

DRAFT

MINUTES

August 22, 2018

Group Insurance Board

State of Wisconsin



Location:

State of Wisconsin Hill Farms State Office Building
Room N108
4822 Madison Yards Way, Madison, WI 53705

BOARD MEMBERS PRESENT:

Michael Farrell, Chair	Jennifer Stegall
Stacey Rolston, Vice Chair	Nancy Thompson
Herschel Day, Secretary	JP Wieske
Chuck Grapentine	Bob Wimmer
Waylon Hurlburt	Bob Ziegelbauer

PARTICIPATING EMPLOYEE TRUST FUNDS (ETF) STAFF:

Office of the Secretary

Bob Conlin, Secretary
John Voelker, Deputy Secretary
Lisa Gurley, Board Liaison

Office of Legal Services

Diana Felsmann, David Nispel

Office of Strategic Health Policy

Eileen Mallow, Jeff Bogardus, Arlene Larson, Tom Rasmussen, Tricia Sieg, Xiong Vang, Renee Walk

Division of Trust Finance

Cindy Klimke-Armatoski

OTHERS PRESENT:

ACE/WCOA

Jack Lawton

Baraboo EMS

Troy Snow

City of Madison

Bill Wick

City of Whitewater

Judy Atkinson

Dean Health Plan

Katie Beals, Penny Bound,
Garret Olsen

Delta Dental of WI

Megan Wohlfeil

DOA

Derek Sherwin, Nicole Zimm

DOJ

Steven Kilpatrick, Colin Roth

Navitus

Steve Alexander, Tara Argall
Karen Markstahler, Tom Pabich
Tom Radloff

Network Health

Ed Berry, Cara Techlin

Outreach LGBTQ Center

Ginger V Baier

Public

Ben Andert, Elizabeth Bent,
Amy Beyer, Karen Branton,
Nicole Bresnick, Anna Carpenter,
Emma Carpenter, Rowan Culsy,
Tia Dover, Rhea Ewing,
Jordan Foley, Caitlin Fredrick,
Madelyne Greene, Julia Greenleaf,
Laura Gutknecht, Abigail Huber,

Board	Mtg Date	Item #
GIB	11.14.18	3A

ETF

Monica Anderson, Jennie Bauernhuber
Sara Brockman, Rachel Carabell,
Liz Doss-Anderson, Oladipo Fadiran,
Molly Heisterkamp, Pam Henning,
Patrick Hughes, Tarna Hunter,
Bruce Johnson, Doug Johnson,
Nancy Ketterhagen, Mark Lamkins,
Anthony Lindsey, Tara Pray,
Yikchau Sze, Douglas Wendt,
Wade Whitmus

GHC-SCW

Elizabeth Dye, Emily Halter, Al Wearing

GSAFE

Sawyer Johnson

HealthChoice

Cliff Morris, Bob Pearson,
Gary Praznik, Julie H Thill

HealthPartners

Amy Mahan

Human Rights Campaign

Davette Baker

IWW

Cooper Thomas

LAB

Noah Natzke, Sara Sanders,
Nate Staley, Kyle Swalls,
Dean Swenson, Maria Toniolo
Stephanie Yost

LFB

Rachel Janke

M3 Insurance

Jerry Brown, Nathan Janke

Madison Degenderettes

Korrigan Craig-Muncy, Dan Vogel

MBS

Nathan Houdek

Medical Associates Health Plan

Karen Brunton

Mercycare

Sherrie Sargent

Nate James, Emma Joy Jampole,
Linn Jennings, Rachel Johnson,
Cara Jones, Adrien Joyner,

Quartz

Brian Groskopf, Kara Gullickson
Linsey Tennyson

Rural Wisconsin Health Corp

Daniel Stid

Securian

Kjirsten Elsner, Hans Larsen,
Paul Rudeen, Jody White

Segal

Patrick Klein, Ken Vieira

TASC

Brad Hoffman

Tricast

Stacy Ausprung, Greg Rucinski

UnitedHealthcare

Karla Ashenhurst, Amy Boyer,
Linda Jones, Kerry Phillips,
John Thompson

UW Health

Anthony Dix, Karen Hensal

UW LGBTQ Committee

Chris Barcelos, Steph Tai

UW Madison

Diane Blaskowski, Deanna Deslover

UW System

Brianne Jobke, Erin Schoonmaker

UW Transgender Health Coalition

Wren Vetens, Crashton Warring

WAHP

Tim Lundquist

WEA Trust

Greg Cieslewicz

WHA

Lisa Ellinger

WI Transgender Health Coalition

David Shlasko, Jay Botsford,
Katherine Cherck Briggs

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

CONSULTATION WITH LEGAL COUNSEL CONCERNING CURRENT ADMINISTRATIVE AND JUDICIAL LITIGATION REGARDING HEALTH INSURANCE BENEFITS AND HSS NONDISCRIMINATION REGULATIONS

The chair announced the Board would convene in closed session pursuant to the exemptions contained in Wis. Stats. s. 19.85 (1) (g) to confer with legal counsel for the governmental body concerning current administrative and judicial litigation regarding health insurance benefits and applicable HHS nondiscrimination regulations. Mr. Kilpatrick, Mr. Roth and the following ETF staff: Bob Conlin, John Voelker, Pam Henning, Eileen Mallow, David Nispel, Diana Felsmann, Lisa Gurley and Patrick Hughes were invited to remain during the closed session.

MOTION: Mr. Grapentine moved to convene in closed session, pursuant to the exemptions contained in Wis. Stats. s. 19.85 (1) (g) to confer with legal counsel for the governmental body concerning current administrative and judicial litigation. Ms. Rolston seconded the motion, which passed on the following roll call vote:

Members Voting Aye: Day, Farrell, Grapentine, Hurlburt, Rolston, Stegall, Thompson, Wieske, Wimmer, Ziegelbauer

The Board convened in closed session at 8:33 a.m. and reconvened in open session at 10:39 a.m.

ANNOUNCEMENT OF ACTION TAKEN ON BUSINESS DELIBERATED DURING CLOSED SESSION

Mr. Farrell announced that the board convened in closed session to confer with legal counsel concerning current administrative and judicial litigation pertaining to health insurance benefits and applicable HHS nondiscrimination regulations. He added that no action or vote was taken during closed session.

CONSIDERATION OF MAY 16, 2018, OPEN MEETING MINUTES

MOTION: Ms. Thompson moved to approve the open session meeting minutes of the May 16, 2018, meeting as submitted by the Board Liaison. Mr. Wieske seconded the motion, which passed on a voice vote.

CONSIDERATION OF JUNE 6, 2018, OPEN AND CLOSED MEETING MINUTES

MOTION: Mr. Wieske moved to approve the open and closed session meeting minutes of the June 6, 2018, meeting as submitted by the Board Liaison. Ms. Thompson seconded the motion, which passed on a voice vote.

ANNOUNCEMENTS

Ms. Mallow made the following announcements:

- New Board Member: Bob Wimmer, replacing Francis Sullivan on the Board.
- OSHP New Staff:
 - Dipo Fadiran – Data Warehouse Analyst
 - Tricia Sieg, Uniform Dental and Supplemental Plans Manager
 - Tom Rassmussen, Life Insurance Program Manager
 - Xiong Vang, ERA & HSA Accounts Program Manager
 - Douglas Wendt, Program Manager
- Data warehouse went live in May. ETF will bring a description of data analytic capabilities back to the Board in November.
- RFP Replacement HSA/ERA plan is due at the end of the month

Ms. Mallow provided a brief overview of today's meeting topics, including: the impact of federal tax law changes on UW Transportation benefit offerings; Uniform Benefits changes and updates; transgender services coverage; health care quality reporting; health plan financial status; service area qualifications; rate setting and tier assignments; health reserves; GASB standards; life insurance annual reporting and recommendations; pharmacy benefit manager audit and contract extension; and supplemental plan updates.

UW Hospital and Clinics Commuter Benefits

Ms. Mallow referred the Board to the UW Hospital and Clinics Commuter Benefits memo (Ref. GIB | 8.22.18 | 5) and provided an overview regarding concerns raised by the University of Wisconsin Hospital and Clinics Authority (UWHC) with respect to changes to the federal law on transportation fringe benefits plan for parking and transit expenses. She explained that a similar situation was raised by the University of Wisconsin System (UW) at the May Board meeting (Ref. GIB | 5.16.18 | 2.5) and the Board exercised its authority to amend the Transit and Parking Plan Document to freeze plan participation for UW employees to only those employees participating as of May 1, 2018. She reminded Board members that this action disallowed enrollment of new UW participants going forward and allows current UW participants to use contributions that have already been made into ETF's Commuter Benefits Program until their accounts are exhausted.

MOTION: Mr. Wieske moved to accept Federal Tax Law changes to Qualified Transportation Fringe Benefits to accommodate changes to the IRS codes that were effective January 1, 2018. Mr. Grapentine seconded the motion, which passed on a voice vote.

HEALTH INSURANCE

Uniform Benefits Changes and Updates

Ms. Larson and Ms. Walk referred the Board to the 2019 Uniform Benefit Changes and Update memo (Ref. GIB | 8.22.18 | 6A) and provided background on changes that were

already approved by the Board, as well as changes to be made to the 2019 Uniform Benefits.

Ms. Walk highlighted that currently in 2018, single male employees must provide documentation when changing coverage to add children to their plan, but female employees are not required to provide this documentation. She stated that starting in 2019, the policy will be gender-neutral and documentation will be required for any single employee adding a dependent child.

Ms. Larson highlighted some of the changes that, with the Board's approval, ETF seeks to implement in 2019: adding routine foot care coverage under Medicare Advantage; changing PO4/14 Medicare retiree benefits to match all other plan offerings with no upfront deductible; adding telehealth and Silver Sneakers to the Medicare Plus benefit; and implementing a Diabetes pilot program offered by Dean Health Plan.

Additionally, Ms. Walk informed the Board that the UW has requested the return of coverage for domestic partners. ETF recommended researching this further to present options to the Board at a future meeting.

MOTION: Mr. Grapentine moved to approve adding coverage of routine foot care and displaying printed dates on ID cards versus the effective date under the Medicare Advantage. Ms. Stegall seconded the motion, which passed on a voice vote.

MOTION: Mr. Grapentine moved to revise the retiree benefit for Medicare-eligible retirees in Program Option (PO) 4/14 to align with other Medicare-eligible state and local program retirees. Mr. Ziegelbauer seconded the motion. The Board Chair asked for a show of hands vote. The motion failed on the following tie vote:

Members Voting Aye: Farrell, Grapentine, Hurlburt, Wimmer, Ziegelbauer

Members Voting Nay: Day, Rolston, Stegall, Thompson, Wieske

MOTION: Mr. Ziegelbauer moved to approve changing Medicare Plus benefits to include adding telehealth and Silver Sneakers to their plans. Mr. Grapentine seconded the motion, which passed on a voice vote.

MOTION: Ms. Thompson moved to add a Diabetes value-based program pilot from Dean Health Plan. Ms. Stegall seconded the motion, which passed on a voice vote.

MOTION: Mr. Grapentine moved that ETF not research and bring back to the Board information concerning potential options for adding coverage for

domestic partners. Mr. Hurlburt seconded the motion. The Board Chair asked for a show of hands vote. The motion passed on the following vote:

Members Voting Aye: Farrell, Grapentine, Hurlburt, Rolston, Stegall, Wieske, Ziegelbauer

Members Voting Nay: Day, Thompson, Wimmer

Transgender Services Coverage

MOTION: Mr. Day moved to remove the exclusion and defer to medical necessity language within Uniform Benefits. Mr. Grapentine seconded the motion. The Board Chair asked for a show of hands vote. The motion passed on the following vote:

Members Voting Aye: Day, Farrell, Grapentine, Rolston, Thompson

Members Voting Nay: Hurlburt, Stegall, Wieske, Ziegelbauer

Members Abstaining: Wimmer

Health Care Quality Report (HEDIS & CAHPS)

Ms. Walk referred the Board to the Health Care Quality Report (Ref. GIB | 8.22.18 | 6B) and detailed the methodology used to develop health plan star ratings for the 2019 It's Your Choice open enrollment season. The effect on individual plans of the revised scoring was also highlighted.

ALTERNATE PLANS

Health Plan Financial Status

Ms. Klimke-Armatoski referred the Board to the Health Plan Financial Status memo (Ref. GIB | 8.22.18 | 6C1). ETF staff review of the health plan financial reports did not identify financial concerns. A Board member asked a question about one plan that had continual losses. Ms. Klimke-Armatoski noted that ETF had flagged the plan in question initially and contacted the Office of the Commissioner of Insurance (OCI). OCI did not have concerns based on the information they had and the reviews they conduct.

MOTION: Mr. Wieske moved to approve the recommendation that all health plans have met the financial requirements for participation in 2019. Mr. Day seconded the motion, which passed unanimously on a voice vote.

Service Area Qualifications

Mr. Vieira referred the Board to the Alternate Health Plan Service Area Qualification for 2019 memo (Ref. GIB | 8.22.18 | 6C2) and provided the background of qualification

criteria to ensure that participating health plans offer an adequate provider base and have enough operating experience to service members.

MOTION: Ms. Stegall moved to accept the Alternate Plan Service Area Qualifications for 2019. Ms. Rolston seconded the motion, which passed unanimously on a voice vote.

RATE SETTING

2019 Tier Assignments

Mr. Vieira informed the board that Segal recommends Tier 1 designation in the State program for all health plans. He added that based on the qualification criteria, Forest County is the only county in which there is not a qualified Tier 1 State Plan and that the State Maintenance Plan (SMP) will be available in the State Plan in Forest County for 2019.

MOTION: Ms. Rolston moved to accept the 2019 Tier Assignments. Mr. Day seconded the motion, which passed unanimously on a voice vote.

2019 State and Local Rate Setting

Mr. Vieira provided an overview of the state and local rates from 2018 to 2019 and noted that there was a decrease in the single rates in all plans apart from Medicare Plus for 2019, which includes the pricing for the Silver Sneakers program. He stated that the overall decrease of 1.9% in total costs is driven by the 7.8% decrease rate action for the Non-Medicare risk pool.

MOTION: Mr. Wieske moved to accept the 2019 State Rates. Mr. Day seconded the motion, which passed unanimously on a voice vote.

MOTION: Ms. Rolston moved to accept the 2019 Local Rates. Mr. Wieske seconded the motion, which passed unanimously on a voice vote.

Reserve/Fund Balance

Mr. Klein provided an overview of the state and local net fund balances as of June 30, 2018. He stated that both the state and local fund balances have increased over the last 12 months and that both fund balances have a surplus that has grown due to strong investment returns and pharmacy improvements.

Mr. Vieira discussed the multi-year reserve draw strategy for the next 3-year period to reach the new policy target in 2021. He also provided Segal's 2019 recommendations which included premiums with and without reserve draw.

MOTION: Mr. Wieske moved to accept the actuarial reports and recommendations as presented by Segal Consulting. Ms. Rolston seconded the motion, which passed unanimously on a voice vote.

The Board took a break from 12:39 p.m. until 1:06 p.m.

LIFE INSURANCE

Overview of New GASB Standards & Its Impact on the Retiree Life Insurance Plans

Mr. Herman of Milliman (Ref. GIB | 8.22.18 | 7A) discussed the new Governmental Accounting Standards Board (GASB) standards as they apply to the retiree life insurance programs. He highlighted key differences between the GASB 43/45 and GASB 74/75 comparing the funding ratios.

Life Insurance Annual Report

Mr. Rudeen of Securian Financial Group, Inc. (Ref. GIB | 8.22.18 | 7B) discussed the 2017 plan experience on the group life insurance plans for employees of the State of Wisconsin and participating local government employees. He detailed the growth in the plan, noted lower than expected claims, and discussed the funding status and any liabilities discovered.

Mr. Larsen provided an overview of the Financial Report Valuation and GASB 74 Valuation. He highlighted that GASB 74 assumptions and methodology are mandated. Additionally, he discussed the key assumption and methodology differences to include that GASB 74 valuation does not include assets from the active plan and excludes active premium and benefits while actively employed. Mr. Larsen also explained that the Financial Report Valuation and GASB 74 Valuation have different projected mortality trends and different interest discounting rates.

Mr. Rudeen stated that Securian will work with ETF to increase post-retirement funding and present specific recommendations to the Board in November regarding the state plan. He also stated that Securian's recommendation to the local plan would be that there are no changes to rates.

Life Insurance Recommendations

Ms. Mallow informed the Board that ETF agrees with Securian's recommendations stated in the financial reports presented (Ref. GIB | 8.22.18 | 7B). She also informed the Board that Securian's contract has nine performance standards and that they attained higher-than-targeted goals for all nine standards (Ref. GIB | 8.22.18 | 7C). Ms. Mallow stated that ETF is working with Securian to determine options for addressing the funding status and that ETF will present recommendations for increasing the asset reserves to the Board in November.

MOTION: Mr. Wieske moved to accept the Financial Experience Report for January 1, 2017 through December 31, 2017, from Securian Financial Group and to accept the recommendations presented by Securian. Mr. Ziegelbauer seconded the motion, which passed unanimously on a voice vote.

Pharmacy Benefit Manager Update

Navitus Audit

Mr. Bogardus referred the Board to the Audit of Pharmacy Benefit Manager Services and Medicare Part D Employer Group Waiver Plan memo (Ref. GIB | 8.22.18 | 8A) and discussed contract compliance between the Board and Navitus Health Solutions, LLC (Navitus). Navitus is the pharmacy benefit manager (PBM) for the State and Wisconsin Public Employers group health insurance programs. He stated that ETF retained Tricast, Inc., to conduct comprehensive, biennial audits of the administration of all pharmacy benefit programs. Mr. Bogardus informed the board that Tricast considers this a passing audit with identified variances validated as appropriate according to their Executive Summary (Ref. GIB | 8.22.18 | 8A, Attachment A). Mr. Bogardus detailed the financial expectations, benefit development and long-term program development. Working with ETF, Navitus implemented programs that controlled costs and improved member health. Navitus continues to meet or exceed the goals established in the current contract.

Navitus Contract Extension

Mr. Bogardus referred the Board to the Pharmacy Benefit Manager Contract Extension memo (Ref. GIB | 8.22.18 | 8B) and reminded the Board that the original proposed terms of the contract had been three years with two (2), two-year extensions available. To date, the Board has agreed to two (2), one-year contracts to evaluate Navitus' ability to meet financial expectations for the pharmacy benefit programs; the current contract with Navitus will expire December 31, 2019, if an extension is not granted

MOTION: Ms. Thompson moved to approve a two-year extension of the contract with Navitus Health Solutions (Navitus), the Board's pharmacy benefit manager, from January 1, 2020, through December 31, 2021. Mr. Wieske seconded the motion, which passed unanimously on a voice vote.

Supplemental Plans Annual Update

Ms. Sieg referred the Board to the Supplemental Plans Annual Update (Ref. GIB | 8.22.18 | 9) and updated the Board on the status of multiple vendor contracts. She informed the Board that the Department of Employee Trust Funds (ETF) has successfully signed contracts with both Delta Dental of Wisconsin and Zurich North America for 2019. Additionally, ETF is no longer pursuing a long-term care insurance contract with Mutual of Omaha.

Ms. Sieg informed the Board that while reviewing the terms of the proposal provided by Vision Service Plan (VSP), the vendor indicated that the structure of the benefits and the rates approved assumed a two-year contract and many of the benefits proposed include 24-month periods which require a two-year contract. Therefore, ETF returned to the Board to clarify the contract term and asks that the Board specifically approve a two-year contract with VSP.

MOTION: Ms. Stegall moved to approve a two-year contract with Vision Service Plan (VSP) to provide vision benefits for 2019 and 2020. Mr. Wieske seconded the motion, which passed unanimously on a voice vote.

OPERATIONAL UPDATES

Ms. Mallow updated the Board on the contracting and implementation plan with UnitedHealthcare (UHC) for the Medicare Advantage Plan. She also summarized the GIB correspondence received for this meeting which, included topics regarding Medicare Advantage, Bariatric Surgery and gender re-assignment surgery.

Mr. Farrell referred the Board to the Operational Updates in the Board packets (Ref. GIB | 8.22.18 | 10) and offered that staff were available if the Board had questions.

FUTURE ITEMS FOR DISCUSSION

Ms. Rolston requested that ETF research alternatives for on-site health clinics and telehealth kiosk options. Additionally, she requested information regarding feasibility for how to explore self-insuring for 2020. Mr. Rolston would also like ETF to research Administrative Fee changes to the health programs over the last six years, the reasons for increases, and a projection moving forward for subsequent years. She also requested that ETF research the possibility of a focus group to keep the Board up to date with employer requests and concerns regarding health insurance as they are being addressed versus finding out about these concerns at the meetings.

Mr. Wieske requested ETF research the “Right to Shop” option for statistics and whether it may benefit the Board to adopt something of this caliber to encourage members to utilize cost effective services and alternatives to both receive a rebate and save the state money.

Mr. Hurlburt requested that ETF research ways that a Board group can be set-up to help decide on agenda items for the Board meetings. He additionally requested that ETF research statistics regarding Bariatric Surgery for medically necessary cases to include cost estimates and an impact statement.

Mr. Day requested that ETF research information, statistics and feasibility for PO4/14 and bring it back to the Board at a future meeting.

ADJOURNMENT

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

The meeting adjourned at 2:21 p.m.

Date Approved: _____

Signed: _____

Herschel Day, Secretary
Group Insurance Board