

DRAFT

# MINUTES

February 5, 2020

## Group Insurance Board

State of Wisconsin



### Location:

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

---

### BOARD MEMBERS PRESENT:

Herschel Day, Chair  
Nathan Houdek, Vice-Chair  
Nancy Thompson, Secretary  
Harper Donahue  
Walter Jackson

Dan Fields  
Katy Lounsbury  
Brian Pahnke  
Stacey Rolston (Designee)  
Bob Wimmer

---

### PARTICIPATING EMPLOYEE TRUST FUNDS (ETF) STAFF:

#### Office of the Secretary

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

#### Retirement Services Bureau

Anne Boudreau

#### Bureau of Budget, Contract

#### Administration and Procurement

Beth Bucaida, Joanne Klaas, Tim Steiner

#### Office of Legal Services

David Nispel

#### Office of Strategic Health Policy

Eileen Mallow, Brian Stamm,  
Jeff Bogardus, Sara Brockman,  
Rachel Carabell, Molly Heisterkamp,  
Arlene Larson, Tom Rasmussen  
Xiong Vang, Renee Walk, Douglas Wendt

---

### OTHERS PRESENT

#### Apex

Nathan Spencer

#### CGHC

Melissa Duffy

#### ConnectYourCare

Lynette Hess

#### Dean Health Plan

Katie Beals, James Biesl

Penny Bound

#### Delta Dental

Betsy Vinepal, Megan Wohlfeil

#### Department of Administration

Derek Sherwin

#### Momentum Insurance

Stephanie Steel

#### Navitus

Tara Argall, Karen Markstahler,  
Ryan Olson, Tom Pabich,

#### Network Health

Elizabeth Benz, Vanessa Cagal

#### NeuGen

Dawn Witck

#### Funston Group

Keith Johnson, Tiffany Reeves

#### GHC-SCW

Darin Lind

---

Board	Mtg Date	Item #
GIB	5.13.20	2A

**ETF**

Monica Anderson, Greg Beach,  
Bonnie Cyganek, Liz Doss-Anderson,  
Erin Esser, Gina Fischer,  
John Freidheim, Dan Hayes,  
Pam Henning, Michelle Hoehne,  
Diana Howles, Tarna Hunter,  
Megan Jeffers, Bruce Johnson,  
Ashwin Kashyap, Nancy Ketterhagen,  
Mark Lamkins, Doug Michelz,  
Mary Richardson, Jessie Rossner,  
Tricia Sieg, Sarat Tadi,  
Wade Whitmus, Kathy Wienkes,  
Cherylynn Wilkins, Amanda Williams,  
Kathryn Young

**Legislative Audit Bureau**

Maria Toniolo

**MercyCare**

Josh Mummery, Sherrie Sargent,  
DuWayne Severson, John Trochlell

**Quartz**

Kara Gullickson, Linsey Tennyson

**SEA/WiCOA**

Bob Schaefer

**Securian Financial**

Kjirsten Elsner

**StayWell**

Morgon Meiner, Kristi Mulcahey

**UnitedHealthcare**

Colleen McGlamry

**UW System Administration**

Brianne Jobke, Amanda Sonnenburg

**UW-Madison**

Deanna DeSlover

**WEA Trust**

Greg Cleslewicz

**Wisconsin Association of Health Plans**

Nancy Wenzel

---

Herschel Day, Chair, called the meeting of the Group Insurance Board (Board) to order at 8:30 a.m.

**ANNOUNCEMENTS**

Ms. Mallow made the following announcements:

- the Board will go into closed session at the end of the meeting to discuss information security related to health plans;
- no staff changes; and
- the building fire alarm system will be tested at 11:00 a.m.; you do not need to leave the building for this test.

**CONSIDERATION OF OPEN MINUTES OF THE NOVEMBER 13, 2019 MEETING**

***MOTION: Mr. Pahnke moved to approve the open session meeting minutes of the November 13, 2019, meeting as submitted by the Board Liaison. Mr. Fields seconded the motion, which passed unanimously on a voice vote.***

## **ELECTION OF OFFICERS**

The Board Chair asked for nominations for the Vice-Chair and Secretary of the Group Insurance Board. The motion below indicates the only nomination for these seats.

***MOTION: Mr. Wimmer moved to nominate Nathan Houdek as Vice-Chair and Nancy Thompson as Secretary of the Group Insurance Board. Mr. Pahnke seconded the motion, which passed unanimously on a voice vote.***

The Board Chair asked for nominations for the Board Chair of the Group Insurance Board. The motion below indicates the only nomination for this seat.

***MOTION: Ms. Thompson moved to nominate Herschel Day as Chair of the Group Insurance Board. Mr. Pahnke seconded the motion, which passed unanimously on a voice vote.***

Ms. Rolston arrived at 8:36 a.m.

## **BOARD MEMBER TRAINING AND EDUCATION**

### **Fiduciary Duty and Governance Overview**

Mr. Johnson provided an overview of fiduciary duty and governance as it related to trustees and Board members. He discussed Wis. Stats. 40.01(1) and 40.01(2), which outlines specific Department of Employee Trust Funds goals and trustee fiduciary duties. Mr. Johnson highlighted:

- fiduciary conflicts of interest;
- duties of loyalty, prudence, managing costs and complying with and enforcing governing laws;
- trustee fiduciary duties according to trust laws; and
- co-fiduciary liabilities.

Ms. Reeves stated fiduciary duty is process oriented. She also discussed industry best practices which included:

- Board self-evaluations;
- meeting preparation questions; and
- evolving peer practices.

Mr. Conlin stated additional opportunities for training will be provided throughout the year to the Board. He also reminded the Board that the Governance Manual is kept up to date with meeting processes and procedures that have been approved over time by the Board. He also said ETF's Office of Legal Services is always available to assist with the Board's navigation of legal responsibilities and understanding. Mr. Conlin stated it is ETF's responsibility to bring information to the Board to ensure members are informed of their duties and responsibilities. ETF is always available to support the Board with their fiduciary responsibilities, he said; however, the responsibility ultimately lies with the Board.

### **Wisconsin Public Records Training**

Mr. Nispel stated Wisconsin Public Records Training is required on an annual basis by the Department of Administration. He discussed roles and responsibilities for individuals that come in contact with public records, the definition of a public record as well as items that are and are not considered public records.

Mr. Nispel reminded Board members to sign and return to the Board Liaison the acknowledgement form stating they have received the annual Wisconsin Public Records Training.

### **Open Meetings Law Basics Training**

Mr. Nispel provided an overview of Wis. Stat. § 19.81 – 19.98, which discusses Wisconsin Open Meetings Law. He stated in order to advance the policy, the open meetings law requires that all meetings of all state and local governmental bodies shall be publicly held in places reasonably accessible to members of the public and shall be open to all citizens at all times unless otherwise expressly provided by law. Mr. Nispel provided information regarding the two most basic open meetings law requirements, which include giving advance public notice of each of its meetings and conducting all of its business in open session, unless an exemption to the open session requirement applies. He also noted the Attorney General has advised that notice of closed sessions must contain the specific nature of the business, as well as the exemption(s) under which the chief presiding officer believes a closed session is authorized.

### **Request for Proposal (RFP) Process**

Mr. Steiner introduced himself and provided an overview of the work of the Bureau of Budget, Contract Administration and Procurement. He also introduced Ms. Bucaida, who provided training on the RFP process. Highlights included:

- Definition of an RFP;
- Types of services procured by ETF through an RFP process;
- Chapters 16 and 40 purchasing authority in Wisconsin Statutes;
- Procurement principles which apply to both Chapter 16 and Chapter 40 procurements;
- Standard RFP process; and
- The Board's role in the RFP process.

The Board took a break from 10:07 a.m. until 10:18 a.m.

### **BOARD STRATEGY DISCUSSION FOLLOW-UP**

Ms. Walk referred the Board to the Board Strategy Discussion Follow-up memo (Ref GIB | 2.5.20 | 5) and provided an overview of the prioritization process, which started with the November 2019 Board discussion, utilizing the Prioritization Matrix, reviewing resources (Ref. GIB | 2.5.20 | 5 Attach A) and creating a Strategic Initiatives Work Plan (work plan). She discussed considerations that went into the creation of the work plan and provided an update on the status of the strategic initiatives discussed at the November 2019 meeting.

The Board discussed the prioritization matrix and work plan. After discussion, the Board Chair asked Board members if they were comfortable moving forward with the work plan as presented. There were no objections.

## **INSURANCE PROGRAMS**

### **2020 Open Enrollment Results**

Mr. Wendt referred the Board to the 2020 Open Enrollment Results memo (Ref. GIB | 2.5.20 | 6A) and provided an overview of the health program membership results for 2020. He stated there was a total program increase for the Group Health Insurance Program of 1.21%, which is up from 2019 but still down from 2018 enrollment number of 239,189 members.

Mr. Wendt stated there were six new large local employers (defined as 50 or more total members): Bayfield County, City of Sturgeon Bay, Village of Howard, City of Prairie du Chien, City of Omro and City of Kiel which accounted for 64% of the net new local enrollment increase of 4.24%.

Mr. Wendt also discussed enrollment changes by health plan and vendor enrollment comparisons from 2019 to 2020.

### **Establishment of Open Enrollment Period for 2021**

Ms. Brockman referred the Board to the Establishment of Open Enrollment Period for 2020 memo (Ref. GIB | 2.5.20 | 6B) and stated the proposed open enrollment period of September 28 – October 23 is consistent with past years, beginning on week 40 of the calendar year. She mentioned ETF considered required retiree benefit processing timelines, key payroll center feedback, potential new supplemental program administrators and current internal ETF projects when deciding on the proposed open enrollment period dates.

***MOTION: Ms. Thompson motioned to approve September 28 – October 23, 2020, as the open enrollment period for plan year 2021. Mr. Pahnke seconded the motion, which passed unanimously on a voice vote.***

### **Preliminary 2021 Program Agreement and Uniform Benefit Changes**

Ms. Walk referred the Board to the Preliminary 2021 Program Agreement and Uniform Benefit Changes memo (Ref. GIB | 2.5.20 | 6C) and provided a background on the process of deciding on preliminary changes for the coming benefit year. She also provided an overview of proposed program agreement changes which included primarily clarification of the agreement and one proposed requirement for independent review. Ms. Walk noted ETF was still studying all the proposed changes and final recommendations would come back to the Board in May.

Ms. Walk stated proposed changes to the health benefits would include clarifications to coverage for emergency room visits, preventive versus diagnostic coverage and

exclusions. She also noted there were formatting suggestions for Schedules of Benefits and a request to consider out-of-area dependent coverage.

Mr. Bogardus discussed proposed pharmacy administrative services changes which included tools that Navitus can supply to the Board for Medical Pharmacy and eHealth solutions.

Mr. Bogardus provided information on proposed pharmacy benefits changes, which included pharmacogenomics, the study of how genes affect a person's response to drugs; and co-pay maximums.

Ms. Heisterkamp reviewed proposed wellness program changes, which included:

- making health screenings an optional activity and allowing the member to either choose screenings or complete another activity to receive the \$150 incentive; and
- discontinuing non-Medicare Advantage health plan offered incentives.

Mr. Voelker stated the Legislative Audit Bureau recently published a semiannual report summarizing 31 reports received through the bureau's Fraud, Waste and Mismanagement Hotline. He noted one of the reports discussed tax implications for health wellness incentive program participants being inappropriately taxed for a medical incentive versus a wellness incentive.

### **Health Market Update**

Ms. Carabell referred the Board to the Health Market Update memo (Ref. GIB | 2.5.20 | 6D) and discussed developments in the Wisconsin health plan and provider markets relevant to the Group Health Insurance Program. She highlighted:

- health insurance acquisitions;
- insurer network expansions;
- provider system mergers and acquisitions;
- new provider facilities;
- pharmacy benefit manager mergers and acquisitions; and
- national partnerships.

The Board felt this update was important and asked that it continue to be included under Operational Updates in the future.

### **ConnectYourCare Transition**

Mr. Vang referred the Board to the ConnectYourCare (CYC) Transition Update memo (Ref. GIB | 2.5.20 | 6E) and provided the background to date of the transition from Total Administrative Services Corporation (TASC) to CYC. He discussed an overview of implementation which highlighted strategic communications as well as implementation phases and requirements.

Mr. Vang provided statistics of CYC's 2020 participant enrollment, which included 31,258 members and a projected contribution in 2020 of \$67.6 million.

Mr. Vang reviewed the timeline for the conclusion of the transition to CYC which included:

- Health Savings Accounts transfer accounts from February 3-29;
- Fringe Benefits Savings Accounts and Commuter funds carryover May 1;
- closing of implementation on May 31;
- three dedicated account managers;
- continuous member education; and
- improvements to customer service.

The Board took a break from 12:01 p.m. until 12:23 p.m.

Mr. Jackson departed at 12:01 p.m.

### **IBM WATSON HEALTH CONTRACT OPTIONS**

Ms. Klaas referred the Board to the IBM Watson Health Contract Options memo (Ref. GIB | 2.5.20 | 7) and provided information on the current status of the IBM Watson Health Contract, which ends December 31, 2022. She also discussed spending to date, future operational costs and one-time costs for the current contract.

Ms. Carabell discussed examples of current Data, Analytics and InSights tool (DAISI) uses, which included:

- quarterly dashboards;
- group health benefits annual reporting;
- 2020 uniform benefits changes;
- provider access analysis; and
- preliminary return on investment for the Well Wisconsin Program.

Ms. Carabell also stated ETF will use DAISI to support annual rate-setting processes and development of the Board's strategic plan.

Ms. Carabell provided an overview of recent updates that have been made to DAISI as well as future anticipated updates.

Ms. Klaas and Ms. Carabell discussed procurement options with the Board, which included going out for a Request for Proposal (RFP), two-year extension, 10-year extension and an evergreen contract. They provided supporting information on each of the options, including RFP target dates and risks.

Ms. Carabell stated ETF's recommendation would be to approve pursuing a 10-year contract extension with IBM Watson Health for data warehouse services effective January 1, 2023. She stated this recommendation is related to the significant up-front cost to implementing the warehouse.

The Board discussed 2, 7, and 10-year contract extension options. Many Board members felt the 10-year option was too long but felt the 2-year extension wasn't long enough. After discussion, the Board agreed a 7-year option was more feasible.

***MOTION: Mr. Fields motioned to approve ETF pursuing a 7-year contract extension with the possibility of one, 3-year extension with IBM Watson Health for data warehouse services effective January 1, 2023. Ms. Lounsbury seconded the motion, which passed on the following roll call vote:***

***AYE: Day, Houdek, Fields, Lounsbury, Pahnke, Thompson***

***NAY: Rolston, Wimmer***

***ABSENT: Donahue, Jackson***

Ms. Rolston departed at 12:54 p.m.

## **AUDIT REPORTS**

### **Total Administrative Services Corporation (TASC)**

Mr. Vang referred the Board to the TASC Audit memo (Ref. GIB | 2.5.20 | 8A) and provided background information stating ETF retained Wipfli LLP to conduct the biennial audit of TASC for 2017-2018. He noted each of the benefit programs were contracted separately for the Wipfli audits and the objectives of the audits focused on:

- compliance with terms of the contracts;
- verify performance standard and guarantees;
- maintenance of participant records; and
- timely and accurate processing of transactions.

Mr. Vang stated there were no significant findings identified in the six audit reports; however, two minor exception findings were addressed in the audit reports. The exception in the ERA program audit was carryovers for two selected participants that were not posted until 2019 and the other in the commuter benefits program audit was a randomly sampled transaction of \$1,092 which was not expected under contribution testing.

Mr. Vang stated ETF reached out to TASC to offer them an opportunity to respond to the audit findings, but TASC declined.

### **Securian**

Mr. Rasmussen referred the Board to the Securian Audit memo (Ref. GIB | 2.5.20 | 8B) and stated ETF had retained Wipfli to conduct a triennial audit of the Life Insurance Program administration for plan years 2015-2017. Highlights included:

- evidence of insurability declination applications being substantiated;



- 98% of claims are paid within 10 days with properly calculated payments and documentation;
- coverage effective dates and premium billing beginning in the same period and being properly determined, billed and collected;
- no discrepancies were found between the retirement date specified in ETF's documentation and retirement dates per Securian's system;
- 100% of disability claims were adjudicated within 10 days; and
- Securian's policies are compliant regarding affirmative action, privacy, disaster recovery and business continuation plan.

### **INCOME CONTINUATION INSURANCE (ICI) PROGRAM RFP**

Ms. Boudreau referred the Board to the ICI Program RFP memo (Ref. GIB | 2.5.20 | 9) and provided an overview of the voluntary disability income replacement program for state and local employees. She discussed the original ICI contract and its terms, which was executed in 2008 for 5 years with two, 2-year extensions. Ms. Boudreau stated additional extensions were executed to permit additional amendments to the disability redesign and will expire December 31, 2021. She stated the original ICI contract also included the Long-Term Disability Insurance (LTDI) program administration and included medical recertifications, annual income certifications and overpayment/underpayment calculations.

Ms. Boudreau stated the ICI contract RFP which is requested will be for a term of 5 years from 2022 through 2026 with one, 2-year extension. She also stated the new contract will remove the LTDI program administration, improve performance standards and enhanced reporting requirements, reduce the role in annual medical recertification/income reviews and maintain the overpayment/underpayment processes.

***MOTION: Mr. Pahnke moved to approve the development and release of a Request for Proposal (RFP) to select an administrator for the Income Continuation Insurance (ICI) Program effective January 1, 2022. Mr. Wimmer seconded the motion, which passed unanimously on a voice vote.***

Ms. Mallow announced ETF needed a Board member to serve on the RFP Evaluation Committee and stated those interested should contact her for additional information.

### **OPERATIONAL UPDATES**

Ms. Mallow referred the Board to the Operational Updates in the Board packets (Ref. GIB | 2.5.20 | 10A – 10N) and offered that staff were available if the Board had questions. She highlighted:

- Data Warehouse Dashboards
- GIB Correspondence including requests for additional options across the Board's programs;
- participation in the WPE Group Health Insurance Program and ICI Plan; and
- proposed 2021 meeting dates.

## **FUTURE ITEMS FOR DISCUSSION**

Ms. Mallow referred the Board to the Tentative May 2020 Agenda (Ref. GIB | 2.5.20 | 11) and highlighted items for the upcoming May meeting. She also asked the Board for feedback or suggestions for additional items to address at that meeting.

## **INFORMATION SYSTEMS SECURITY AUDIT REVIEW**

The Chair announced the Board would convene in closed session pursuant to the exemptions contained in Wis. Stats. 19.85 (1)(d) to consider strategy for crime detection or prevention as it relates to information and data system security.

***MOTION: Mr. Wimmer moved to convene in closed session, pursuant to the exemptions contained in Wis. Stats. s. 19.85 (1)(d) to consider strategy for crime detection or prevention. Ms. Thompson seconded the motion, which passed on the following roll call vote:***

***Members voting Aye: Day, Houdek, Fields, Lounsbury, Pahnke, Thompson, Wimmer***

***Members Absent: Donahue, Jackson, Rolston***

The Board convened in closed session at 1:26 p.m. and reconvened in open session at 1:59 p.m.

## **ANNOUNCEMENT OF BUSINESS DELIBERATED DURING CLOSED SESSION**

Mr. Day announced the Board received a presentation on the results of a recently completed review of vendor compliance with contractual requirements on data security. He also stated no action was taken during closed session.

## **ADJOURNMENT**

***MOTION: Ms. Thompson moved to adjourn the meeting. Ms. Lounsbury seconded the motion, which passed unanimously on a voice vote.***

The meeting adjourned at 2:00 p.m.

Date Approved: \_\_\_\_\_

Signed: \_\_\_\_\_

Nancy Thompson, Secretary  
Group Insurance Board