

## ***Correspondence Memorandum***

**Date:** August 21, 2019  
**To:** Group Insurance Board  
**From:** Segal Consulting  
**Subject:** Fully-Insured Health Plan Service Area Qualification for 2020

Segal Consulting (Segal), in consultation with ETF Staff, recommends the Group Insurance Board (Board) accept the qualification recommendations for the 2020 plan year described in this memo. Highlights of the 2020 recommendations include:

- No Tier 2/3 designation in the State program.
- Tier 2/3 designation in the Local program for the following plans: HealthPartners , Robin with HealthPartners, MercyCare, Quartz - Community, and WEA Trust West - Chippewa Valley.

Segal, in consultation with ETF staff, also requests Board approval to make any additional minor adjustments to the service areas, as they are reviewed and finalized with each health plan.

### **Background**

Qualification criteria ensure that participating health plans offer an adequate provider base and have sufficient operating experience to service members. The qualification process incorporates access standards, allowing plans additional ways to meet the qualification requirements.

The plans must meet at least 90% geoaccess in the county for the inpatient hospitals, primary care physicians (includes Internal Medicine, Family Medicine and General Medicine) and chiropractors or the following minimum requirements for all counties and major cities in the county to be qualified:

1. The ratio of full-time equivalent primary physicians accepting new patients to total participants in a county or major city is at least one per two thousand (1.0/2,000) with a minimum of five (5) primary care physicians per county or major city. The

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PCPs counted for this requirement must be able to admit patients to an in-network hospital in the county or major city.

2. The plan must have at least one (1) general hospital under contract and/or routinely utilized by in-network providers available per county (or major city, if applicable). For counties with no hospital, plans must sufficiently describe how they provide access to providers.
3. A chiropractor must be available in each county (or major city, if applicable).

Although not this year, the Staff may also determine a plan is non-qualified in a county in the following situations:

1. The plan does not meet the provider access standards and has at least one (1) PCP in the county and/or major city.
2. The plan meets the provider access standards and the Staff determines the plan is not effectively administering the Health Benefit Program.

Segal sent each health plan a standard network submission workbook that included network access standards by county, as well as a requirement to provide the network provider detail. Segal analyzed this data against the qualification criteria to determine each health plan's qualification status for each county. If a county has no qualified Tier 1 health plan, the State Maintenance Plan (SMP) is offered in that county.

Based on the requirements noted above, each year the Board takes formal action on "qualifying" alternate health plans for each county in Wisconsin.

Prior to this meeting, all participating plans were notified of the qualification status recommendations staff planned to present to the Board.

### **Notable Health Plan Changes for 2020**

Security Health Plan will no longer offer service through either of their plans, including Security Health Plan – Central and Security Health Plan - Valley.

### **Qualification and Non-Qualification**

A quality Tier 1 health plan is considered "qualified" if it meets all qualification criteria that ensures adequate provider coverage and operating experience for State and Local members. If a quality Tier 1 health plan does not meet all qualification criteria, but meets minimum requirements, the health plan will be "listed" in the "It's Your Choice" materials as having limited provider availability.

### **State Health Plan Tiering Status for 2020**

For 2020, staff recommends Tier 1 designation in the State program for all health plans. Based on the qualification criteria, Forest County is the only county in which there is not a qualified Tier 1 State plan. The State Maintenance Plan (SMP) is offered in counties in which there is not a qualified Tier 1 health plan. Coverage under the SMP will be available in the State Plan in Forest County for 2020.

### Local Health Plan Tiering Status for 2020

For 2020, staff recommends Tier 2/3 designation in the Local program for the following health plans: HealthPartners, Robin with HealthPartners, MercyCare, Quartz - Community, and WEA Trust West - Chippewa Valley.

The premium bids provided by these plans for the Local program were deemed at the top of the acceptable range at which they could bid. While the bids were acceptable for continued participation in the Local program, lack of claims experience, very low enrollment, and/or unjustified higher premiums place these plans in Tier 2/3.

Overall, this recommendation will affect 62 of the 72 Wisconsin counties. The Tier 2/3 plans cover and are qualified in these 62 counties. The Tier 2/3 plans currently cover 1,715 active contracts in these counties. Medicare contracts are not affected by tiering.

The following 41 counties where these Tier 2/3 plans participate will have at least two qualified Tier 1 plans. Tier 2/3 plans currently cover 812 active contracts in these counties.

- Barron
- Brown
- Burnett
- Calumet
- Chippewa
- Columbia
- Crawford
- Dodge
- Douglas
- Dunn
- Eau Claire
- Fond du Lac
- Grant
- Green Lake
- Iowa
- Jefferson
- Juneau
- Kewaunee
- Lafayette
- Langlade
- Lincoln
- Manitowoc
- Marathon
- Marinette
- Menominee
- Oconto
- Oneida
- Outagamie
- Portage
- Price
- Rock
- Sauk
- Sawyer
- Shawano
- Taylor
- Vilas
- Walworth
- Washburn
- Waukesha
- Waupaca
- Winnebago

The following 17 counties will have only one qualified Tier 1 plan. Tier 2/3 plans currently cover 858 active contracts in these counties.

- Adams
- Ashland
- Bayfield
- Buffalo
- Clark
- Green
- Jackson
- La Crosse
- Marquette
- Monroe
- Polk
- Richland
- St. Croix
- Trempealeau
- Vernon
- Waushara
- Wood

While the plans affected by this recommendation have a presence in four additional counties – Florence, Pepin, Pierce, and Rusk – there are no qualified plans in these counties. Tier 2/3 plans currently cover 45 active contracts in these counties. The State Maintenance Plan will be offered in these counties, as discussed later in this memo.

The Tier 2/3 plans will either not cover or are not qualified in the following 10 counties. Tier 2/3 plans currently cover 29 contracts in these counties.

- Dane
- Door
- Forest
- Iron
- Kenosha
- Milwaukee
- Ozaukee
- Racine
- Sheboygan
- Washington

There is at least one qualified Tier 1 plan in all counties above except Forest County. Therefore, the State Maintenance Plan will be offered in Forest County in 2020.

**State Maintenance Plan (SMP) Placement**

SMP is offered in counties in which there is not a qualified Tier 1 health plan. There is only one county in which SMP will be available in the State Plan for 2020. There are five counties in which SMP will be available in the Local Plan for 2020.

County	WEA/Local SMP 2020	State SMP 2020	WEA/Local SMP 2019	State SMP 2019	WPE/Local SMP 2018	State SMP 2018
Buffalo			X			
Florence	X		X		X	X
Forest	X	X	X	X	X	
Iron					X	
Marinette			X			
Pepin	X		X			
Pierce	X		X			
Polk			X			
Price					X	
Rusk	X		X		X	
Shawano			X			
St. Croix			X			
Vilas						
Waupaca			X			
Waushara			X			
Wood			X			

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

**Attachment**  
2020 GIB Health Qualification

County	Urban/Non-Urban	# of Qualified Tier 1 Plans Available		Dean Prevea	Dean	GHC EC	GHC SCW
		State	Local	Overall Qualification	Overall Qualification	Overall Qualification	Overall Qualification
				Local Tier 1	Local Tier 1	Local Tier 1	Local Tier 1
Adams County	Non-Urban	2	1	Not Qualified - Not Covered	Not Qualified - Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
Ashland County	Non-Urban	3	1	Not Qualified - Not Covered	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Not Covered
Barron County	Non-Urban	4	2	Qualified - Covered	Not Qualified - Not Covered	Qualified - Not Covered	Not Qualified - Not Covered
Bayfield County	Non-Urban	3	1	Not Qualified - Not Covered	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Not Covered
Brown County	Urban	4	3	Qualified - Covered	Not Qualified - Not Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
Buffalo County	Non-Urban	2	1	Qualified - Covered	Not Qualified - Not Covered	Qualified - Not Covered	Not Qualified - Not Covered
Burnett County	Non-Urban	4	2	Not Qualified - Not Covered	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Not Covered
Calumet County	Non-Urban	3	2	Not Qualified - Not Covered	Not Qualified - Not Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
Chippewa County	Non-Urban	5	2	Qualified - Covered	Not Qualified - Not Covered	Qualified - Not Covered	Not Qualified - Not Covered
Clark County	Non-Urban	3	1	Not Qualified - Not Covered	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Not Covered
Columbia County	Non-Urban	4	3	Not Qualified - Not Covered	Qualified - Covered	Qualified - Not Covered	Qualified - Covered
Crawford County	Non-Urban	4	2	Not Qualified - Not Covered	Not Qualified - Covered	Qualified - Not Covered	Not Qualified - Not Covered
Dane County	Urban	3	3	Not Qualified - Not Covered	Qualified - Covered	Qualified - Not Covered	Qualified - Covered
Dodge County	Non-Urban	4	3	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Not Covered	Qualified - Not Covered
Door County	Non-Urban	3	3	Qualified - Covered	Not Qualified - Not Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
Douglas County	Non-Urban	4	2	Not Qualified - Not Covered	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Not Covered
Dunn County	Non-Urban	4	2	Qualified - Covered	Not Qualified - Not Covered	Qualified - Not Covered	Not Qualified - Not Covered
Eau Claire County	Non-Urban	5	2	Qualified - Covered	Not Qualified - Not Covered	Qualified - Not Covered	Not Qualified - Not Covered
Florencia County	Non-Urban	1	Local SMP	Not Qualified - Not Covered	Not Qualified - Not Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
Fond du Lac County	Non-Urban	5	3	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
Forest County	Non-Urban	State SMP	Local SMP	Not Qualified - Not Covered	Not Qualified - Not Covered	Qualified - Not Covered	Not Qualified - Not Covered
Grant County	Non-Urban	4	2	Not Qualified - Not Covered	Qualified - Covered	Qualified - Not Covered	Not Qualified - Not Covered
Green County	Non-Urban	2	1	Not Qualified - Not Covered	Qualified - Covered	Qualified - Not Covered	Qualified - Not Covered
Green Lake County	Non-Urban	4	3	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
Iowa County	Non-Urban	4	3	Not Qualified - Not Covered	Qualified - Covered	Qualified - Not Covered	Qualified - Covered
Iron County	Non-Urban	1	1	Not Qualified - Not Covered	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Not Covered
Jackson County	Non-Urban	4	1	Not Qualified - Not Covered	Not Qualified - Not Covered	Qualified - Not Covered	Not Qualified - Not Covered
Jefferson County	Non-Urban	5	3	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Not Covered	Qualified - Covered
Juneau County	Non-Urban	5	3	Not Qualified - Not Covered	Qualified - Covered	Qualified - Not Covered	Qualified - Covered
Kenosha County	Urban	2	2	Not Qualified - Not Covered	Not Qualified - Not Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
Kewaunee County	Non-Urban	4	3	Qualified - Covered	Not Qualified - Not Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
La Crosse County	Non-Urban	3	1	Not Qualified - Not Covered	Not Qualified - Not Covered	Qualified - Not Covered	Not Qualified - Not Covered
Lafayette County	Non-Urban	3	2	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
Langlade County	Non-Urban	3	2	Not Qualified - Not Covered	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Not Covered
Lincoln County	Non-Urban	3	2	Not Qualified - Not Covered	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Not Covered
Manitowoc County	Non-Urban	4	3	Qualified - Covered	Not Qualified - Not Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
Marathon County	Non-Urban	4	3	Not Qualified - Not Covered	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Not Covered
Marinette County	Non-Urban	3	2	Not Qualified - Covered	Not Qualified - Not Covered	Not Qualified - Not Covered	Not Qualified - Not Covered



**Attachment**  
2020 GIB Health Qualification

County	Urban/Non-Urban	Quartz UW	WEA East	WEA W Mayo	WEA W Chip
		Overall Qualification	Overall Qualification	Overall Qualification	Overall Qualification
		Local Tier 1	Local Tier 1	Local Tier 1	Local Tier 3
Adams County	Non-Urban	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
Ashland County	Non-Urban	Not Qualified - Not Covered	Not Qualified - Not Covered	Not Qualified - Covered	Qualified - Covered
Barron County	Non-Urban	Not Qualified - Not Covered	Not Qualified - Not Covered	Qualified - Covered	Qualified - Covered
Bayfield County	Non-Urban	Not Qualified - Not Covered	Not Qualified - Not Covered	Not Qualified - Covered	Qualified - Covered
Brown County	Urban	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
Buffalo County	Non-Urban	Not Qualified - Not Covered	Not Qualified - Not Covered	Not Qualified - Covered	Not Qualified - Not Covered
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Calumet County	Non-Urban	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
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Clark County	Non-Urban	Not Qualified - Not Covered	Not Qualified - Not Covered	Not Qualified - Not Covered	Qualified - Covered
Columbia County	Non-Urban	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
Crawford County	Non-Urban	Not Qualified - Not Covered	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Not Covered
Dane County	Urban	Qualified - Covered	Not Qualified - Not Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
Dodge County	Non-Urban	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Covered	Not Qualified - Not Covered
Door County	Non-Urban	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
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Dunn County	Non-Urban	Not Qualified - Not Covered	Not Qualified - Not Covered	Qualified - Covered	Qualified - Covered
Eau Claire County	Non-Urban	Not Qualified - Not Covered	Not Qualified - Not Covered	Qualified - Covered	Qualified - Covered
Florence County	Non-Urban	Not Qualified - Not Covered	Not Qualified - Not Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
Fond du Lac County	Non-Urban	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
Forest County	Non-Urban	Not Qualified - Not Covered	Not Qualified - Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
Grant County	Non-Urban	Not Qualified - Not Covered	Not Qualified - Not Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
Green County	Non-Urban	Not Qualified - Not Covered	Qualified - Not Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
Green Lake County	Non-Urban	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
Iowa County	Non-Urban	Not Qualified - Not Covered	Not Qualified - Not Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
Iron County	Non-Urban	Not Qualified - Not Covered	Not Qualified - Not Covered	Not Qualified - Not Covered	Not Qualified - Covered
Jackson County	Non-Urban	Not Qualified - Not Covered	Not Qualified - Not Covered	Qualified - Covered	Qualified - Covered
Jefferson County	Non-Urban	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
Juneau County	Non-Urban	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
Kenosha County	Urban	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
Kewaunee County	Non-Urban	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
La Crosse County	Non-Urban	Not Qualified - Not Covered	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Not Covered
Lafayette County	Non-Urban	Not Qualified - Not Covered	Not Qualified - Not Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
Langlade County	Non-Urban	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
Lincoln County	Non-Urban	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
Manitowoc County	Non-Urban	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
Marathon County	Non-Urban	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
Marinette County	Non-Urban	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Not Covered	Not Qualified - Not Covered

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		State	Local	Overall Qualification	Overall Qualification	Overall Qualification	Overall Qualification
				Local Tier 1	Local Tier 1	Local Tier 1	Local Tier 1
Marquette County	Non-Urban	2	1	Not Qualified - Not Covered	Not Qualified - Covered	Not Qualified - Not Covered	Qualified - Not Covered
Menominee County	Non-Urban	3	2	Qualified - Covered	Not Qualified - Not Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
Milwaukee County	Urban	2	2	Not Qualified - Not Covered	Not Qualified - Not Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
Monroe County	Non-Urban	3	1	Not Qualified - Not Covered	Not Qualified - Not Covered	Qualified - Not Covered	Not Qualified - Not Covered
Oconto County	Non-Urban	4	3	Qualified - Covered	Not Qualified - Not Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
Oneida County	Non-Urban	3	2	Not Qualified - Not Covered	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Not Covered
Outagamie County	Non-Urban	3	2	Not Qualified - Covered	Not Qualified - Not Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
Ozaukee County	Urban	2	2	Not Qualified - Not Covered	Not Qualified - Not Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
Pepin County	Non-Urban	2	Local SMP	Not Qualified - Covered	Not Qualified - Not Covered	Qualified - Not Covered	Not Qualified - Not Covered
Pierce County	Non-Urban	2	Local SMP	Not Qualified - Not Covered	Not Qualified - Not Covered	Qualified - Not Covered	Not Qualified - Not Covered
Polk County	Non-Urban	3	1	Not Qualified - Not Covered	Not Qualified - Not Covered	Qualified - Not Covered	Not Qualified - Not Covered
Portage County	Non-Urban	3	2	Not Qualified - Not Covered	Not Qualified - Not Covered	Qualified - Not Covered	Not Qualified - Not Covered
Price County	Non-Urban	3	2	Not Qualified - Not Covered	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Not Covered
Racine County	Urban	2	2	Not Qualified - Not Covered	Not Qualified - Not Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
Richland County	Non-Urban	2	1	Not Qualified - Not Covered	Qualified - Covered	Qualified - Not Covered	Qualified - Not Covered
Rock County	Non-Urban	4	2	Not Qualified - Not Covered	Qualified - Covered	Qualified - Not Covered	Not Qualified - Not Covered
Rusk County	Non-Urban	2	Local SMP	Not Qualified - Not Covered	Not Qualified - Not Covered	Qualified - Not Covered	Not Qualified - Not Covered
Sauk County	Non-Urban	3	2	Not Qualified - Not Covered	Qualified - Covered	Qualified - Not Covered	Qualified - Covered
Sawyer County	Non-Urban	4	2	Not Qualified - Not Covered	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Not Covered
Shawano County	Non-Urban	3	2	Not Qualified - Covered	Not Qualified - Not Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
Sheboygan County	Non-Urban	3	3	Qualified - Covered	Not Qualified - Not Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
St. Croix County	Non-Urban	3	1	Not Qualified - Not Covered	Not Qualified - Not Covered	Qualified - Not Covered	Not Qualified - Not Covered
Taylor County	Non-Urban	3	2	Not Qualified - Not Covered	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Not Covered
Trempealeau County	Non-Urban	3	1	Not Qualified - Not Covered	Not Qualified - Not Covered	Qualified - Not Covered	Not Qualified - Not Covered
Vernon County	Non-Urban	3	1	Not Qualified - Not Covered	Not Qualified - Covered	Qualified - Not Covered	Not Qualified - Not Covered
Vilas County	Non-Urban	3	2	Not Qualified - Not Covered	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Not Covered
Walworth County	Non-Urban	4	2	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
Washburn County	Non-Urban	4	2	Not Qualified - Not Covered	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Not Covered
Washington County	Urban	2	2	Not Qualified - Not Covered	Not Qualified - Not Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
Waukesha County	Urban	4	3	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
Waupaca County	Non-Urban	3	2	Not Qualified - Not Covered	Not Qualified - Not Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
Waushara County	Non-Urban	2	1	Not Qualified - Not Covered	Not Qualified - Not Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
Winnebago County	Non-Urban	3	2	Not Qualified - Not Covered	Not Qualified - Not Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
Wood County	Non-Urban	3	1	Not Qualified - Not Covered	Not Qualified - Not Covered	Qualified - Not Covered	Not Qualified - Not Covered
<b>Total</b>							





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2020 GIB Health Qualification

County	Urban/Non-Urban	Quartz UW	WEA East	WEA W Mayo	WEA W Chip
		Overall Qualification	Overall Qualification	Overall Qualification	Overall Qualification
		Local Tier 1	Local Tier 1	Local Tier 1	Local Tier 3
Marquette County	Non-Urban	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
Menominee County	Non-Urban	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
Milwaukee County	Urban	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
Monroe County	Non-Urban	Not Qualified - Not Covered	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Not Covered
Oconto County	Non-Urban	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
Oneida County	Non-Urban	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
Outagamie County	Non-Urban	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
Ozaukee County	Urban	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
Pepin County	Non-Urban	Not Qualified - Not Covered	Not Qualified - Not Covered	Not Qualified - Covered	Qualified - Covered
Pierce County	Non-Urban	Not Qualified - Not Covered	Not Qualified - Not Covered	Not Qualified - Covered	Qualified - Covered
Polk County	Non-Urban	Not Qualified - Not Covered	Not Qualified - Not Covered	Qualified - Covered	Qualified - Covered
Portage County	Non-Urban	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
Price County	Non-Urban	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
Racine County	Urban	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
Richland County	Non-Urban	Not Qualified - Not Covered	Not Qualified - Not Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
Rock County	Non-Urban	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
Rusk County	Non-Urban	Not Qualified - Not Covered	Not Qualified - Not Covered	Not Qualified - Covered	Qualified - Covered
Sauk County	Non-Urban	Not Qualified - Not Covered	Not Qualified - Not Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
Sawyer County	Non-Urban	Not Qualified - Not Covered	Not Qualified - Not Covered	Qualified - Covered	Qualified - Covered
Shawano County	Non-Urban	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
Sheboygan County	Non-Urban	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
St. Croix County	Non-Urban	Not Qualified - Not Covered	Not Qualified - Not Covered	Qualified - Covered	Qualified - Covered
Taylor County	Non-Urban	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
Trempealeau County	Non-Urban	Not Qualified - Not Covered	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Not Covered
Vernon County	Non-Urban	Not Qualified - Not Covered	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Not Covered
Vilas County	Non-Urban	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
Walworth County	Non-Urban	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
Washburn County	Non-Urban	Not Qualified - Not Covered	Not Qualified - Not Covered	Qualified - Covered	Qualified - Covered
Washington County	Urban	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
Waukesha County	Urban	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
Waupaca County	Non-Urban	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
Waushara County	Non-Urban	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
Winnebago County	Non-Urban	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
Wood County	Non-Urban	Not Qualified - Not Covered	Qualified - Covered	Not Qualified - Not Covered	Not Qualified - Not Covered
<b>Total</b>					



**STATE OF WISCONSIN**  
**Department of Employee Trust Funds**  
Robert J. Conlin  
SECRETARY

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## ***Correspondence Memorandum***

**Date:** August 17, 2019

**To:** Group Insurance Board

**From:** Eileen Mallow, Director  
Brian Stamm, Deputy Director  
Sara Brockman, Health Program Manager  
Renee Walk, Strategic Health Policy Advisor

**Subject:** 2020 Health Plan Rates and Service Area Qualifications

**The Department of Employee Trust Funds (ETF) requests the Group Insurance Board (Board) approve the rates and health plan service areas as presented by Segal Consulting (Segal), the Board's actuary, in the attached presentation.**

### **Background**

The Board approves health insurance, pharmacy, and dental benefit premium rates annually for the coming benefit year. The rates the Board approves are jointly developed by Segal and ETF in June and July; rates approved by the Board at its August meeting are effective January 1 of the coming calendar year. Currently, the Board authorizes one-year contracts with participating health plans. Negotiated rates are only effective for that single year.

### **Rate Setting Process**

Health insurance plans seeking to participate in the Board's programs are invited to submit initial rate proposals in June of each year. Plans also submit financial and utilization data (alternately known as "FUDS" or "Addendum 1") to Segal, as well as provider network data (also known as "Addendum 2") and preliminary rate bids. Segal provides an analysis of these submissions to ETF, including proposed tier cut-offs for both the state and local program rates. ETF and Segal then work together to apply a credit for plan quality and any other rate limitations for participation in a given plan year.

Once ETF and Segal have established the rate tiers and where plans' preliminary bid amounts fall, ETF sends tier qualification letters to health plan bidders to notify them which tier their preliminary bid falls into. If a plan's preliminary bid does not fall into Tier 1, ETF also includes information on the rate reduction necessary to meet the requirements of Tier 1 (as well as Tier 2 and Tier 3, if applicable). The letters also

Reviewed and approved by John Voelker, Deputy Secretary

Electronically Signed 8/20/19

Board	Mtg Date	Item #
GIB	8.21.19	5F2

include notes from the actuary on qualities of the data submitted that may have affected a plan's tier placement. This year, Tier qualification letters were mailed to bidding health plans on June 28.

ETF next contacts the bidding health plans to schedule negotiations in order to address questions about rates or the health plan contract in general. These meetings are attended by ETF staff, Segal and representatives from the health plan. This year, negotiations were held the week of July 8.

Plans are allowed to revise their initial rates after negotiations by submitting a Best and Final Offer (BAFO). If a plan does not submit a BAFO, ETF assumes the preliminary bid stands, regardless of the plan's tier placement. This year, plans' BAFOs were due July 17, 2019.

Plans may also notify ETF if they no longer wish to participate in the Board's health insurance program. This year, ETF required that any notices of non-renewal be provided to ETF by July 17.

### **State and Local Program Health Plan Participation**

Plans that participate in the Group health Insurance Program (GHIP) currently must participate in both the state and the local programs, and the networks offered must be the same. Plans may submit different rates for the state group and the local group.

For state employees, the employee portion of premium paid each month is set by the Department of Administration (DOA) and is uniform across all plan offerings. The employee premium share for local employers varies by employer, however most pay 88% of the average Tier 1 premium for health plans offered in their county.

ETF makes every effort to ensure that as many counties as possible have a qualified, Tier 1 health plan available. However, there are occasionally instances where there is no qualified, Tier 1 plan available in a county. When this happens, the Board is required to offer the State Maintenance Plan or SMP, an HMO-lookalike plan administered by WEA Trust. State employees who live in a county where SMP is available pay the DOA-designated state employee share of their premiums. Local employers who are in a SMP county will use the SMP rate to calculate their 88% contribution level.

### **Non-Renewing Plans in 2020**

Following the rate negotiation process, ETF received only one notice of non-renewal, and this came from Security Health Plan. Security will no longer provide health insurance benefits for the Board's programs as of January 1, 2020. This change is expected to affect approximately 9,000 group health insurance program members. ETF has analyzed available provider in the Data Analytics and Insights (DAISI) data warehouse and determined that the remaining health plans will cover 97% of providers utilized by current Security Health Plan members. ETF will query provider name, location, and NPI for the 3% of providers who are not covered and provide that

information to the remaining health plans to help them determine the best strategy for helping patients locate care. ETF will also work with Security to ensure a smooth transition of members to a new health plan option.

**2020 Rate Characteristics**

The overall Tier 1 rate for the State program increased 3.9% from 2019 to final bids for 2020. However, this rate represents a reduction from the initial 8.3% average increase outside of Dane County and 10.3% increase within Dane County that were proposed by the plans in their preliminary bids, and the 5.6% trend projected by Segal. Similarly, the local program block experienced a 4.3% increase, down from an initial proposed 13.7% average increase in health insurance rates.

Pharmacy benefits are included in the health premium rate charged to members and employers but are rated separately. This year’s pharmacy rates will decrease 2.3% for the state program block and will increase 4.3% for the local program block. This represents an overall 1.5% reduction in the pharmacy rate.

Dental benefits are also rated separately but included with the health premium as well for state members who elect Uniform Dental coverage, and for local members whose employer elects Uniform Dental. There will be a 0.7% decrease in dental rates for members with Uniform Dental in 2020.

**Overall Health Plan Tiering**

The health plan tiers for the state and local program blocks are as follows:

<b>Health Plan/Network Name</b>	<b>State Tier</b>	<b>Local Tier</b>
<b>Dean</b>	Tier 1	Tier 1
<b>Dean Prevea360</b>	Tier 1	Tier 1
<b>GHC-Eau Claire</b>	Tier 1	Tier 1
<b>GHC-South Central WI</b>	Tier 1	Tier 1
<b>HealthPartners</b>	Tier 1	Tier 2
<b>HealthPartners Robin</b>	Tier 1	Tier 2
<b>Medical Associates</b>	Tier 1	Tier 1
<b>MercyCare</b>	Tier 1	Tier 2
<b>Network Health Plan</b>	Tier 1	Tier 1
<b>Quartz – Community</b>	Tier 1	Tier 3
<b>Quartz - UW</b>	Tier 1	Tier 1
<b>WEA Trust East</b>	Tier 1	Tier 1
<b>WEA Trust West - Mayo</b>	Tier 1	Tier 1
<b>WEA Trust West – Chippewa Valley</b>	Tier 1	Tier 3

### **Rate Aspects New in 2020**

There are a few new considerations in the development of rates for 2020 that ETF and Segal took into account:

- *ACA Fee.* As of the drafting of this memo, neither the United States Congress nor the Executive Branch has taken action to prevent Affordable Care Act's insurer fee from going into effect. During discussions related to the 2016 attempt by the Board to self-insure the GHIP, legislators indicated their expectation that fully-insured plans would assume the cost of the ACA Fee into their rates, and this would shield the program from paying these costs. ETF has proceeded with this assumption and removed all ACA fees from plan's initial bids when calculating rates.
- *Quality Credit.* To recognize the continued high quality of many of the health insurance plans participating in the GHIP, ETF provided up to a 1.5% credit for quality to health plans who were in the 50<sup>th</sup> percentile or above in their reported Overall Performance quality metric. This is a .5% increase over 2019.

### **Reserve Buy-Down**

ETF received a requirement from the legislature in the 2019-2021 biennial budget to reduce overall program costs by a total of \$33 million. ETF and Segal propose that the Board accomplishes this by using health insurance reserve funds to backfill the compensation fund reductions. While there is still excess reserve funding on hand due both to the decision not to self-insure the health program and to overall program cost management, ETF cautions using reserves is not a long-term method to manage budget shortfalls.

The Board will be presented with three options for rate adjustments for calendar year 2020, along with the expected reserve draw down that will be needed to fund each option. At the request of the Board Chair, Option 3 was developed to provide the Board with additional flexibility for future years. The state's 2019-2021 biennial budget assumes savings in this program of \$20 million for fiscal year 2020, which will be included as part of any reserve draw for calendar year 2020. Depending on the option selected, the Board may also wish to revisit its reserve policy prior to the next rate cycle.

Additional details on rate development and analysis will be provided by Segal at the August 21, 2019, Board meeting.

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



**State of Wisconsin Group Insurance Board  
Department of Employee Trust Funds**

# 2020 Program Renewals

August 21, 2019



 **Segal Consulting**



## **1. Overview**

2. Medical Plans
3. Prescription Drug Plan
4. Dental Plan
5. Fund Balance/Reserve
6. 2020 Premium Alternatives



# 2020 Renewal Process

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## ➤ Medical (Fully-Insured)

- Process
  - IYC Health Plans (HMOs) followed a managed competition model, using a tier structure
  - IYC Access Plan and State Maintenance Plan (SMP) followed a traditional renewal approach, utilizing standard actuarial/underwriting techniques
  - Medicare Advantage Plan rates were guaranteed for 2020
- Met with majority of plans to discuss tier placement and long-term strategy

## ➤ Pharmacy (Self-Insured)

- Received and reviewed claims experience
- Met with Navitus to discuss trends and program management strategies

## ➤ Dental (Self-Insured)

- Received and reviewed claims experience
- Met with Delta Dental to discuss trends and program benefit and network changes

## ➤ Reserve Fund

- In Year 2 of the 3-year buy-down strategy implemented by the Board last year—to reach the recommended target reserve by 2021
- Current balance is consistent with Segal's prior projection



1. Overview

**2. Medical Plans**

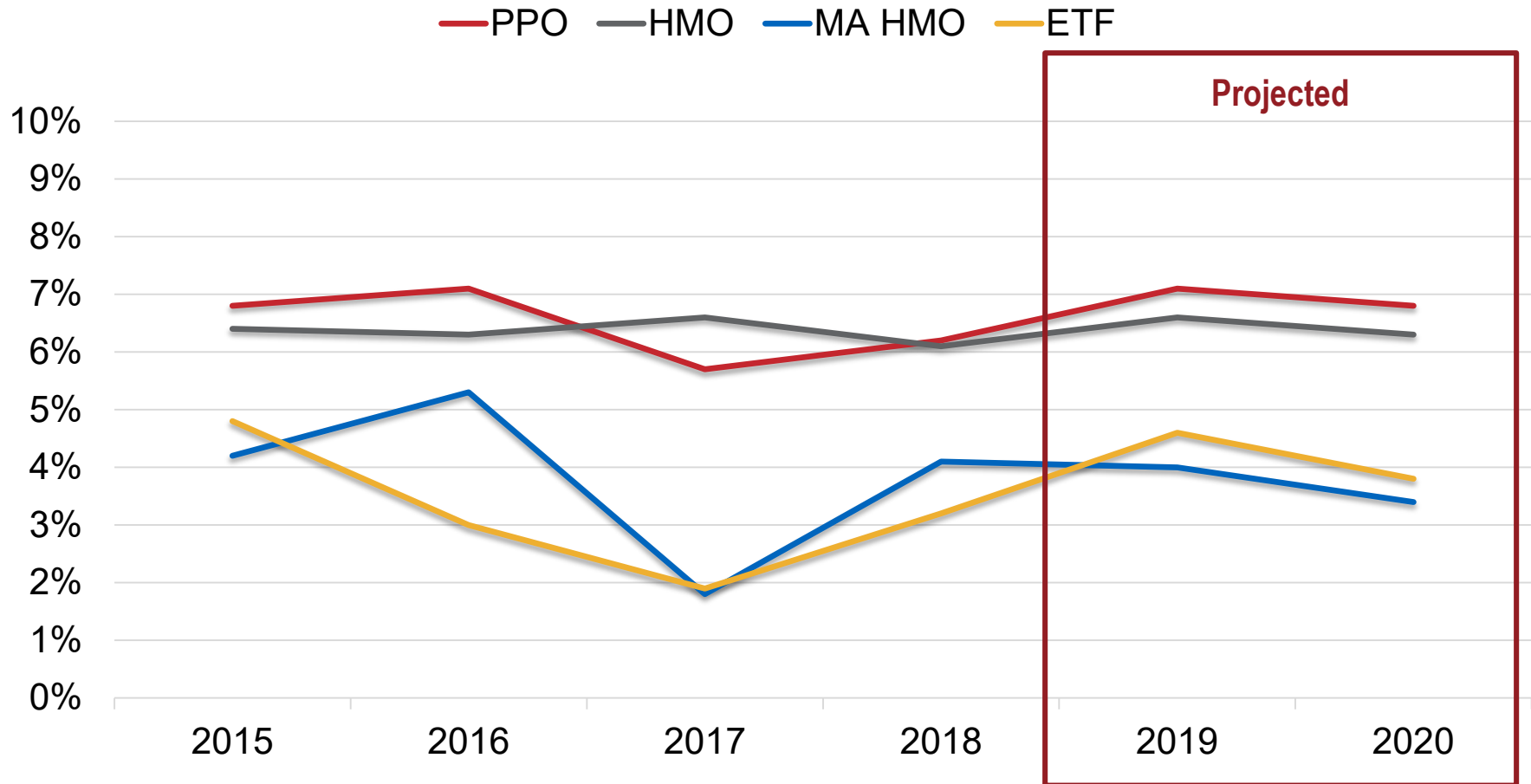
3. Prescription Drug Plan

4. Dental Plan

5. Fund Balance/Reserve

6. 2020 Premium Alternatives

# Historical Medical Trends – Comparison to ETF



**ETF Increases have been lower than norms over past 5 years**

# Medical Plans – Fully Insured Renewals

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- IYC Health Plans (HMOs)
  - Primarily designed for in-state members
  - Renewal consistent with process from last 5 years
  - Administered by: Dean, GHC EC, GHC SC, HealthPartners, Medical Associates, MercyCare, Network, Quartz, WEA Trust
  - Tier model “managed competition” approach
  
- IYC Access Plan and SMP
  - Mostly utilized for out of state members and in-state members in SMP counties
  - Moved to fully-insured in 2018
  - Administered by: WEA Trust
  - Traditional approach
  
- Medicare Advantage (MA) – new option for 2019
  - Covers Medicare retirees only
  - Designed for in and out of state members
  - Administered by: UnitedHealthcare (UHC)
  - Guaranteed rate for 2020

# Alternate Plans (HMO's) Overall Renewal Process

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- Renewal process was primarily unchanged for 2019
- Consistent with prior renewals, there was no consideration given to the addition of the ACA fees for 2020
- The negotiation process involved the following:
  - March: Segal prepared addendum collection requirements
  - April: ETF reviewed requirements and requested data from Plans
  - May 3: Addendum data submitted to Segal
  - May: Segal compiled data and calculated tier breakpoints
  - May 17: Preliminary Rate Quotes submitted to Segal
  - June: Segal compiled rates and placed Plans into premium tiers
  - June 28: Plans notified of their tier placement and offered renewal meeting to discuss
  - July 8 – 11: Renewal meetings held with Plans
  - July 17: Best and Final Offers received from Plans
  - August 7: Supplemental BAFO requests received from some Local Plans

# Collect Addendum Reports & Data

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- Plans are required to provide addendum reports for each group separately: State (Non-Medicare, Medicare, Grads), Local (Non-Medicare, Medicare), HDHP, Total Organization (Non-Medicare, Medicare)
- The reports include:
  - Enrollment and membership demographics
  - FFS claims and capitation encounter experience
  - Medical trend assumptions
  - Administrative expenses
  - Rate development
  - Medical Loss Ratio Report
  - Large claimant information
  - Actuarial Certification
- FFS claims and capitation encounter data are required with claim line detail
  - Validated to match addendum reports and claims in the IBM-Watson data warehouse
  - Future submissions may rely more heavily on IBM-Watson data
- Network adequacy reports required to determine which plans are qualified in each county

# Tier Breakpoint Development – Based on Addendum

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- Incurred claims and capitation experience are compiled for each plan
- Catastrophic claims are removed and pooling charge is added
- Adjusted base period claims per member per month (PMPM) are trended forward with projected “limited” trends
- Administrative costs are added—no increase from 2019 levels
- Total PMPMs are then risk adjusted, combining three factors:
  1. Retrospective DxCG Rx model risk score (30%)
  2. Age/sex score (20%)
  3. Region factor (50%)
    - Region factors were updated using the latest marketplace premium variances
- This results in risk-adjusted normalized PMPMs from which to reasonably compare performance between plans
- Breakpoints are then set for Tiers 1, 2 and 3 taking into account normalized costs by plan and program budget

# Plan Tier Distribution – Based on Experience

- From experience alone, plan results are reasonably spread across Tiers

Tier	Number of Plans			Non-Medicare Members		
	State		Local	State		Local
	Dane	Non-Dane	All*	Dane	Non-Dane	All*
1	1	3	9	8,044	2,267	18,294
2	1	6	1	28,198	57,182	3,217
3	1	3	4	41,776	8,793	7,537
	<b>3</b>	<b>12</b>	<b>14</b>	<b>78,018</b>	<b>68,242</b>	<b>29,048</b>

- Experience can vary between plans for numerous reasons, including:

- Size of the plan
- Contracting and competitive arrangements
- Medical management practices
- Pooling arrangements
- Risk components accuracy

- The overall Tier 1 increase was estimated to be 5.6%

\*Note: Local data not provided for one small plan.



# Compile Tier Placement From Preliminary Bid

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- Plans submit their Preliminary Bids knowing there is an opportunity for negotiations and movement to Tier 1.
- Tier placement is performed using the State Non-Medicare group only. Negotiations of other groups follow by design.
- Bids are converted to a PMPM and risk adjusted using an overall risk score comprised of prospective DxCG risk score (30%), age/sex (20%) and region (50%)—similar to experience adjustment except risk is prospective vs. retrospective.
- Credits/penalties are then applied to reflect quality scores (increased for 2020), Medicare rates and catastrophic claims experience.
- The final adjusted rates are compared to the tier breakpoints developed from the Addendum experience rate projections.
- Plans are notified of their tier placement and given the opportunity to meet and discuss results. Meetings were held with all but one plan.

**There is no direct link from the Addendum projected rates to the Preliminary Bid.**

# WPE (Locals) Tier Placement From Preliminary Bids

- Last year a tier process, similar to that utilized by the State, was implemented for the Locals. The primary difference is that Locals, due to their size, combine Dane and Non-Dane to produce one overall statewide model.
- The variability in size necessitates additional smoothing techniques and limitations.
- Catastrophic claims were given additional weight in the development.
- Consistent with last year, a limitation (adjusted for quality credits) was placed on rate increases and % of State Rate for plans to be in Tier 1. For 2020, these limitations were expanded to Tiers 2 and 3 as shown below.

ETF Local Limitations		
Tier	Rate Increase	% of State Rate
1	6%	110%
2	10%	120%
3	15%	130%

# State Tier Placement – Based on Preliminary Bids

➤ Below is a summary of the preliminary bids by assigned Tier:

Tier	Number of Plans		Non-Medicare Members	
	Dane	Non-Dane	Dane	Non-Dane
1	0	5	0	10,880
2	3	7	78,018	49,397
3	0	2	0	7,965
	<b>3</b>	<b>14</b>	<b>78,018</b>	<b>68,242</b>

Security, the highest cost plan, elected to drop the program. Depending on the migration into lower cost plans, estimated 2020 savings (from Tier 1) range from \$5.3 million to \$14.4 million. Cost/(Savings) in subsequent year is TBD.

➤ All other plans moved into Tier 1.

	2019 Rates	2020 Rates	Change from Current	%
<b>Medical Costs (in Millions)</b>				
Dane	\$517.7	\$549.0	\$31.3	6.1%
Non-Dane	\$518.2	\$527.3	\$9.1	1.8%
<b>Total</b>	<b>\$1,035.8</b>	<b>\$1,076.3</b>	<b>\$40.5</b>	<b>3.9%</b>

# Local Tier Placement – Based on Preliminary Bids

➤ Below is a summary of the preliminary bids by assigned Tier:

	Number of Plans	Non-Medicare Members
Tier	All	All
1	6	19,730
2	1	437
3	10	8,881
	<b>17</b>	<b>29,048</b>

➤ GHC Eau Claire, WEA Trust – NW Mayo, WEA Trust East (Tier 2/3 last year), and Network Health Plan worked with ETF and provided an additional BAFO to become Tier 1 Local plans.

➤ A number of plans did not move to Tier 1 during negotiations:

- HealthPartners
- Quartz - Community
- MercyCare (Tier 1 in 2019)
- WEA Trust – NW Chippewa Valley

	2019 Rates	2020 Rates	Change from Current	%
<b>Medical Costs (in Millions)</b>				
<b>Locals</b>	<b>\$163.6</b>	<b>\$170.6</b>	<b>\$7.1</b>	<b>4.3%</b>

# IYC Access Plan and SMP Renewals

- WEA Trust took over the IYC Access Plan and SMP from WPS in 2018.
  - Moved from self-insured to fully-insured as directed by legislation
- Risk pools divided into two groups:
  - Non-Medicare IYC Access/SMP
  - Medicare Plus
- WEA Trust has had favorable experience in 2018, resulting in a premium credit of \$2.4 million for the plan year, per the Retrospective Agreement.
- For 2020, the positive experience, in combination with assumed trend, resulted in a similar rate expectation for 2020 for both risk pools.
- Segal reviewed and recommends no rate increase for these plans.

	2019 Rates	2020 Rates	Change from Current	%
<b>Medical Costs (in Millions)</b>				
State	\$45.4	\$45.4	\$0.0	0.0%
Local	\$1.0	\$1.0	\$0.0	0.0%
<b>Total</b>	<b>\$46.4</b>	<b>\$46.4</b>	<b>\$0.0</b>	<b>0.0%</b>

# Medicare Advantage Renewal

- ETF contracted with UnitedHealthcare (UHC) for a Medicare Advantage plan starting in 2019
- Due to the January 2019 start and Medicare payment lags, there is not enough meaningful experience thus far to evaluate.
- For 2020, the rate is to remain flat per the original guarantee. There is no increase due to the return of the ACA Fee as anticipated by UHC in the original bid.
- Next year we will have sufficient data to conduct a traditional renewal.

	2019 Rates	2020 Rates	Change from Current	%
<b>Medical Costs (in Millions)</b>				
State	\$8.6	\$8.6	\$0.0	0.0%
Local	\$0.3	\$0.3	\$0.0	0.0%
<b>Total</b>	<b>\$8.9</b>	<b>\$8.9</b>	<b>\$0.0</b>	<b>0.0%</b>

# 2020 Overall Medical Increase

- Renewal process resulted in a \$64.4 million savings, a 4.7% reduction from 2020 Preliminary Bids (8.1% for Locals and 4.2% for State).

	2019 Rates**	2020 Prelim Bids	Negotiation Savings	%	2020 BAFO Rates***	Change from Current	%
<b>State</b>							
Non-Medicare	\$866.3	\$939.9	(\$39.9)	-4.2%	\$900.0	\$33.7	3.9%
Medicare*	\$90.1	\$94.6	(\$2.8)	-3.0%	\$91.8	\$1.7	1.9%
Grads	\$45.0	\$49.3	(\$2.5)	-5.0%	\$46.8	\$1.9	4.1%
HDHP	\$88.5	\$95.7	(\$4.0)	-4.1%	\$91.7	\$3.2	3.6%
<b>Total State</b>	<b>\$1,089.9</b>	<b>\$1,179.5</b>	<b>(\$49.2)</b>	<b>-4.2%</b>	<b>\$1,130.3</b>	<b>\$40.5</b>	<b>3.7%</b>
<b>Local</b>							
Non-Medicare	\$156.6	\$177.9	(\$14.6)	-8.2%	\$163.3	\$6.8	4.3%
Medicare*	\$4.7	\$5.2	(\$0.3)	-6.1%	\$4.9	\$0.1	3.1%
HDHP	\$3.5	\$4.0	(\$0.3)	-8.0%	\$3.7	\$0.2	4.7%
<b>Total Local</b>	<b>\$164.8</b>	<b>\$187.1</b>	<b>(\$15.2)</b>	<b>-8.1%</b>	<b>\$171.9</b>	<b>\$7.1</b>	<b>4.3%</b>
<b>Grand Total</b>	<b>\$1,254.7</b>	<b>\$1,366.6</b>	<b>(\$64.4)</b>	<b>-4.7%</b>	<b>\$1,302.3</b>	<b>\$47.5</b>	<b>3.8%</b>

\* Medicare includes HDHP Medicare and Family 1 contracts

\*\* 2019 Inforce Rates are pre-buydown

\*\*\* 2020 BAFO rates are pre-buydown

# Alternate Plan Network Qualification

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- A plan must meet at least 90% geo-access in the county for the inpatient hospitals, primary care physicians (includes Internal Medicine, Family Medicine and General Medicine) and chiropractors.
- If a geo-access requirement above is not met, the plan can alternatively meet the qualification requirement for any county by:
  - Inpatient Hospitals: the plan must have at least one (1) general hospital under contract and/or routinely utilized by in-network providers available per county
  - Primary Care Physicians: the ratio of full-time equivalent primary physicians accepting new patients to total participants in a county or major city is at least one per two thousand (1.0/2,000) with a minimum of five (5) primary care physicians per county
  - Chiropractors: one (1) chiropractor must be available in each county
- For a plan to be fully qualified in a county, they must also be Tier 1. If not, the SMP will be available for the county.



# State Maintenance Plan (SMP)

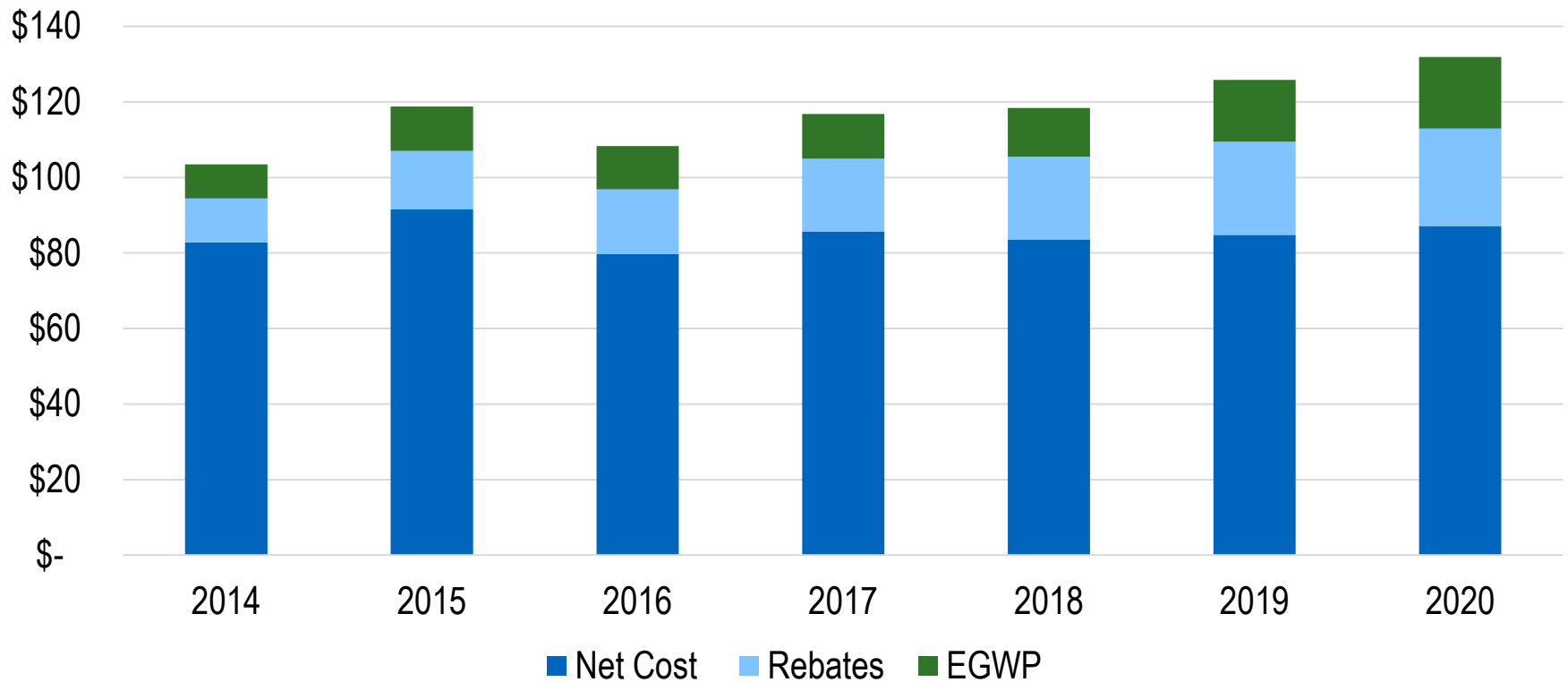
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- SMP is the designated Tier 1 plan in every county where there is no other qualified Tier 1 plan.
- SMP will be offered in 1 county in 2020 for State (same as 2019):
  - Forest County
- SMP will be offered in 5 counties in 2020 for Local (down from 13 counties in 2019):
  - Florence County
  - Forest County
  - Pepin County
  - Pierce County
  - Rusk County

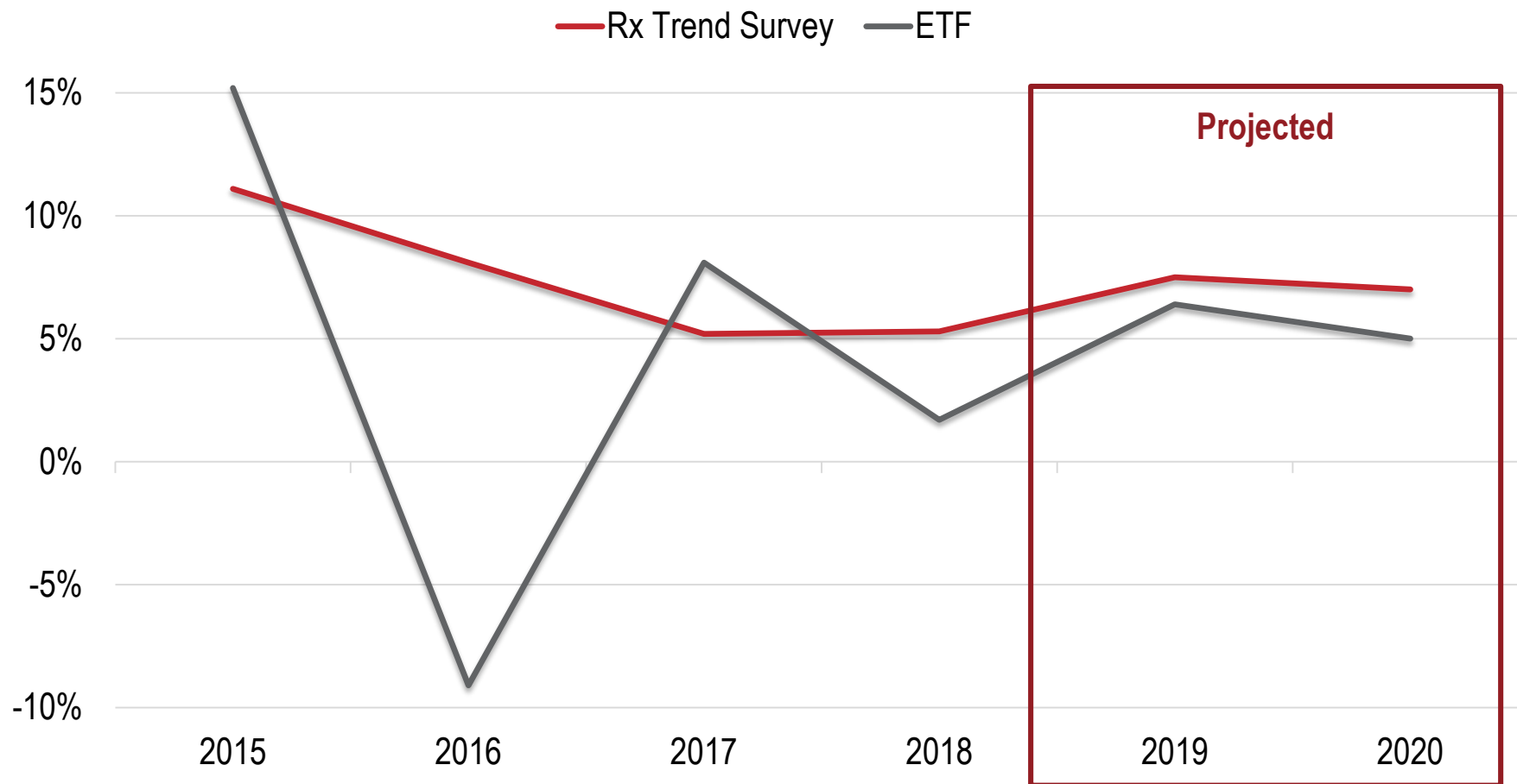
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1. Overview
  2. Medical Plans
  - 3. Prescription Drug Plan**
  4. Dental Plan
  5. Fund Balance/Reserve
  6. 2020 Premium Alternatives

# Historical Pharmacy Spend – PMPM

- “Top Line” claims (before credits) have trended at a 4-year average of 3.6%, while Rebates and EGWP subsidies have increased at 13.9%.
- The net impact is a 4-year total average increase of only 0.2% annually.



# Historical Pharmacy “Top Line” Trends – Comparison to ETF



**ETF Increases have generally been lower norms over past 5 years.**

# Prescription Drug Plan

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- Rating groups were unchanged from last year:
  - **State:** HMO Regular & SMP, HMO Grads, HMO Medicare, IYC Access Health Plan (including Grads) and IYC Medicare Plus
  - **Local:** Non-Medicare HMO and Medicare HMO groups are credible and rated separately. The IYC Access Health, SMP and IYC Medicare Plus plans are not credible.
- Claims data was received from Navitus and used in our analysis. Baseline data utilized the most recent 12 months of claims, June 2018 through May 2019.
- We projected trend at 5.4%.
- Trend was derived from the weighted average of the Navitus projected claims trends for 2019 and 2020.
- We received and utilized administrative expenses, expected rebates and Medicare Part D subsidies provided by Navitus for the rate development.

# Prescription Drug Plan

- In addition to ongoing program management, Navitus made a number of financial improvements for 2019, accumulating to over 5.0% of premiums. These include:

	Estimated Savings	% of Cost
Formulary/Utilization	\$3,300,000	1.1%
Network Improvements	\$1,200,000	0.4%
Subsidies	\$7,300,000	2.4%
Rebates	\$3,300,000	1.1%
<b>Total Savings</b>	<b>\$15,100,000</b>	<b>5.0%</b>

- For 2020, the prescription drug rates are projected to decrease 1.5% over the 2019 rates, varying by group category.

# Prescription Drug Plans Rates

➤ Aggregate rate decrease of 2.3% for State.

	2019 Single Rate	2020 Single Rate	% Change
<b>State</b>			
HMO Regular	\$99.76	\$101.54	1.8%
HMO Grads	\$41.52	\$45.04	8.5%
HMO Medicare	\$153.94	\$130.32	-15.3%
HDHP Regular	\$85.80	\$87.32	1.8%
IYC Access	\$156.46	\$168.14	7.5%
IYC Access Grads	\$110.04	\$106.92	-2.8%
IYC Access HDHP	\$134.56	\$144.60	7.5%
State Maintenance Plan (SMP)	\$99.76	\$101.54	1.8%
State Maintenance Plan (SMP) Grads	\$74.82	\$76.16	1.8%
State Maintenance Plan (SMP) HDHP	\$85.80	\$87.32	1.8%
Medicare Plus (IYC Access & SMP)	\$153.34	\$134.08	-12.6%
<b>Overall</b>			<b>-2.3%</b>

## Prescription Drug Plans Rates *continued*

➤ Aggregate rate decrease of 4.2% increase for Local.

	2019 Single Rate	2020 Single Rate	% Change
<b>Local</b>			
HMO Regular	\$98.92	\$107.78	9.0%
HMO / HDHP Medicare	\$222.90	\$144.48	-35.2%
HDHP Regular	\$80.12	\$87.30	9.0%
IYC Access	\$184.02	\$197.74	7.5%
IYC Access HDHP	\$154.58	\$166.10	7.5%
State Maintenance Plan	\$140.68	\$143.20	1.8%
State Maintenance Plan HDHP	\$118.18	\$120.28	1.8%
Medicare Plus (IYC Access & SMP)	\$181.42	\$158.64	-12.6%
Overall			4.2%




# Prescription Drug Plans Rates

➤ Overall, the recommended rate decrease for the prescription drug plan is 1.5%.

	2019 Inforce (Pre BD)	2020 Premium (Pre BD)	\$ Change	% Change
<b>State</b>				
Non-Medicare, Non-Grad	\$138.6	\$141.3	\$2.6	1.9%
Medicare*	\$58.4	\$50.2	(\$8.2)	-14.0%
Grad Assistants	\$4.5	\$4.8	\$0.3	7.8%
HDHP	\$13.9	\$14.2	\$0.3	1.9%
<b>Total State</b>	<b>\$215.4</b>	<b>\$210.5</b>	<b>(\$4.9)</b>	<b>-2.3%</b>
<b>Local</b>				
Non-Medicare, Non-Grad	\$25.6	\$27.9	\$2.3	9.0%
Medicare*	\$3.7	\$2.6	(\$1.1)	-29.8%
HDHP	\$0.6	\$0.6	\$0.1	8.9%
<b>Total Local</b>	<b>\$29.9</b>	<b>\$31.1</b>	<b>\$1.2</b>	<b>4.2%</b>
<b>Grand Total</b>	<b>\$245.3</b>	<b>\$241.6</b>	<b>(\$3.7)</b>	<b>-1.5%</b>

\* Medicare includes Family 1 contracts

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## Dental Plan Rates (State and Local)

- The self-insured dental plan was procured in 2015 and Delta Dental was awarded the contract for a 2016 start date.
- Claims data (January 2016 – April 2019) was received from Delta Dental and used in our analysis.
  - Experience period used was 2018 incurred claims (runout thru April 2019).
- Baseline experience adjusted for trend, plan design changes, and network discount improvements in projection.

### Assumptions:

- Annual Trend 3.7% (Segal Trend Survey)
- 2019 Plan Design Changes 4.0% (from Delta Dental)
- 2020 Plan Design Changes 1.1% (from Delta Dental)
- Network Discount Improvement 2.8% (from Delta Dental)

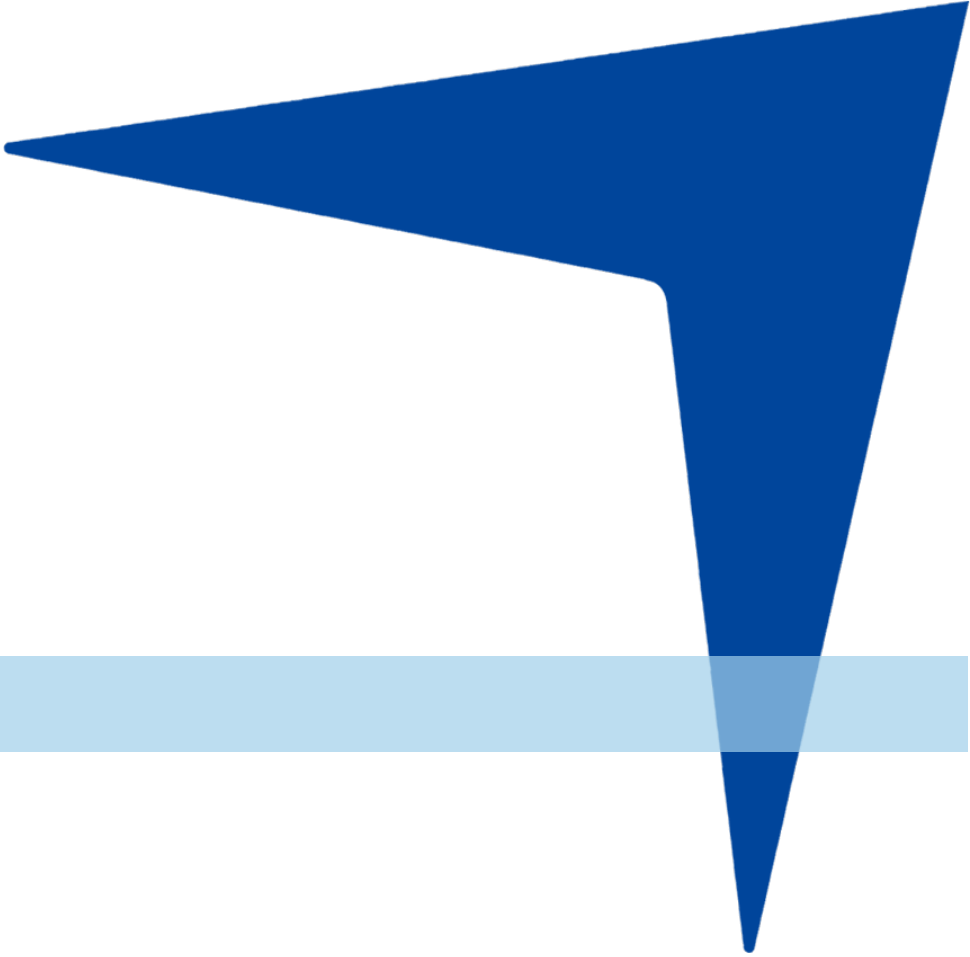
	2019 Rates	2020 Rates	% Change
<b>Self-Insured Rates</b>			
Single	\$30.20	\$30.20	0.0%
Family	\$75.50	\$75.50	0.0%

# Dental Total Cost

➤ Overall, the recommended rate action for the dental plan is 0.0%.

	2019 Inforce (Pre BD)	2020 Premium (Pre BD)	\$ Change	% Change
<b>State</b>				
Non-Medicare, Non-Grad	\$40.7	\$40.7	\$0.0	0.0%
Medicare*	\$10.0	\$10.0	\$0.0	0.0%
Grad Assistants	\$3.0	\$3.0	\$0.0	0.0%
HDHP	\$4.7	\$4.7	\$0.0	0.0%
<b>Total State</b>	<b>\$58.3</b>	<b>\$58.3</b>	<b>\$0.0</b>	<b>0.0%</b>
<b>Local</b>				
Non-Medicare, Non-Grad	\$1.3	\$1.3	\$0.0	0.0%
Medicare*	\$0.0	\$0.0	\$0.0	0.0%
HDHP	\$0.0	\$0.0	\$0.0	0.0%
<b>Total Local</b>	<b>\$1.4</b>	<b>\$1.4</b>	<b>\$0.0</b>	<b>0.0%</b>
<b>Grand Total</b>	<b>\$59.7</b>	<b>\$59.7</b>	<b>\$0.0</b>	<b>0.0%</b>

\* Medicare includes Family 1 contracts

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# Fund Balance

## State

- The fund balance decreased \$6.4M in 2018 and projected to decrease an additional \$20.2M in 2019.

### State Health Reserve (in millions)

	2012	2013	2014	2015	2016	2017	2018	2019
<b>Beginning of Year</b>								
Medical	56.8	61.4	66.7	69.4	74.8	76.9	84.7	62.0
Pharmacy	103.7	77.9	63.1	30.8	6.7	60.1	121.8	134.7
Dental	0.0	0.0	0.0	0.0	0.0	(1.2)	0.2	3.5
<b>Total</b>	<b>160.5</b>	<b>139.3</b>	<b>129.8</b>	<b>100.1</b>	<b>81.5</b>	<b>135.8</b>	<b>206.6</b>	<b>200.2</b>
<b>Gain/(Loss)</b>								
Medical	4.6	5.3	2.7	5.4	2.1	7.8	(22.7)	3.2
Pharmacy	(25.7)	(14.9)	(32.3)	(24.1)	53.4	61.6	13.0	(27.0)
Dental	0.0	0.0	0.0	0.0	(1.2)	1.4	3.3	3.5
<b>Total</b>	<b>(21.2)</b>	<b>(9.6)</b>	<b>(29.6)</b>	<b>(18.7)</b>	<b>54.3</b>	<b>70.8</b>	<b>(6.4)</b>	<b>(20.2)</b>
<b>End of Year</b>								
Medical	61.4	66.7	69.4	74.8	76.9	84.7	62.0	65.1
Pharmacy	77.9	63.1	30.8	6.7	60.1	121.8	134.7	107.8
Dental	0.0	0.0	0.0	0.0	(1.2)	0.2	3.5	7.1
<b>Total</b>	<b>139.3</b>	<b>129.8</b>	<b>100.1</b>	<b>81.5</b>	<b>135.8</b>	<b>206.6</b>	<b>200.2</b>	<b>180.0</b>

\* Reserves inclusive of investment income

# Fund Balance

## Local

- The fund balance increased \$3.1M in 2018 and projected to decrease \$5.1M in 2019.

### Local Health Reserve (in millions)

	2012	2013	2014	2015	2016	2017	2018	2019
<b>Beginning of Year</b>								
Medical	1.8	1.7	0.6	0.7	0.6	(0.1)	(0.8)	(1.5)
Pharmacy	18.4	17.0	20.5	15.6	8.4	14.3	19.9	23.7
Dental	0.0	0.0	0.0	0.0	0.0	(0.1)	(0.2)	(0.2)
<b>Total</b>	<b>20.1</b>	<b>18.7</b>	<b>21.1</b>	<b>16.3</b>	<b>9.0</b>	<b>14.2</b>	<b>18.9</b>	<b>22.1</b>
<b>Gain/(Loss)</b>								
Medical	(0.0)	(1.1)	0.0	(0.0)	(0.7)	(0.8)	(0.7)	5.8
Pharmacy	(1.4)	3.5	(4.9)	(7.2)	5.9	5.6	3.8	(11.0)
Dental	0.0	0.0	0.0	0.0	(0.1)	(0.1)	0.0	0.0
<b>Total</b>	<b>(1.4)</b>	<b>2.4</b>	<b>(4.9)</b>	<b>(7.2)</b>	<b>5.1</b>	<b>4.7</b>	<b>3.1</b>	<b>(5.1)</b>
<b>End of Year</b>								
Medical	1.7	0.6	0.7	0.6	(0.1)	(0.8)	(1.5)	4.3
Pharmacy	17.0	20.5	15.6	8.4	14.3	19.9	23.7	12.7
Dental	0.0	0.0	0.0	0.0	(0.1)	(0.2)	(0.2)	(0.1)
<b>Total</b>	<b>18.7</b>	<b>21.1</b>	<b>16.3</b>	<b>9.0</b>	<b>14.2</b>	<b>18.9</b>	<b>22.1</b>	<b>16.9</b>

\* Reserves inclusive of investment income

# Fund Balance

## State (Projected 12/31/2019)

- Using ETF transactional data through 6/30/2019, Segal projected the ending fund balance.

### State Health Reserve (in millions)

	Medical	Pharmacy	Dental	Total
Balance 1/1/2019	62.0	134.7	3.5	200.2
<b>Revenue</b>				
Premiums	1,123.4	170.5	60.1	1,354.0
EGWP Subsidy		43.1		43.1
Investment Income	4.3	8.2	0.4	12.9
<b>Total Revenue</b>	<b>1,127.7</b>	<b>221.8</b>	<b>60.5</b>	<b>1,410.0</b>
<b>Expenses</b>				
Paid Claims	1,107.1	300.1	55.7	1,462.9
Admin Costs	17.5	8.2	1.2	26.9
Rebates		(59.6)		(59.6)
<b>Total</b>	<b>1,124.6</b>	<b>248.7</b>	<b>56.9</b>	<b>1,430.2</b>
Gain/(Loss)	3.1	(26.9)	3.6	(20.2)
<b>Balance 12/31/2019</b>	<b>65.1</b>	<b>107.8</b>	<b>7.1</b>	<b>180.0</b>
<b>2018 Projection</b>				<b>179.2</b>



# Fund Balance

## Local (Projected 12/31/2019)

- Using ETF transactional data through 6/30/2019, Segal projected the ending fund balance.

### Local Health Reserve (in millions)

	Medical	Pharmacy	Dental	Total
Balance 1/1/2019	(1.5)	23.7	(0.2)	22.1
<b>Revenue</b>				
Premiums	167.4	20.8	1.4	189.6
EGWP Subsidy		2.9		2.9
Investment Income	0.1	1.2	(0.0)	1.3
<b>Total Revenue</b>	<b>167.5</b>	<b>25.0</b>	<b>1.4</b>	<b>193.9</b>
<b>Expenses</b>				
Paid Claims	159.2	44.8	1.3	205.3
Admin Costs	2.5	1.0	0.0	3.5
Rebates		(9.8)		(9.8)
<b>Total</b>	<b>161.7</b>	<b>36.0</b>	<b>1.3</b>	<b>199.0</b>
Gain/(Loss)	5.8	(11.0)	0.1	(5.1)
<b>Balance 12/31/2019</b>	<b>4.3</b>	<b>12.7</b>	<b>(0.1)</b>	<b>16.9</b>
<b>2018 Projection</b>				<b>16.9</b>

# Reserve Policy

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- In August 2017, Segal was asked to review the reserve policy in place and recommended some modifications at the August 30, 2018 Board meeting.
- The proposed policy looked at a number of factors and recommended reducing the reserve levels for the self-insured pharmacy and dental programs.
- The new policy, approved by the Board, sets reserves at:
  - Medical: 3% to 5% of premiums
  - Pharmacy: 8% to 10% of projected claims
  - Dental: 3% to 5% of projected claims
- It was proposed to move to the midpoint of the new policy over a 4-year period to minimize premium fluctuations—with 2021 being the last year of the phase-in.
- In December 2018, Lewis & Ellis completed an audit of the reserve methodology. They recommended increasing the dental reserve 2%, resulting in 5% to 7% of projected claims. It was also recommended to incorporate the State's internal rate of return in the projection.

# Reserve Surplus Calculation

- Based on the new policy reserve target, the State has a surplus of \$102.8M. Locals also have a surplus of \$5.8M.

## Projected Reserve (in millions)

	State				Local			
	Medical	Rx	Dental	Total	Medical	Rx	Dental	Total
Projected Fund Balance 12/31/2019	65.1	107.8	7.1	180.0	4.3	12.7	(0.1)	16.9
Projected 2020 Claims (SI)		316.1	58.4	374.5		46.0	1.4	47.4
Projected 2020 Premiums (FI)	1,130.3			1,130.3	171.9			171.9
<b>New Policy Reserve Target</b>								
3% Medical, 8% Rx, 5% Dental	33.9	25.3	2.9	62.1	5.2	3.7	0.1	8.9
5% Medical, 10% Rx, 7% Dental	56.5	31.6	4.1	92.2	8.6	4.6	0.1	13.3
Mid-Point Reserve	45.2	28.4	3.5	77.2	6.9	4.1	0.1	11.1
<b>Surplus New Policy</b>	<b>19.9</b>	<b>79.3</b>	<b>3.6</b>	<b>102.8</b>	<b>(2.6)</b>	<b>8.6</b>	<b>(0.2)</b>	<b>5.8</b>

- Segal recommends the State and Local plans utilize a portion of the surplus to buy down premiums.

# Historical Fund Balance Buy-Downs

- Since 2007 there have been frequent buy-downs to move toward the Board Reserve Policy.

## Fund Buy-Down (in millions)

Premium Year	State				Local			
	Medical	Rx	Dental	Total	Medical	Rx	Dental	Total
2021(TBD)								
2020 (TBD)								
2019	0.0	49.1	0.0	49.1	0.0	7.8	0.0	7.8
2018	13.0	16.0	0.0	29.0	0.0	0.0	0.0	0.0
2017	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2016	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2015	0.0	20.0	0.0	20.0	0.0	5.0	0.0	5.0
2014	0.0	20.5	0.0	20.5	0.0	3.1	0.0	3.1
2013	0.0	32.8	0.0	32.8	0.2	1.0	0.0	1.2
2012	0.0	30.0	0.0	30.0	0.0	1.0	0.0	1.0

- Buy-downs require additional premium in the future years to make up the amount

# Multi-Year Reserve Draw Strategy – Option 1

- The table below illustrates a level draw over the remaining 2-year period—reaching new policy target in 2021:

## State Reserve Multi-year Strategy

	Balance <sup>1</sup>	Target <sup>2</sup>	% of Claims/ FI Premium	Surplus <sup>3</sup>	Draw
<b>2019</b>	\$228.3	\$116.5	8.0%	\$111.8	\$49.1
<b>2020</b>	\$180.0	\$77.2	5.1%	\$102.8	\$54.6
<b>2021</b>	\$134.1	\$81.0	5.1%	\$53.1	\$54.6
<b>2022</b>	\$85.1	\$85.1	5.1%	\$0.0	

## Local Reserve Multi-year Strategy

	Balance <sup>1</sup>	Target <sup>2</sup>	% of Claims/ FI Premium	Surplus <sup>3</sup>	Draw
<b>2019</b>	\$25.6	\$16.9	7.1%	\$8.7	\$7.8
<b>2020</b>	\$16.9	\$11.1	5.1%	\$5.8	\$3.3
<b>2021</b>	\$14.7	\$11.7	5.1%	\$3.1	\$3.3
<b>2022</b>	\$12.2	\$12.2	5.1%	\$0.0	

<sup>1</sup> Assumes 7% investment return and no additional gains or losses that would impact the fund balance.

<sup>2</sup> New Reserve Target Policy in 2020, assumed to increase at 5% per year.

<sup>3</sup> The Surplus refers to the money in the fund that exceeds the Midpoint Target Reserve at beginning of year.

## Multi-Year Reserve Draw Strategy – Option 2

- The table below illustrates the draws (higher 2020) over the remaining 2-year period—reaching new policy target in 2021:

### State Reserve Multi-year Strategy

	Balance <sup>1</sup>	Target <sup>2</sup>	% of Claims/ FI Premium	Surplus <sup>3</sup>	Draw
<b>2019</b>	\$228.3	\$116.5	8.0%	\$111.8	\$49.1
<b>2020</b>	\$180.0	\$77.2	5.1%	\$102.8	\$86.6
<b>2021</b>	\$99.9	\$81.0	5.1%	\$18.9	\$20.4
<b>2022</b>	\$85.1	\$85.1	5.1%	\$0.0	

### Local Reserve Multi-year Strategy

	Balance <sup>1</sup>	Target <sup>2</sup>	% of Claims/ FI Premium	Surplus <sup>3</sup>	Draw
<b>2019</b>	\$25.6	\$16.9	7.1%	\$8.7	\$7.8
<b>2020</b>	\$16.9	\$11.1	5.1%	\$5.8	\$6.5
<b>2021</b>	\$11.4	\$11.7	5.1%	-\$0.2	\$0.0
<b>2022</b>	\$12.2	\$12.2	5.1%	\$0.0	

<sup>1</sup> Assumes 7% investment return and no additional gains or losses that would impact the fund balance.

<sup>2</sup> New Reserve Target Policy in 2020, assumed to increase at 5% per year.

<sup>3</sup> The Surplus refers to the money in the fund that exceeds the Midpoint Target Reserve at beginning of year.

## Multi-Year Reserve Draw Strategy – Option 3

- The table below illustrates the draws (higher 2020) over the next 3-year period—reaching new policy target in 2022:

### State Reserve Multi-year Strategy

	Balance <sup>1</sup>	Target <sup>2</sup>	% of Claims/ FI Premium	Surplus <sup>3</sup>	Draw
<b>2019</b>	\$228.3	\$116.5	8.0%	\$111.8	\$49.1
<b>2020</b>	\$180.0	\$77.2	5.1%	\$102.8	\$33.0
<b>2021</b>	\$157.3	\$81.0	5.1%	\$76.2	\$48.0
<b>2022</b>	\$116.9	\$85.1	5.1%	\$31.8	

### Local Reserve Multi-year Strategy

	Balance <sup>1</sup>	Target <sup>2</sup>	% of Claims/ FI Premium	Surplus <sup>3</sup>	Draw
<b>2019</b>	\$25.6	\$16.9	7.1%	\$8.7	\$7.8
<b>2020</b>	\$16.9	\$11.1	5.1%	\$5.8	\$6.5
<b>2021</b>	\$11.4	\$11.7	5.1%	-\$0.2	\$0.0
<b>2022</b>	\$12.2	\$12.2	5.1%	\$0.0	

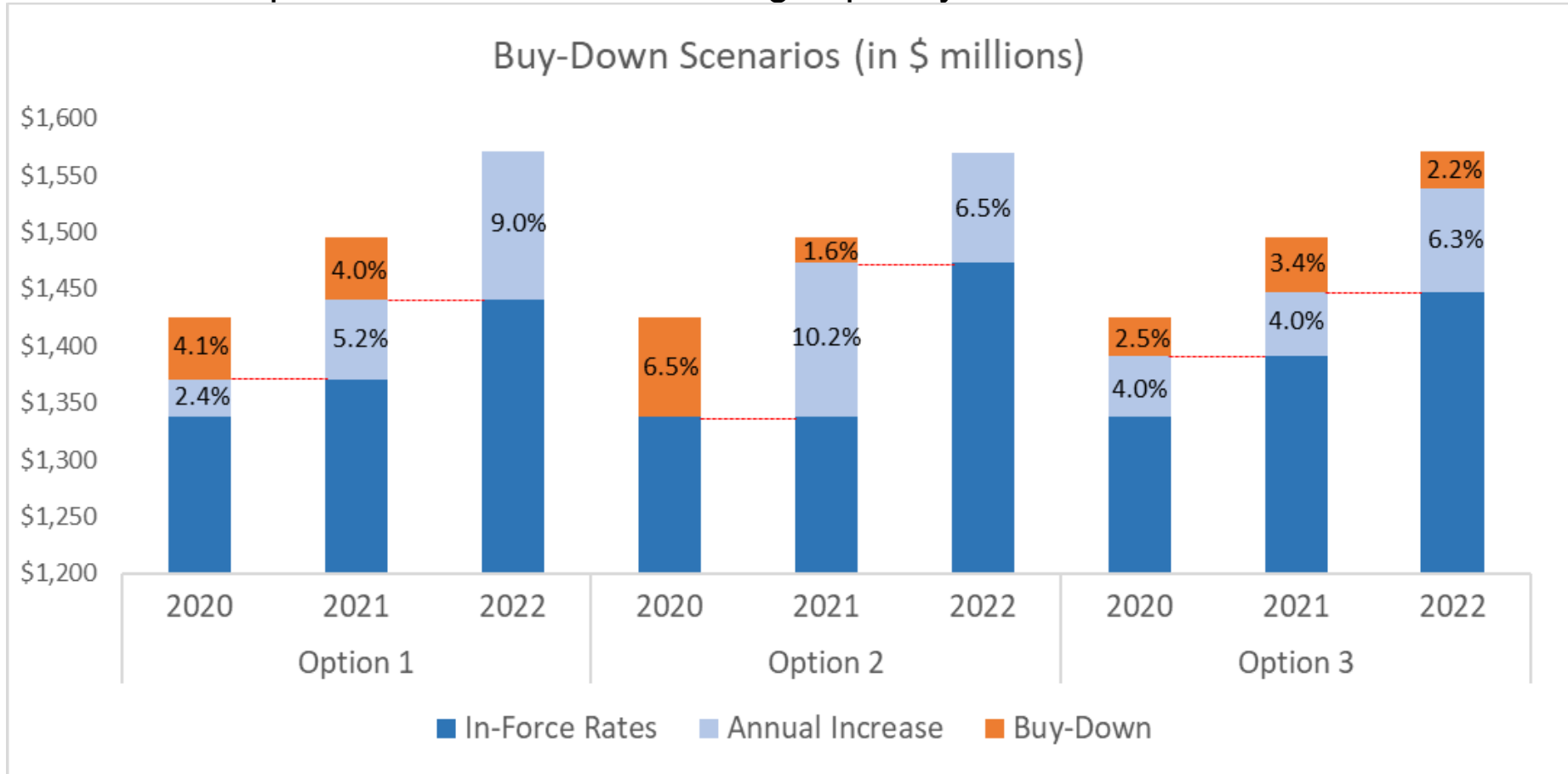
<sup>1</sup> Assumes 7% investment return and no additional gains or losses that would impact the fund balance.

<sup>2</sup> New Reserve Target Policy in 2020, assumed to increase at 5% per year.

<sup>3</sup> The Surplus refers to the money in the fund that exceeds the Midpoint Target Reserve at beginning of year.

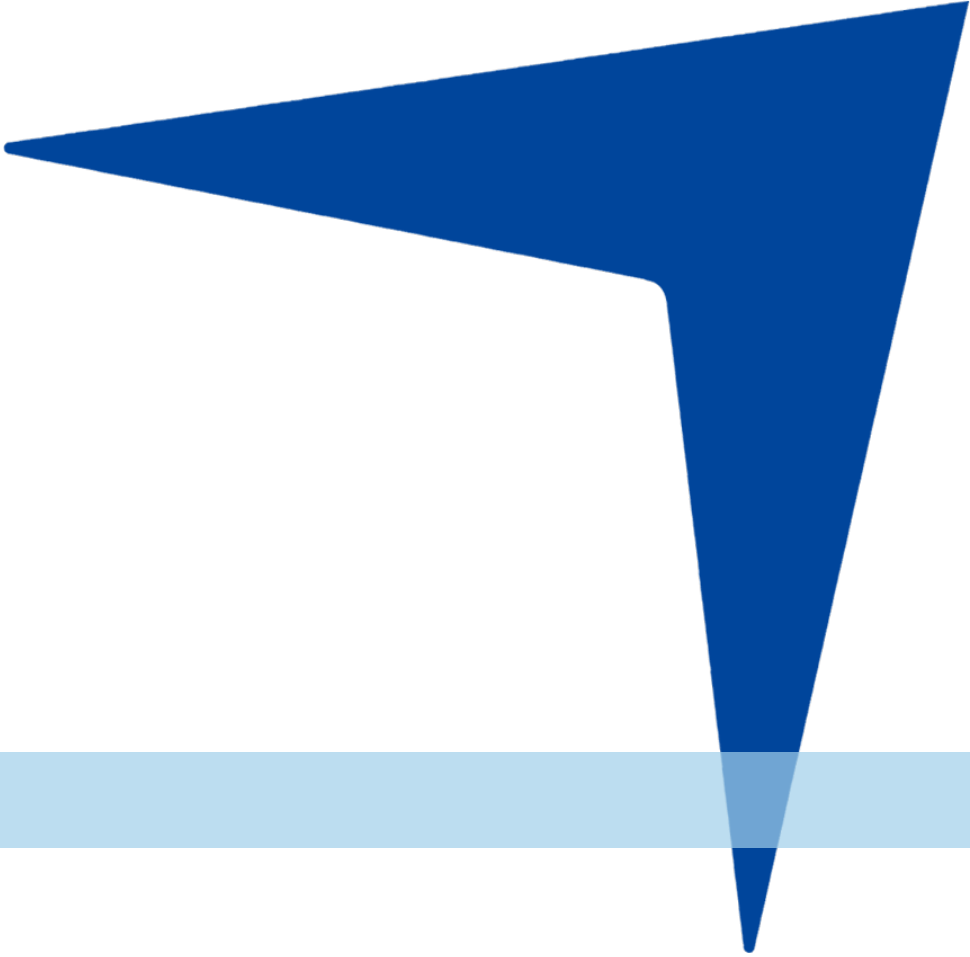
# Projected State Premium Increases – Option 1 vs. 2 vs. 3

- Depending on the option, there will be an additional increases over trend in the future to compensate for the underfunding in prior years.



- Option 3 provides the smoothest rate increases
- Each option produces the same 3-year annual increase of 5.5%



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# 2020 Premium Rates – With No Reserve Draw

## Total Premium by Group

- The 2019 premiums include a \$49.1 million buy-down for State and \$7.8 million for Locals.
- The 2019 after buy-down premiums are expected to increase 6.5% in 2020 before further reserve draw down. Locals increase is 8.6%.
- Premiums include medical, pharmacy, dental, and admin

	2019 Rates (Pre BD)	2019 Rates (Post BD)	2019 BD	2020 Premium (Pre BD)	2020 Need	%
<b>State</b>						
Non-Medicare, Non-Grad	\$1,060.1	\$1,018.1	\$42.0	\$1,097.7	\$79.6	7.8%
Medicare*	\$164.0	\$163.3	\$0.7	\$158.0	(\$5.3)	-3.2%
Grad Assistants	\$54.1	\$52.4	\$1.7	\$56.4	\$4.1	7.7%
HDHP	\$108.9	\$104.3	\$4.6	\$112.5	\$8.2	7.9%
<b>Total State</b>	<b>\$1,387.1</b>	<b>\$1,338.0</b>	<b>\$49.1</b>	<b>\$1,424.6</b>	<b>\$86.6</b>	<b>6.5%</b>
<b>Local</b>						
Non-Medicare, Non-Grad	\$186.2	\$179.4	\$6.7	\$195.4	\$16.0	8.9%
Medicare*	\$8.7	\$7.8	\$1.0	\$7.8	\$0.0	0.4%
HDHP	\$4.2	\$4.1	\$0.1	\$4.4	\$0.4	9.1%
<b>Total Local</b>	<b>\$199.1</b>	<b>\$191.3</b>	<b>\$7.8</b>	<b>\$207.7</b>	<b>\$16.4</b>	<b>8.6%</b>
<b>Grand Total</b>	<b>\$1,586.2</b>	<b>\$1,529.3</b>	<b>\$56.9</b>	<b>\$1,632.3</b>	<b>\$103.0</b>	<b>6.7%</b>

\* Medicare includes Family 1 contracts

# 2020 Premium Rates – With No Reserve Draw

## Total Premium by Product

- State has a \$86.6 million increase overall driven by Medical and Pharmacy. Given the fund balance surplus, there is an opportunity to buy-down the overall increase. Note \$49.1 million was from last year's buy-down.
- Similarly, Locals have a \$16.4 million overall increase. Given the fund balance surplus, there is an opportunity to buy-down the overall increase. Note \$7.8 million was from last year's buy-down.

	2019 Rates (Pre BD)	2019 Rates (Post BD)	2019 BD	2020 Premium (Pre BD)	2020 Need	%
<b>State</b>						
Medical	\$1,089.9	\$1,089.9	\$0.0	\$1,130.3	\$40.5	3.7%
Pharmacy	\$215.4	\$166.4	\$49.1	\$210.5	\$44.1	26.5%
Dental	\$58.3	\$58.3	\$0.0	\$58.3	\$0.0	0.0%
Admin	\$23.5	\$23.5	\$0.0	\$25.5	\$2.0	8.7%
<b>Total State</b>	<b>\$1,387.1</b>	<b>\$1,338.0</b>	<b>\$49.1</b>	<b>\$1,424.6</b>	<b>\$86.6</b>	<b>6.5%</b>
<b>Local</b>						
Medical	\$164.8	\$164.8	\$0.0	\$171.9	\$7.1	4.3%
Pharmacy	\$29.9	\$22.1	\$7.8	\$31.1	\$9.1	41.1%
Dental	\$1.4	\$1.4	\$0.0	\$1.4	\$0.0	0.0%
Admin	\$2.9	\$2.9	\$0.0	\$3.2	\$0.3	8.7%
<b>Total Local</b>	<b>\$199.1</b>	<b>\$191.3</b>	<b>\$7.8</b>	<b>\$207.7</b>	<b>\$16.4</b>	<b>8.6%</b>
<b>Grand Total</b>	<b>\$1,586.2</b>	<b>\$1,529.3</b>	<b>\$56.9</b>	<b>\$1,632.3</b>	<b>\$103.0</b>	<b>6.7%</b>

## 2020 Premium Rates – With Option 1 Reserve Draw

- Recommending that State draws down the reserve \$54.6 million to reduce the overall increase to 2.4% from 6.5% increase, using the Pharmacy rates.
- Recommending that Locals draws down the reserve \$3.3 million to reduce the overall increase to 6.8% from 8.6% increase, using the Pharmacy rates.
- Aggregate increase after buy-down is 2.9%.

	2019 Inforce (Post BD)	2020 Premium (Pre BD)	2020 Buydown	2020 Premium (Post BD)	\$ Change	% Change
<b>State</b>						
Medical	\$1,089.9	\$1,130.3	\$0.0	\$1,130.3	\$40.5	3.7%
Pharmacy	\$166.4	\$210.5	(\$54.6)	\$155.9	(\$10.5)	-6.3%
Dental	\$58.3	\$58.3	\$0.0	\$58.3	\$0.0	N/A
Admin	\$23.5	\$25.5	\$0.0	\$25.5	\$2.0	8.7%
<b>Total</b>	<b>\$1,338.0</b>	<b>\$1,424.6</b>	<b>(\$54.6)</b>	<b>\$1,370.0</b>	<b>\$32.0</b>	<b>2.4%</b>
<b>Local</b>						
Medical	\$164.8	\$171.9	\$0.0	\$171.9	\$7.1	4.3%
Pharmacy	\$22.1	\$31.1	(\$3.3)	\$27.8	\$5.8	26.1%
Dental	\$1.4	\$1.4	\$0.0	\$1.4	\$0.0	N/A
Admin	\$2.9	\$3.2	\$0.0	\$3.2	\$0.3	8.7%
<b>Total</b>	<b>\$191.3</b>	<b>\$207.7</b>	<b>(\$3.3)</b>	<b>\$204.4</b>	<b>\$13.1</b>	<b>6.8%</b>
<b>Grand Total</b>	<b>\$1,529.3</b>	<b>\$1,632.3</b>	<b>(\$57.9)</b>	<b>\$1,574.4</b>	<b>\$45.1</b>	<b>2.9%</b>

## 2020 Premium Rates – With Option 2 Reserve Draw

- Recommending that State draws down the reserve \$86.6 million to reduce the overall increase to 0% from 6.5% increase, using the Pharmacy rates.
- Recommending that Locals draws down the reserve \$6.5 million to reduce the overall increase to 5.2% from 8.6% increase, using the Pharmacy rates.
- Aggregate increase after buy-down is 0.6%.

	2019 Inforce (Post BD)	2020 Premium (Pre BD)	2020 Buydown	2020 Premium (Post BD)	\$ Change	% Change
<b>State</b>						
Medical	\$1,089.9	\$1,130.3	\$0.0	\$1,130.3	\$40.5	3.7%
Pharmacy	\$166.4	\$210.5	(\$86.6)	\$123.9	(\$42.5)	-25.5%
Dental	\$58.3	\$58.3	\$0.0	\$58.3	\$0.0	N/A
Admin	\$23.5	\$25.5	\$0.0	\$25.5	\$2.0	8.7%
<b>Total</b>	<b>\$1,338.0</b>	<b>\$1,424.6</b>	<b>(\$86.6)</b>	<b>\$1,338.0</b>	<b>(\$0.0)</b>	<b>0.0%</b>
<b>Local</b>						
Medical	\$164.8	\$171.9	\$0.0	\$171.9	\$7.1	4.3%
Pharmacy	\$22.1	\$31.1	(\$6.5)	\$24.6	\$2.6	11.6%
Dental	\$1.4	\$1.4	\$0.0	\$1.4	\$0.0	N/A
Admin	\$2.9	\$3.2	\$0.0	\$3.2	\$0.3	8.7%
<b>Total</b>	<b>\$191.3</b>	<b>\$207.7</b>	<b>(\$6.5)</b>	<b>\$201.2</b>	<b>\$9.9</b>	<b>5.2%</b>
<b>Grand Total</b>	<b>\$1,529.3</b>	<b>\$1,632.3</b>	<b>(\$93.1)</b>	<b>\$1,539.2</b>	<b>\$9.9</b>	<b>0.6%</b>

## 2020 Premium Rates – With Option 3 Reserve Draw

- Recommending that State draws down the reserve \$33 million to reduce the overall increase to 4% from 6.5% increase, using the Pharmacy rates.
- Recommending that Locals draws down the reserve \$6.5 million to reduce the overall increase to 5.2% from 8.6% increase, using the Pharmacy rates.
- Aggregate increase after buy-down is 4.2%.

	2019 Inforce (Post BD)	2020 Premium (Pre BD)	2020 Buydown	2020 Premium (Post BD)	\$ Change	% Change
<b>State</b>						
Medical	\$1,089.9	\$1,130.3	\$0.0	\$1,130.3	\$40.5	3.7%
Pharmacy	\$166.4	\$210.5	(\$33.0)	\$177.5	\$11.1	6.7%
Dental	\$58.3	\$58.3	\$0.0	\$58.3	\$0.0	N/A
Admin	\$23.5	\$25.5	\$0.0	\$25.5	\$2.0	8.7%
<b>Total</b>	<b>\$1,338.0</b>	<b>\$1,424.6</b>	<b>(\$33.0)</b>	<b>\$1,391.6</b>	<b>\$53.6</b>	<b>4.0%</b>
<b>Local</b>						
Medical	\$164.8	\$171.9	\$0.0	\$171.9	\$7.1	4.3%
Pharmacy	\$22.1	\$31.1	(\$6.5)	\$24.6	\$2.6	11.6%
Dental	\$1.4	\$1.4	\$0.0	\$1.4	\$0.0	N/A
Admin	\$2.9	\$3.2	\$0.0	\$3.2	\$0.3	8.7%
<b>Total</b>	<b>\$191.3</b>	<b>\$207.7</b>	<b>(\$6.5)</b>	<b>\$201.2</b>	<b>\$9.9</b>	<b>5.2%</b>
<b>Grand Total</b>	<b>\$1,529.3</b>	<b>\$1,632.3</b>	<b>(\$39.5)</b>	<b>\$1,592.8</b>	<b>\$63.5</b>	<b>4.2%</b>

# Questions & Discussion

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*Thank you!*