who choose prescription contact lenses instead of glasses will receive a contact lens exam (fitting and evaluation) if needed, which is
Mail Order Replacement Option? (yes/no)	Yes	Yes	
Additional Benefits			Comments

Laser Vision or LASIK Discount	15% off U&C 5% off discount prices	Not Covered	Members (including dependents) can receive an average discount of 15% from
<i>Laser Vision Partner/Facility</i>	Yes	N/A	average discount of 15% from
Primary EyeCare Supplemental Coverage	\$20 Copay	Not Covered	Treatment and diagnosis of eye conditions like pink eye, vision loss and monitoring of cataracts,