

MINUTES

November 14, 2018

Group Insurance Board

State of Wisconsin



Location:

Hill Farms State Office Building – CR N108
4822 Madison Yards Way, Madison, WI 53705

BOARD MEMBERS PRESENT:

Michael Farrell, Chair	Waylon Hurlburt
Stacey Rolston, Vice Chair	Ted Neitzke
Herschel Day, Secretary	Nancy Thompson
Roger Frings (Wieske Designee)	Bob Wimmer
Chuck Grapentine	Bob Ziegelbauer

PARTICIPATING EMPLOYEE TRUST FUNDS (ETF) STAFF:

Office of the Secretary

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

Division of Retirement Services

Jim Guidry

Division of Trust Finance

Cindy Klimke-Armatoski

Office of Strategic Health Policy

Eileen Mallow, Jeff Bogardus, Rachel Carabell, Molly Heisterkamp, Tara Pray, Tom Rasmussen, Tricia Sieg, Renee Walk

OTHERS PRESENT:

ACE/WCOA

Jack Lawton

Baraboo Ambulance Services

Troy Snow

Dean Health Plan

Katie Beals, Penny Bound

Delta Dental

Megan Wohlfeil

Department of Administration

Derek Sherwin, Nicole Zimm

Division of Personnel Management

Rachel Martin

Equisource

Jeff Mandell

Legislative Fiscal Bureau

Rachel Janke

M3

Jeremey Shepherd

Milliman

Paul Correia (via teleconference)

Momentum Insurance

Stephanie Steel

Navitus

Tara Argall, Karen Markstahler,
Ryan Olson

Network Health

El B, Cara Techlin

Department of Employee Trust Funds

Monica Anderson, Sara Brockman,
Bonnie Cyganek, Liz Doss-Anderson,
Erin Esser, Oladipo Fadiran,
Diana Felsmann, Gina Fischer,
Dan Hayes, Pam Henning,
Tarna Hunter, Megan Jeffers,
Bruce Johnson, James Kates,
Nancy Ketterhagen, Mark Lamkins,
Arlene Larson, David Nispel,
Mary Richardson, Jessica Rossner,
Yikchau Sze, Xiong Vang,
Douglas Wendt, Wade Whitmus

GHC-SCW

Al Wearins

Hamilton Consulting/Delta Dental

Caty McDermott

HealthChoice

Cliff Harris, Bob Pearson,
Gary Prazer, Julliett Thids

Legislative Audit Bureau

Nick Lardinois, Sara Sanders,
Nate Staley, Maria Toniolo,
Stephanie Yost

Quartz

Kara Gullickson, Jonathan Moody,
Linsey Tennyson

Securian

Kjirsten Elsner, Hans Larsen,
Paul Rudeen, Jody White

StayWell

Dave Ceryn, Emily Rathjen

UHG

Amy Boyer

UnitedHealthCare

Colleen McGlamry, John Thompson

UW Health

Anthony Dix

UW System

Brianne Jobke, Erin Schoonmaker

WI Health News

Sean Kimby

WAHP

Tim Lindquist, Nancy Wenzel

WEA Trust

Greg Cieslewicz

WHA

Lisa Ellinger

Michael Farrell, chair, called the meeting of the Group Insurance Board (Board) to order at 8:37 a.m.

APPEAL – 2016-012-GIB

The chair announced the Board would convene in closed session pursuant to the exemptions contained in Wis. Stats. s. 19.85 (1) (a) for quasi-judicial deliberations. Ms. Gibson, Ms. Gurley, Mr. Hughes and Mr. Lindsey were invited to remain during the closed session.

MOTION: Mr. Hurlburt moved to convene in closed session, pursuant to the exemptions contained in Wis. Stats. s. 19.85 (1) (a) for quasi-judicial deliberations. Ms. Thompson seconded the motion, which passed on the following roll call vote:

Members Voting Aye: Day, Farrell, Frings, Grapentine, Hurlburt, Thompson, Wimmer, Ziegelbauer

The Board convened in closed session at 8:40 a.m. and reconvened in open session at 9:13 a.m.

ANNOUNCEMENT OF ACTION TAKEN ON BUSINESS DELIBERATED DURING CLOSED SESSION

Mr. Farrell announced that the board convened in closed session pursuant to the exemptions contained in Wis. Stats. s. 19.85 (1) (a) for quasi-judicial deliberations. He added that in closed session, the Board voted to adopt the Administrative Law Judge's proposed decision with counsel's recommended amendments.

CONSIDERATION OF August 22, 2018, OPEN AND CLOSED MEETING MINUTES

MOTION: Ms. Thompson moved to approve the open and closed session meeting minutes of the August 22, 2018, meeting as submitted by the Board Liaison. Mr. Wimmer seconded the motion, which passed on the following voice vote:

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

Members Abstaining: Frings

ANNOUNCEMENTS

Ms. Mallow made the following announcements:

- ETF is nearing the end of interviews for the Deputy Director position in the Office of Strategic Health Policy; the business unit will be fully staffed after the individual is hired for this position.
- FSA/HSA Cafeteria Plan Evaluation is in progress and ETF will bring recommendations to the Board at the February meeting.

Mr. Neitzke arrived at 9:29 a.m.

STATUS UPDATE ON SEGAL RECOMMENDATIONS

Ms. Walk referred the Board to the Review of Segal Consulting Reports and Future Considerations memo (Ref. GIB | 11.14.18 | 5) and provided background information on the business partnership with Segal Consulting. She also explained the information covered in the memo reviews the state of the Group Health Insurance Program presently and at the time of the Segal Reports (Ref. GIB | 3.25.16 | 4C1) and (Ref. GIB | 11.17.15 | 3AR). Areas highlighted included program design, participation statistics, implemented recommendations, recommendations in progress, recommendations considered but not implemented and future considerations for the Group Health Insurance Program.

HEALTH INSURANCE

ALEX Presentation

Ms. Pray provided a demonstration of a new online tool for state employees, called ALEX. She used a volunteer to play the role of a user, and highlighted benefit topics that ALEX can assist members with, including decisions over health plan selection, dental, vision, health savings accounts and other cost saving options.

It's Your Choice Materials

Ms. Pray referred the Board to the It's Your Choice 2019 Campaign memo (Ref. GIB | 11.14.18 | 6A) and highlighted the initiatives of the 2019 campaign. Ms. Pray reviewed changes in supplemental plans, the new Medicare Advantage option, the addition of Robin health plan in the northeastern part of the state and telehealth benefits. Ms. Pray also discussed improvements and changes that were implemented with the 2019 It's Your Choice decision guide based on previous feedback from state and local employees and retirees. A high-level overview was provided about eLearning modules that were created or updated to assist members in understanding their benefits.

The board took a break from 10:08 a.m. until 10:18 a.m.

CONTRACT EXTENSIONS

Aetna Contract Compliance Audit

Mr. Guidry referred the Board to the Aetna Contract Compliance Audit memo (Ref. GIB | 11.14.18 | 7A1). He noted the audit conducted by Wipfli, LLC covered calendar years 2015, 2016 and 2017. Mr. Guidry also provided information regarding three recommendations contained within Wipfli's compliance report, two of which were to determine what processes could be developed surrounding letters related to claims processing; the third looked at how to determine causes of variances in monthly claim funding reports and data furnished annually to ETF's actuaries for determining program liabilities. Mr. Guidry stated that ETF and Aetna are developing possible process improvements to ensure that required letters are produced and the differences between Aetna's funding reports and its annual data are reconciled.

The Hartford Contract Extension

Mr. Guidry referred the Board to The Hartford Contract Extension memo (Ref. GIB | 11.14.18 | 7A). The Hartford acquired Aetna's disability insurance book of business in 2017, including its administrative services business, and the administrative services contract is now between the GIB and The Hartford. Mr. Guidry provided background information on the Income Continuation Insurance program as well as contract terms that had previously been approved. Mr. Guidry also provided an overview of the Disability Programs re-design and goals for the re-design process which included identifying inefficiencies or structural concerns and developing responses to assist with administration of the disability programs. He also highlighted advantages to extending the current administrative services contract with The Hartford, which included staff

focus, consistent administration, experienced customer service and preserving contract savings.

MOTION: Mr. Grapentine moved to approve amending the current administrative services contract with Hartford Life and Accident Insurance Company (The Hartford) to add one two-year contract extension and exercise that option to extend the contract from January 1, 2020, through December 31, 2021. Mr. Ziegelbauer seconded the motion, which passed unanimously on a voice vote.

StayWell Contract Extension

Ms. Heisterkamp referred the Board to the StayWell Contract Extension memo (Ref. GIB | 11.14.18 | 7B) and provided an overview of the benefits that StayWell provides in its wellness and disease management program for the State of Wisconsin and Wisconsin Public Employers Group Health Insurance Program. She noted that Well Wisconsin program participation rates had increased 47% from 2016 to 2017 and 11% from 2017 to 2018. Ms. Heisterkamp informed the Board that StayWell had recently purchased Provata Health, which will provide many innovative tools to support health and well-being such as virtual reality guided meditation, direct question-and-answer access to physicians, social networking and peer group opportunities, and fitness videos. StayWell and ETF are in discussion for implementing performance guarantees moving forward.

MOTION: Ms. Thompson moved to approve a two-year extension of the contract with StayWell, LLC (StayWell) for the period of January 1, 2020 through December 31, 2021. Mr. Neitzke seconded the motion, which passed unanimously on a voice vote.

Delta Dental Contract Extension

Ms. Sieg referred the Board to the Delta Dental Contract Extension memo (Ref. GIB | 11.14.18 | 7C) and provided a status on the current contract with Delta Dental set to expire December 31, 2019. She discussed statistics of the Uniform Dental Benefits program, including the number of claims processed for members during 2017, the number of members enrolled in the program as of July 1, 2018, and Delta Dental's September 2018 customer service statistics for State of Wisconsin members. She also highlighted Delta's third-quarter performance report, which shows Delta has repeatedly exceeded all of ETF's performance standards for service and accuracy, with a 92% satisfaction rate specifically related to members. Ms. Sieg also stated that there were no member complaints filed.

MOTION: Mr. Ziegelbauer moved to approve a two-year extension of the contract with Delta Dental of Wisconsin (Delta) for the period of January 1, 2020 through December 31, 2021. Mr. Neitzke seconded the motion, which passed unanimously on a voice vote.

Mutual of Omaha – Long-Term Care

Ms. Mallow referred the Board to the long-term care letter that was received from HealthChoice's attorneys (Ref. GIB | 11.14.18 | 10). She stated that there was a similar memo that was received by the Board at the August 2018 meeting.

Mr. Conlin stated that discussions with Mutual of Omaha, HealthChoice, HealthChoice's attorneys and ETF could be beneficial in terms of making a decision regarding long-term care insurance. He stated that HealthChoice and ETF have agreed to further discussions to see if contract terms can be agreed upon. Mr. Conlin proposed the Board consider a Memorandum of Understanding for another year with HealthChoice/Mutual of Omaha to accommodate being able to work with HealthChoice on the contracting issue. He stated that ETF will bring a status update to the Board in February.

MOTION: Mr. Hurlburt moved to approve a 1-year Memorandum of Understanding agreement with HealthChoice from January 1, 2019 through December 31, 2019 with the stipulation that ETF bring a status update to the Board in February. Mr. Grapentine seconded the motion, which passed unanimously on a voice vote.

Ms. Rolston arrived at 11:17 a.m.

LIFE INSURANCE

Life Insurance Valuation Update and 2019 Premium Rate

Mr. Rasmussen referred the Board to the 2019 Premium Rate Recommendations memo (Ref. GIB | 11.14.18 | 8A), which also addresses the life insurance valuation. He added that the life insurance program has not experienced a rate increase since it began in 1958.

Mr. Rasmussen stated that after a preliminary review of plan documents, agreements and financial reports with ETF, Securian and Milliman, it was determined that the best way to improve the valuation, particularly with the state pool, is to increase the state plan premium. He presented the Board with three options that are expected to return the plan to 100% funding status within a ten-year timeframe.

MOTION: Mr. Day moved to approve a one-time premium rate increase of 13% for the Wisconsin State Plan effective April 1, 2019. Mr. Farrell seconded the motion, which failed on the following roll call vote:

Members Voting Aye: Day, Farrell, Wimmer

Members Voting Nay: Frings, Grapentine, Hurlburt, Neitzke, Rolston, Thompson, Ziegelbauer

MOTION: Mr. Grapentine moved to approve a one-time premium rate increase of 5% for the Wisconsin State Plan effective April 1, 2019. Ms. Rolston seconded the motion, which passed on the following roll call vote:

Members Voting Aye: Day, Farrell, Grapentine, Neitzke, Rolston, Wimmer, Ziegelbauer

Members Voting Nay: Frings, Hurlburt, Thompson

Life Insurance Contract Extension

Mr. Rasmussen referred the Board to the Life Insurance Contract Extension memo (Ref. GIB | 11.14.18 | 8B) and discussed the background and rationale for extending the contract with Securian. Highlights included the length of partnership with ETF extending back to 1958, consistent and reliable service to plan participants and higher-than-targeted goals in all nine standards set by ETF and the Board. Mr. Rasmussen stated that the current valuation of the state plan needs attention and while the valuation has trended down in recent years, approving a contract extension will allow ETF and Milliman to examine contributing factors to the low valuation as well as identify any needed administrative changes in the program moving forward.

MOTION: Mr. Neitzke moved to approve a two-year extension of the existing contract with Securian, the Board's life insurance program administrator, for the period of January 1, 2020 through December 31, 2022 to permit staff to consider options for programmatic changes, evaluate the market for potential vendors, improve the plan valuation and develop an RFP. Mr. Ziegelbauer seconded the motion, which passed on a voice vote with Ms. Rolston opposing.

The board took a break from 12:15 p.m. until 12:45 p.m.

Mr. Ziegelbauer departed at 12:30 p.m.

HEALTH ANALYTICS UPDATE

Ms. Carabell referred the Board to the Health Analytics Update memo (Ref. GIB | 11.14.18 | 9) and discussed the background of the current contract with IBM Watson Health (formerly Truven Health Analytics). She also provided an overview of the business intelligence tools administered by IBM, which staff refers to as DAISI. These tools provide data, analytics and insights. Ms. Carabell explained that ETF is in the first phase of operations, which includes comprehensive staff training, initial analytic queries, establishing initial reporting, and establishing policies and procedures regarding data submission penalties and the use of the new DAISI tools.

PHARMACY BENEFIT MANAGER PAYMENT MODELS

Mr. Bogardus discussed Pharmacy Benefit Manager (PBM) Payment Models, highlighting that the average annual cost of pharmacy claims is \$330 million, and that ETF has been able to implement reduction techniques to successfully get the average annual net pharmacy expenses down to \$272 million—a \$58 million average annual reduction in pharmacy costs.

Mr. Bogardus also presented notable differences between the Pharmacy Benefit Manager business models, including the benefit of a Pass-Through model, which maintains a single maximum allowable cost list where the clients receive the full value of the contracted discount without any revenue retention. He also highlighted that this model's maximum allowable cost pricing applies to retail, mail order and specialty distribution channels and has full disclosure of specific maximum allowable cost list drug pricing upon client request. Mr. Bogardus stated that the opposite was true in a traditional model and included low contracts with pharmacies, high contracts with clients, revenue retention, the pricing often excludes mail order and specialty distribution channels and the list drug pricing is typically not disclosed to clients. Mr. Bogardus discussed how rebates are distributed in the Pass-Through and Traditional models. He highlighted that within the Pass-Through model, clients receive 100% of all rebates, no revenue is retained by the PBM, full disclosure of any manufacturer financial benefits or revenue and fully auditable manufacturer agreements. He added that ETF's auditor for the PBM, Tricast, audits the contracts and manufacturer agreements.

SUPPLEMENTAL PLANS GUIDELINES AND LONG-TERM CARE STANDARDS REVIEW

Ms. Sieg referred the Board to the Supplemental Plans Guidelines and Long-Term Care Standards Review memo (Ref. GIB | 11.14.18 | 11) and updated the Board on the changes to the documented standards and guidelines. She noted that the changes in both guides would improve contracting for the 2020 program year.

MOTION: Ms. Rolston moved to approve modifications to the Supplemental Insurance Plan Guidelines (ET-7422) and Long-Term Care Insurance Standards (ET-7423) for contracts effective for the 2020 plan year. Mr. Day seconded the motion, which passed unanimously on a voice vote.

OPERATIONAL UPDATES

Ms. Mallow referred the Board to the Operational Updates in the Board packets (Ref. GIB | 11.14.18 | 12) and offered that staff were available if the Board had questions.

Ms. Mallow referred the Board to the Progress Updates memo (Ref. GIB | 11.14.18 | 12A) and updated the Board on the items that the Board asked ETF to research, which included:

- Bariatric surgery coverage statistics
- Improving Board member input for establishing Board meeting agendas
- On-site clinics
- Feasibility options for self-insuring the health plan for 2020
- Administrative fee changes
- Possibility of creating a focus group
- “Right to Shop” options

Ms. Klimke-Armatoski referred the Board to the Health Insurance Administrative Fee Analysis memo (Ref. GIB | 11.14.18 | 12A1), highlighting that the health insurance administrative fee increased significantly in 2017 and is projected to increase, albeit at a smaller percentage, for the next few years. She stated that this increase is driven by the increased cost of the wellness program and includes areas such as:

- \$150 wellness rewards
- On-site screenings
- Wellness coaching
- Fees paid to the third-party administrator

Ms. Mallow stated that the Medicare Split Contracts memo (Ref. GIB | 11.14.18 | 12B) highlights areas that ETF has been investigating, such as the system changes that must be made to allow for families with Medicare and non-Medicare insured family members to enroll under one plan. She also stated that ETF has determined that this option should also be available to members who enroll in Medicare Plus but no other health plans. Ms. Mallow stated that the split contracts option will be finalized by this summer and will be ready to implement in the 2020 plan year.

Ms. Mallow summarized the GIB correspondence received for this meeting which included topics regarding EPIC benefits, removal of the transgender exclusion, accidental death and dismemberment coverage, CSA rebate, the health insurance opt-out incentive and insurance premiums.

FUTURE ITEMS FOR DISCUSSION

Ms. Mallow referred the Board to the Tentative February 2019 Agenda (Ref. GIB | 11.14.18 | 13) and asked the Board for feedback or additional items that they feel should be addressed at the next meeting.

Mr. Farrell announced that he was resigning from the Board but would stay in his capacity until before the next meeting in February.

ADJOURNMENT

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

The meeting adjourned at 2:03 p.m.

Date Approved: _____

Signed: _____

Herschel Day, Secretary
Group Insurance Board