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***Correspondence Memorandum***

**Date:** January 25, 2019

**To:** Group Insurance Board

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

**Subject:** Preliminary 2020 Program Agreement & Uniform Benefit Changes

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

**Background**

To promote continuous improvement, the Department of Employee Trust Funds (ETF) conducts an annual review of benefits and policies associated with the Group Health Insurance Program. Before 2018, health, wellness, pharmacy and dental program changes were proposed separately to the Board. In 2018, staff combined proposed program changes in the same memo and Board presentation for consistency and coordination amongst programs.

The change process for the 2020 plan year began in December of 2018, when the Board's vendors were asked to submit proposed changes to both the health/pharmacy administrative services program agreement (Agreement) and the Uniform Benefits (UB) offered by the Board. Vendors were also invited to submit pilot program proposals. Programs that are not included in UB, but that plans feel may benefit member health and/or program costs are considered for pilot. Pilot programs must be included at no additional cost to ETF or the participants.

Staff collected and sorted the requested changes, which were then reviewed at the January 2019 meeting of the ETF Council on Health Program Improvement (CHPI), a bi-monthly, all-vendor meeting convened by ETF. Based upon feedback received on the proposed changes at that meeting, this memo provides the concepts that ETF staff will continue to research for possible inclusion in the 2020 Agreement or UB.

ETF has also requested cost and utilization analyses from each of the health plans, which is due in late February, and from the Board's actuary, Segal Consulting. ETF will use these analyses to further refine change proposals. Detailed changes, cost and

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

*Eileen K Mallow* Electronically Signed 1/31/19

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utilization projections will be brought to the Board for discussion and approval at the May Board meeting.

### Agreement Change Concepts

2018 marked ETF's first full year operating under a reformatted and revised Agreement. This new version was a product of the self-insurance request for proposals (RFP) issued in 2016. It included several new elements, and in revisions for 2019, ETF implemented changes to better accommodate the fully-insured structure of the group health program.

In 2020, contract change proposals focus on continuing to improve plan contract adherence as well as the services offered to members. ETF is reviewing the performance standards and penalties sections of the Agreement to ensure that expectations are clear, industry-standard, and not unnecessarily burdensome to report. ETF is exploring opportunities to

incorporate additional vendor analytic support into the Agreement to assist with provider network capacity assessments for specialists like mental health/substance use disorder providers. ETF is also asking vendors to propose strategies to assist members in understanding their benefits and enrollment obligations.

### Benefit Change Concepts

Like the changes proposed for the Agreement, UB proposed changes focus on improving both plan administration and member experience.

#### Health

ETF is currently conducting a review of the UB portion of the contract to improve its usability by plans to administer benefits. This includes a review of the UB "Definitions" and "Exclusions and Limitations" sections to ensure that affirmative coverage language is not included in those sections. ETF is also reviewing options for formatting the schedule of benefits following plan requests for clarification.

ETF has asked health plans to provide analyses on several options to bring plan designs into closer alignment with structures available in the commercial health insurance market. For example, the way that limits are applied to therapies in the

### Current Population Statistics

#### 2018 Enrollment (Change)<sup>1</sup>

- Total Enrollment = 238,263 (▼1%)
- Active Employees = 79,669 (▼1%)
- Early Retirees = 5,526 (▼2%)
- Medicare-Eligible Retirees = 23,087 (▲1%)
- Other = 428 (▲34%)

#### 2018 Population Demographics<sup>1</sup>

- 52% Female, 48% Male
- Average Age = 39.3
- Average Family Size = 2.20

#### 2018 Risk (Change)<sup>2</sup>

- Low Risk Employees = 57% (▲1%)
- Medium Risk Employees = 39% (▼1%)
- High Risk Employees = 4% (▼1%)

<sup>1</sup> IBM Watson Health Dynamic Health Insights, Eligibility Summary, reporting January 2018 – December 2018

<sup>2</sup> StayWell, Annual Key Findings Report, State of Wisconsin, January 16, 2019

Board's programs (initial limits aggregate, followed by limits per therapy type) are not standard and can cause confusion for members and challenges for plans to administer. ETF is interested in options that minimize negative member impacts while promoting benefit simplification.

ETF is also exploring additions to coverage specifically requested by or of the Board, such as bariatric surgery, the Centers for Disease Control (CDC) Diabetes Prevention Program (DPP), coverage for dependents living out of the plan service area, and treatment of severe malocclusion (misalignment of teeth and bite).

Anticipated cost and utilization review for proposed changes will be included in the May memo.

### *Pharmacy*

The pharmacy benefit provided by the Board through Navitus Health Solutions (Navitus) is a self-insured program that has out-performed national cost trends for several years. Changes proposed to the pharmacy benefit for 2020, similar to those proposed for the health benefit, aim to improve member experience. To that end, ETF is investigating options for collapsing the multiple out of pocket limits and maximum out of pocket values into fewer categories so that benefits are simpler for members to navigate. ETF is also reviewing ways to improve member access to services such as vaccines provided at pharmacies, and to promote members' ability to choose drugs that are the lowest cost to the program. Navitus and Segal are both working on specific options and the related cost and member impacts. These will also be provided to the Board in May.

### *Dental*

The uniform dental benefit is also a self-insured program, offered by the Board through Delta Dental of Wisconsin (Delta). Delta has proposed a handful of additional benefit coverage options that improve member access to preventive and maintenance care services. Delta is currently working on cost projections for adding benefits, which will be available at the May Board meeting.

### *Wellness*

2020 will mark the fourth year of the third-party contract for wellness programming, administered by the StayWell Company (StayWell). ETF is not currently planning to propose any changes to the Board's wellness program, aside from those already approved by the Board. The Board's current policy also allows health plans to offer incentives to members who are enrolled in their plan, such as gym membership reimbursements. The policy requires that plans report the monetary value of these incentives to ETF so that value can be taxed according to guidelines from the Department of Administration. This has been a complicated policy to administer—there is often confusion amongst plans on what types of incentives are allowable and what must be reported to ETF, and amongst members when their paychecks are reduced by the tax amount once the incentive is reported. ETF plans to bring policy options for incentives provided by health plans to the Board for decision in May.

**Next Steps**

As discussed earlier in this memo, ETF continues to explore the feasibility and impact of specific proposals related to the concepts described above. Vendors will submit analyses of the cost of changes as proposed, number of members impacted, and any other considerations by late February. Following that submission, ETF will request review by Segal. Once the list of changes has been narrowed to those that are most feasible for implementation, ETF also plans to solicit input from a workgroup of employer benefits professionals.

ETF staff will be available at the Board meeting to answer questions.