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Correspondence Memorandum

Date: April 17, 2020

To: Group Insurance Board

From: Arlene Larson, Manager of Federal Program & Policy
 Office of Strategic Health Policy

Subject: 2021 Employer Guidelines Changes

The Department of Employee Trust Funds (ETF) requests the Group Insurance Board (Board) approve the following listed changes to employer administrative service requirements and as described in Attachment A, and to change the administration of the diagnostic and preventive dental benefit for Local Annuitant Health Plan (LAHP) members.

Background

ETF has collected changes proposed by employers and internal ETF staff to the Health Insurance Standards, Guidelines and Administration Employer Manual (Guidelines) for State and separately, for participating local employers. ETF communicated with employers who use these documents to develop the policy and contract changes. ETF maintains the Guidelines in part, because it is the contract document that all employers who offer the State or Local Group Health Insurance Program (GHIP) must follow to administer those programs. The Guidelines are reviewed periodically for completeness and accuracy and contain specific information related to program eligibility. ETF recommends the following changes to the Guidelines:

1. Reenrollment restrictions for retirees with less than 20 years of service.

During the 2020 open enrollment period, ETF received applications from retirees with less than 20 years of creditable Wisconsin Retirement System (WRS) service who had not begun their retirement benefit within 30 days of termination of employment. Based upon past practice and printed materials, seven of these applicants were enrolled.

During review of these applications, ETF staff raised concerns about the statutory basis for reenrollment for this small group. It is clear in the statutes that State retirees are eligible to reenroll during the It's Your Choice open enrollment period if they have 20 or more years of WRS creditable service or, if less, they took a retirement benefit within 30 days of employment termination. However, a reenrollment opportunity is not clear for

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

Eileen K Mallow Electronically Signed 5/1/20

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GIB	5.13.20	5B

this other type of retiree. Therefore, staff began an audit of the statutes, Guidelines, and other printed materials. Following this review, ETF found that since 1994, 143 such retirees had been permitted to reenroll in the GHIP in error. ETF plans to issue letters to these retirees to inform them that if they terminate their current health insurance coverage, they will not be able to reenroll. ETF does not recommend canceling their coverage, since they were permitted to reenroll due to a previous interpretation of the statutes.

ETF recommends immediately issuing clarifications in the Guidelines, Frequently Asked Questions webpages, and in presentations this spring with all ETF staff.

- a) State clarification as shown in sections 601 A 6), G and 1002 in Attachment A: Retirees with less than 20 years of creditable WRS service who have terminated their coverage can only reenroll during the open enrollment period if:
 - i) Within 30 days of employment termination, they began receiving a retirement annuity or took a lump-sum retirement benefit, and
 - ii) They had been insured as an employee in the program for, at a minimum, the month in which they terminated employment (for example, if the retiree terminated employment on November 22, the coverage would be in place for the month of November).

- b) Local clarification: Effective January 1, 2019, the Board took action to permit eligible local retirees to reenroll in the GHIP ([Ref. GIB | 5.16.18 | 4A](#)). Prior to this, these retirees had not been able to reenroll for any reason if they canceled their coverage. To be considered an eligible retiree, they must have been insured immediately prior to termination as an employee with an employer who was at the time, and continues to, participate in the local GHIP. Eligible retirees may then reenroll during the open enrollment period. This information was documented internally for ETF staff. Since this change was made, no local retiree has reenrolled under this provision.

Upon finalization of the audit, and in order to facilitate consistent messaging to all members, staff recommends that the policy in local Guidelines be clarified as specified in 401 B 2) and 701 G 5) in Attachment A.

The Guidelines also state that these retirees could reenroll with a life event. An internal ETF document codified this mid-year enrollment opportunity was available to retirees when they had been continuously insured in the GHIP and their spouse:

- i) Lost employer contribution for State or participating local group health insurance coverage, or
- ii) Exhausted their State sick leave credits.

No local retirees have reenrolled in coverage under this provision, to date.

Following the audit, staff recommends that the life event reenrollment opportunity be clarified in the Guidelines. Further, staff recommends that this mid-year

enrollment opportunity would only be available to retirees who are eligible for post-retirement benefits from their participating former local employer. These benefits must allow for payment of health insurance premiums in retirement. The retiree may reenroll mid-year in the local GHIP as described in 401 B 2) and 701 G 6) in Attachment A.

- 2. Life Event Change to cancel coverage for adult dependent.** The Health Insurance Portability and Accountability Act (HIPAA) requires that employers provide certain opportunities to change health insurance coverage when qualified life events occur. Examples of these are marriage or birth. The Internal Revenue Service Code Section 125 permits employers to offer additional life events. Current life events are codified in the Guidelines and provided to members via materials on the web and if requested, on paper.

Adult children may be dropped from family coverage during specified times and circumstances. Employers have requested that the Guidelines permit an adult dependent with other group health insurance coverage to be dropped from a parent's family coverage upon birth, adoption, or paternity validation of a grandchild for the subscriber. Currently this is not specified. HIPAA provides an opportunity for this adult child to enroll in their other coverage upon this life event, but certain employers require that the child's other coverage be terminated in order to enroll. Our program does not currently allow this event as a disenrollment opportunity for the adult child, but it is permissible under the law.

Staff recommend the Guidelines be changed to permit this disenrollment opportunity. Coverage would end as of the end of the month following the life event or prior to the adult dependent's other coverage effective date. An application must be filed within 30 days of the event. This change would not permit the subscriber to newly enroll, change health plans or cancel coverage.

- 3. Adult dependent with other coverage requests to be dropped from parent's coverage.** Only eligible employees, retirees and COBRA subscribers may file health insurance applications to change their coverage as provided by the law and contract. However, staff recommend the Guidelines be modified to grant a petition from an adult child that they be dropped from their parent's coverage in narrow circumstances where the parent refuses to file a health insurance application. This would only occur when the child showed that he/she did not live with the subscriber, was offered and had other group health insurance through a qualifying life event, and expressed concerns about private health insurance information being shared with the subscriber. In such circumstances, staff would remove the adult child from the parent's coverage without an application from the subscriber. The child must act within 30 days of the qualifying event for other coverage and provide documentation of the preceding items.

Information and change request not included in the Guidelines

Local Annuitant Health Program (LAHP). LAHP is required under the statutes to be available to retirees of local employers who do not participate in the local GHIP. LAHP has been offered since the late 1980s to these WRS retirees. Until January 1, 2018, LAHP was administered by the vendor who offered the Access Plan. At that time, LAHP had separate benefits and premium rates from all other plans. Effective January 1, 2018, the Board approved changing this program's benefits and rates to align with local program option 16, which offers the same non-high deductible health plan benefits that State employees have. The rates and benefits are very attractive for retirees under the age of 65 when compared to those available in the Marketplace.

Retiree enrollment in LAHP is limited to either:

- a) Within 60 days of their termination of employment or
- b) Upon gaining eligibility and enrollment in Medicare Parts A and/or B for the retiree or their spouse.

Enrollment has been significantly increasing in the non-Medicare group. In January of 2019, there were 24 non-Medicare subscribers. By December of 2019, there were 121. By contrast, the Medicare population decreased during this same time period from 126 to 117. Staff has been discussing the long-term sustainability of LAHP with Segal. Staff has been investigating the market of comparative benefit and rate information for non-Medicare retirees. In addition, staff is reviewing LAHP's loss ratio information available through Data Analytics and Insights (DAISI), the Board's data warehouse.

At this time, Segal and staff are concerned that the non-Medicare portion of the program is underpriced. We will continue to monitor this situation. Segal may present a different, higher premium structure for LAHP at the Board's August meeting. Staff does not currently intend to recommend any changes to medical benefits for January 1, 2021.

However, staff recommend a dental administration change, specifically relating to how members enroll in diagnostic and preventive dental coverage. As of January 1, 2020, LAHP members could enroll in supplement dental with Delta Dental (Ref. GIB | 5/15/19 Item #9). In order to obtain this coverage, they had to directly enroll with Delta Dental. Some members did not understand the enrollment process and checked the "dental" box on the health application. The health application includes this box for local retirees whose employer offers the Uniform Dental Benefit. The result of checking this box and not applying with Delta Dental, was that ETF needed to call the member and educate them on proper enrollment. This change will make enrollment more convenient for members.

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

Guidelines Section	Guidelines Sub-Section	Effective	Description of Change Requested	Proposed Language	Comments	Triple Aim Analysis: How will this change impact quality/experience, health and cost?
State 500 Local 600 Changing Coverage	State 507 G Local 607 G Removing Dependents	January 1, 2021	Employers have requested flexibility to drop an adult dependent with other group health insurance coverage from a parent's family coverage upon birth, adoption, or paternity validation of a grandchild for the subscriber.	<p>Adult Dependent Eligible for Other Coverage due to gaining a Dependent: A dependent child over the age of 19 who is eligible for, and elects other coverage due to birth, adoption, paternity or National Medical Support Notice, may be removed as of the date their other coverage begins. If not received within 30 days of the event, the employee will not be able to remove their dependent until the annual It's Your Choice Open Enrollment period, even if this would result in the employee dropping to single coverage as they are their last eligible dependent.</p> <p>Documentation to support the eligibility for the other coverage is required as outlined in the Health Insurance Application/Change Form.</p>	Employers and staff in favor of change.	<p>Program Quality: Improves customer service by permitting transition of coverage for an adult child from their parent's coverage to their employer-based coverage.</p> <p>Health: Eliminates member confusion about coverage during a period when a new grandchild has joined the subscriber's family.</p> <p>Cost: In some cases, the subscriber's premium may change from family to single due to the termination of the adult child's coverage.</p>
State 500 Local 600 Changing Coverage	State 507 Local 607 Removing Dependents	January 1, 2021	Insured adult children have requested to end coverage under their parent's insurance plan when the parent refuses to file a health insurance application and the child does not live with the subscriber, has other group health insurance and expressed concerns about private health insurance information being shared with the subscriber.	<p>Adult Dependent Child Eligible for Other Coverage, requests to be dropped from parent's (subscriber's) coverage and subscriber refuses to submit application: A dependent child over the age of 19 who becomes eligible for, and elects other coverage, who does not live with the subscriber, and has concerns about private health insurance information being shared with the subscriber may request to be removed from their parent's plan. The child must act within 30 days of the qualifying event for other coverage and provide documentation of the preceding items.</p>	Employers and staff in favor of change.	<p>Program Quality: Reduces administration in rare, difficult circumstances.</p> <p>Health: Facilitates more appropriate coverage for adult child who has other group health insurance coverage.</p> <p>Cost: Reduces administration and claims cost.</p>
State 601 It's Your Choice Open Enrollment	State 601 A 6) Establishment	Immediately	Clarify which retirees are eligible to reenroll	<p>6) A retired EMPLOYEE of the state who:</p> <p>a) within 30 days of termination of employment, began is receiving a retirement annuity or received a lump sum retirement benefit payment under Wis. Stat. § 40.25 (1), and had been insured in the program when they terminated employment; or</p> <p>b) an EMPLOYEE of the state who terminates creditable service after attaining 20 years of creditable service, remains a participant in the WRS and is not eligible for an immediate annuity may enroll for coverage during the IT'S YOUR CHOICE enrollment period.</p>	Clarification following eligibility audit	<p>Program Quality: Improve communication about program eligibility to enhance customer service.</p> <p>Health: Provide coverage to eligible members. Avoid disruption of existing coverage for currently insured retirees who were considered eligible under a previous interpretation.</p> <p>Cost: Retirees in this population typically pay the premium in full through annuity deduction or direct pay to the health plan. The state does not contribute towards premium. However, claims for these members do affect the overall program, but since this is a group of so few, the impact is likely immaterial.</p>

State 601 It's Your Choice Open Enrollment	State 601 G Deferred Coverage Enrollment	Immediately	Clarify which retirees are eligible to reenroll	(4) A retired EMPLOYEE of the state who, a) within 30 days of termination of employment began is receiving a retirement annuity or has received a lump sum retirement benefit payment under Wis. Stat. § 40.25 (1) and had been insured in the program when they terminated employment; or b) an EMPLOYEE of the state who terminates creditable service after attaining 20 years of creditable service, remains a participant in the WRS and is not eligible for an immediate annuity may enroll for coverage during the IT'S YOUR CHOICE enrollment period.	Clarification following eligibility audit	See above
State 1002 Retirement or Disability	State 1002 Coverage for Former Employees Whose Coverage Lapsed	Immediately	Clarify which retirees are eligible to reenroll	Former state employees whose coverage has lapsed may be eligible to apply for coverage under the State Group Health Insurance Program if they meet one of the following conditions: 1) Within 30 days of termination of employment, began Currently receiving a monthly annuity or took a lump sum annuity payment from the WRS <u>under Wis. Stat. § 40.25 (1), and had been insured in the program when they terminated employment.</u> 2) Terminated state employment before reaching their minimum retirement age of 55 (50 for protective category employees) with at least 20 years of WRS creditable service.	Clarification following eligibility audit	See above
Local 401 Eligibility	Local 401 B 2)	Immediately	Move text to section regarding deferred enrollment for clarity	Retired employees receiving a WRS annuity (including a lump sum or disability retirement annuity), or recipients of duty disability or Long-Term Disability Insurance (LTDI) benefits, who were participants in the employer's preceding group health insurance plan. Beginning with It's Your Choice for effective dates of January 1, 2019, eligible retirees who had terminated their health insurance may return during It's Your Choice for coverage to begin the first of the next calendar year or with a qualifying life event.	Clarification following eligibility audit	See above
Local 701 It's Your Choice Open Enrollment	Local 701 G 5) Deferred Coverage Enrollment	Immediately	Move information to new section for clarity	Retirees who were insured as an employee immediately prior to termination of employment and who canceled their health insurance upon retirement or later, may return to coverage with their former, participating employer and enroll for coverage during the IT'S YOUR CHOICE enrollment period with an effective date of the first of the next calendar year if, within 30 days of termination of employment they: (a) began receiving a monthly annuity or (b) took a lump sum annuity retirement benefit under Wis. Stat. § 40.25 (1).	Clarification following eligibility audit	See above

Local 701 It's Your Choice Open Enrollment	Local 701 G 6) Deferred Coverage Enrollment	Immediately	Move information to new section for clarity	Retirees in 701 G) (5) who are eligible for post-retirement benefits from their participating former local employer that allow for payment of health insurance premiums in retirement, may re-enroll mid-year in the group health insurance program as follows if they have been continuously covered in the group health insurance program: a) When their spouse loses employer contribution for State or participating local group health insurance coverage, or b) In anticipation of their spouse exhausting their State sick leave credits. If so, the local retiree may file an application during the It's Your Choice open enrollment period for delayed enrollment, to be effective on a date specified for the future. This date would coincide with the exhaustion of the spouse's State's sick leave credits. For example, if sick leave credits were going to be exhausted ending in May, the local retiree would file an application with a future effective date of June 1.	Clarification following eligibility audit	See above
State 500 Local 600	State 501 Local 601	N/A	Permit life event where uninsured retirees could enroll when they become eligible for and enroll in Medicare Parts A and/or B	No change recommended	Staff wants to gather more data about member requests for this during 2020.	