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Correspondence Memorandum

Date: July 20, 2018

To: Group Insurance Board

From: Renee Walk, Strategic Health Policy Advisor
 Tricia Sieg, Supplemental Plans Manager
 Office of Strategic Health Policy

Subject: 2019 Supplemental Insurance Programs Update

This memorandum provides an update regarding progress in negotiations for supplemental plans vendors for program year 2019. This memo also recommends the Group Insurance Board (Board) approve a two-year contract with Vision Service Plan (VSP) to provide vision benefits for 2019 and 2020.

Background

At the May 2018 Board meeting the Board approved contracting with three supplemental plan vendors for 2019: Delta Dental of Wisconsin (Delta), Zurich North America (Zurich) and VSP. The Department of Employee Trust Funds (ETF) has successfully signed contracts with both Delta and Zurich for 2019.

At that same meeting, ETF indicated to the Board that it was not able to recommend a long-term care vendor for 2019, due in part to the inability to negotiate a contract prior to the Board meeting. The Board instructed ETF to continue attempts to make progress toward a contract with the sole proposer, Mutual of Omaha, with a goal of substantial contract progress by June 30.

Vision Benefit Contract

In reviewing the terms of the proposal provided by VSP, the vendor indicated that the structure of the benefits and the rates approved assumed a two-year contract. Many of the benefits proposed include 24-month periods (e.g. frame allowances) that require a two-year contract. Further, VSP had been signed to a two-year contract term to provide vision service coverage in its previous contracts with the Board. ETF is returning to the Board to clarify the contract term and asks that the Board specifically approve a two-year contract with VSP.

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

Electronically Signed 7/31/18

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Long Term Care Contract

Following the Board's instruction, ETF continued contract negotiation efforts for services with the sole proposer, Mutual of Omaha, via the broker assisting in its proposal, HealthChoice. In May ETF proposed six options for June negotiation meetings which HealthChoice provided to Mutual of Omaha. ETF and HealthChoice received confirmation on June 18, 2018, that Mutual of Omaha agreed to an initial contract discussion by phone on June 26, 2018. ETF and Mutual of Omaha were not able to make any progress toward a contract at that meeting. ETF is not pursuing further discussion toward a contract for long-term care insurance.

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