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Correspondence Memorandum

Date: April 7, 2020
To: Group Insurance Board
From: Tricia Sieg, Supplemental Plans Manager
 Tom Rasmussen, Life Insurance Program Manager
 Office of Strategic Health Policy
Subject: Supplemental Insurance Programs Proposals for Plan Year 2021

The Department of Employee Trust Funds (ETF) recommends the Group Insurance Board (Board) approve the following contracts for supplemental benefit plans effective January 1, 2021:

- Two-year contract with Securian Financial (Securian) for Group Accident Insurance Coverage available to state and local employees and dependents (see page 4); and
- Two-year contract with Delta Dental of Wisconsin (Delta), in partnership with EyeMed Vision Care for Supplemental Vision, available to state and local employees, state and local retirees and dependents (see page 6).

ETF recommends the Board approve the following contract for a long-term care (LTC) benefit plan effective no later than July 8, 2020:


- A contract through December 31, 2021, with Mutual of Omaha and local broker HealthChoice for employee pay all long-term care coverage available to state employees, retirees and dependents (see page 9).

Background

Under current law¹, the Board is responsible for approving the employee/retiree-pay-all Supplemental Insurance Program offerings that are eligible for active employee payroll deductions.

Insurers who wish to participate in the Supplemental Insurance Program submit proposals for review and Board approval. The proposals must meet the requirements described in the Board approved Supplemental Insurance Plan Guidelines (Guidelines) [ET-7422](#). LTC insurance proposals must meet the requirements described in the Board approved LTC Insurance Standards (Standards) ET-7423.

¹ Wisconsin State Statutes [§40.03\(6\)](#) and [§40.55](#) and pursuant to [§20.921\(1\)\(a\)3](#) and Wisconsin Administrative Code [ETF 10.20](#) and [ETF 40](#)

Reviewed and approved by Eileen K Mallow, Director, Office of Strategic Health Policy
 Electronically Signed 5/1/20

Board	Mtg Date	Item #
GIB	5.13.20	6

In November 2017 the Board approved an alignment strategy for supplemental plans with the goal of:

- Reducing benefit overlap;
- Standardizing available benefits; and
- Easing administrative complexity.

The goal of the Board-approved strategy was to make supplemental plans clear to members and more responsive to their needs. Program year 2020 is the second year the supplemental plans alignment strategy has been in place.

2020 Supplemental Plan Program

For the 2020 plan year, the Board approved three different supplemental benefit plans with five different offerings, as shown in Table 1 below.

Table 1. 2020 Supplemental Benefit Plan Offerings

Supplemental Benefit Plan	Vendor	Offering	Eligibility
Dental	Delta	Three Plans	State and Local Actives and Retirees
Vision	Vision Service Plan (VSP)	One Plan	State Actives and Retirees
Accident	Securian	One Plan	State Actives

Supplemental Dental

The current vendor for the Supplemental Dental Program is Delta Dental of Wisconsin (Delta). Delta has been the State's supplemental dental vendor since January 1, 2019. Delta completed its first supplemental dental contract as of December 31, 2019 and started a two-year contract with the Board for supplemental dental on January 1, 2020, that will expire December 31, 2021.

2020 saw the addition of the new Delta Dental PPO Plus Premier-Preventative Plan. This plan offers the same benefits as the Uniform Dental Benefit (UDB); however, unlike the UDB, a member does not have to be enrolled in the Group Health Insurance Program (GHIP) to receive the benefit. The Preventative Plan, like all supplemental benefits, is an employee-pay-all plan.

Supplemental dental was newly available to local government employers in 2020. Currently, local government employers offer this benefit to 2,054 employees and their dependents.

Another change in supplemental dental for 2020 was the Board allowing local government retirees to enroll in the program. This change led to a 35% increase in enrollment from 2019 to 2020 of retirees and their dependents in this benefit.

Table 2. Supplemental Dental Enrollment

Plan	Subscribers	Dependents	Total	Change from 2019
Preventive Plan	1,064	936	2,000	NA
Select Plan	9,406	9,491	18,897	+ 11.6%
Select Plus Plan	31,743	36,636	68,379	+23.3%
Total	42,213	47,063	89,276	+23.4%

Supplemental Vision

VSP has been the State's supplemental vendor since 2011. VSP is currently in the final year of a two-year contract that expires December 31, 2020. Benefits and pricing for the supplemental program remained unchanged from 2019 to 2020.

Table 3. Supplemental Vision Enrollment

2019 Total Enrollment	2020 Total Enrollment	Change from 2019
65,469	79,118	+20.9%

Supplemental Accident Plan

2020 was the first year the State offered to active employees the supplemental accident plan, provided by Securian Financial under a one-year contract that expires December 31, 2020. In prior years, active state employees only had the option of Accidental Death and Dismemberment (AD&D). The Accident Plan offers monetary payment for a wide range of injuries incurred accidentally, including \$25 for a laceration without stitches or staples up to \$25,000 for an employee dismemberment or death. Former and retired employees can maintain their accident plan coverage until age 70 if they choose to port the coverage after leaving state service.

The vendor and ETF received feedback from members during open enrollment benefit fairs that the price of the benefit is very affordable for families and the payout for the varying accidents would be useful money. A few members and employers expressed disappointment that the AD&D benefit under the Accident plan was not as high as the payout for the AD&D-only plan the State offered in previous years.

Table 4. Supplemental Accident Plan with AD&D Enrollment

2019 Total Enrollment AD&D Only Plan	2020 Accident Plan with AD&D	Change from 2019
7,200	13,154	+82.7%

2021 Supplemental Insurance Proposal Review and Selection

Last November ETF solicited proposals for the 2021 plan year from companies identified by our research that offered vision, accident plans with AD&D and other similar plans,

On December 17, 2019, ETF provided each potential proposer a census of all State of Wisconsin active employees and retirees that broke down this population by age and

gender only and provided no protected health information. This was the first-time ETF had sent an age and gender census to proposers, and was a response to previous suggestions that this information would assist vendors in preparing potential pricing in their proposals

All proposals were due to ETF by 2:00 P.M. on January 31, 2020. ETF then verified all proposal components were complete and contacted all references provided. Plans were required to sign an Insurer Acknowledgement agreeing to the Department Terms and Conditions and submit \$5,000 to ETF for each proposal submitted as payment for the third-party actuarial review fee. All proposals were then reviewed by Milliman, the Board’s actuary for supplemental plans.

On February 14, 2020 Milliman sent questions about each of the submitted proposals to ETF for answers. Among other questions, Milliman had requested information regarding historic experience demonstrating that VSP was meeting the 75% loss ratio requirement for supplemental vendors. Milliman made a similar request of VSP in 2018, the last time the Board solicited proposals for the supplemental vision contract. VSP provided the information Milliman requested on February 28, 2020

VSP representatives sent ETF an email on March 2, stating the company had erroneously submitted incorrect rates with their original proposal. The new, lower-priced proposal was submitted to Milliman for review and it is the proposal upon which Milliman based its review.

After review of the submitted proposals, Milliman determined all the plans met the applicable requirements and that the benefits proposed should reasonably meet the loss ratio threshold required.

Accident/AD&D/Hospitalization/Critical Illness Proposals

The Board received 10 proposals from two vendors for accident, AD&D only, hospital indemnity (hospitalization), and critical illness plans.

Table 5. 2021 Proposals

Benefit Plan	Vendor	Number of Plans Proposed
Accident	MetLife	2
	Securian	1
AD&D	Securian	1
Critical Illness	MetLife	2
	Securian	1
Hospital Indemnity	MetLife	2
	Securian	1

ETF recommends not adding a new AD&D only, critical illness or hospital indemnity plan for 2021 due to the undocumented need for these coverages. At this time, there is a lack of data for the new supplemental accident plan program that began on January 1, 2020; however, in a year's time there should be sufficient data to evaluate whether an additional supplemental program would complement the existing supplemental accident plan program.

The difference between the plans offered by both Securian and MetLife was evaluated on all benefits offered, price and the AD&D benefit.

MetLife offered two accident plan proposals: Two of MetLife's proposals offered conservative and robust coverage that ended at age 70; two proposals offered conservative and robust coverage that did not have an ending age. However, the plans that included coverage for those over 70 years old offered fewer covered services and conditions, with lower payouts than those proposals that ended coverage at 70 years old.

MetLife's proposed premiums were slightly higher than those of the Securian's except for the active employee only conservative plan. That plan was significantly less expensive than Securian's similar plan. Under this plan MetLife offered AD&D benefits with a low payout of \$6,250 (one limb paralysis benefit) to \$50,000 (basic accidental death benefit) for members.

Securian offered two active employee accident plan proposals: A conservative and robust coverage plan. Securian offered each proposed plan with four different levels of AD&D coverage. Securian priced each proposed accident plan with AD&D coverage at \$25,000, \$50,000, \$75,000, and \$100,000 maximum payout.

Securian's conservative plan with a \$100,000 maximum payout offers members the same 2020 coverage but with a \$100,000 AD&D maximum benefit. That is four times higher than the \$25,000 AD&D maximum benefit offered to members in 2020.

ETF has heard from employers and members about the decrease in AD&D coverage from 2019 to 2020. Members shared how they use the AD&D coverage provided by the Board instead of investing in life insurance. In addition, ETF and employers have heard from active protective category employees such as game wardens and corrections officers who want a higher AD&D benefit for 2021.

It should be noted that Securian's conservative plan with a \$100,000 maximum AD&D payout does come at a higher cost than what members are currently paying. However, that higher cost breaks down to be less than a 93-cent increase per employee bi-monthly paycheck.

Table 6. 2020 Accident Plan Price vs Proposed 2021-2022

Coverage Type	2020 Monthly Premium	Proposed 2021-2022 Monthly Premium
Member	\$3.26	\$4.38
Member + Spouse	\$4.94	\$6.26
Member + Child(ren)	\$7.10	\$8.44
Family	\$10.48	\$12.32

Securian has a strong commitment to customer service that is near the top of the insurance industry. Each of the references that were provided with Securians's accident plan proposal said Securian is a company that is easy to work with and has a product that their employees find easy use and is helpful in their everyday lives. ETF's own experience is that Securian's customer service has proven to be excellent.

Vision Proposals

Four vendors offered four different vision proposals. Two of the proposals were companies offering an Eye-Med vision plan and the other two vendors offered a VSP vision plan. ETF and an employer reviewed each of the four vendor proposals and independently came to the same conclusion on a recommended vendor.

Milliman determined the plans met the applicable requirements and the benefits would reasonably meet the required loss ratio threshold.

All four vendors offered similar plans with similar benefits. To differentiate between the plans, those that reviewed the proposals looked at prices, customer service and network of providers.

MetLife Vision through VSP offered the highest premiums out of the four proposals at a 9.6% rate higher than the premiums offered by the proposed 2021 vendor. However, the premiums MetLife did present were 1.8% lower than the premiums members pay in 2020. MetLife Vision would work with VSP's customer service center to provide customer service and utilize VSP's nationwide provider network.

VSP is the Board's current supplemental vision provider. The final proposal submitted by VSP was the second highest priced proposal received. The premiums VSP proposed for 2021-2022 were 6.2% lower than the premiums VSP charges members for 2020, but the proposed premiums were 4.5% higher than the lowest vendor's proposed premiums. VSP's proposal offered a slightly higher frame allowance than the other three proposals. VSP would continue to use its customer service centers in California and Ohio for ETF's members and utilize their nationwide network of providers.

Surency Vision through Eye Med currently provides vision insurance for the State of Kansas and other public and private sector groups. Surency's proposal was the third highest proposal received. Surency's premiums proposal for 2021-2022 was 7.2% lower than the 2020 premiums rate but 3.4% higher than the lowest vendor's premiums

proposal. Surency's proposal provided a glimpse of a user-friendly app current customers use and the website Surency would build for ETF's members to assist with enrollment and questions. Surency also provided positive testimonials from members about the company's customer service. Surency Vision would utilize Eye Med's nationwide network of eye care providers.

Delta Vision through Eye Med offered the lowest-priced vision benefit with a premium that is 11.5% lower than the 2020 premiums. The benefit mirrors that of our current supplemental vision benefit, but at a lower price. Delta would provide customer service to members through its Stevens Point call center and utilize Eye Med's nationwide network of providers.

Recommendation

ETF recommends Delta Vision as the 2021-2022 supplemental vision provider because of the high-level customer service Delta has provided as the state's dental vendor, the commitment in the proposal by the company to provide membership cards to all plan participants, the low price of the plan, the excellent references given by the public and private sector businesses that already provide Delta Vision to their employees and a good network of state providers, along with a commitment to grow that network. Delta has provided excellent customer service as our supplemental provider over the past 18 months.

ETF's recommendation considered whether members would experience any network interruptions or changes. ETF examined 10 geographically different but high state employee/retiree-populated zip codes and compared the number of providers within 10 miles of that zip code. Nine of the zip codes are in Wisconsin and one is the most populous out-of-state zip code. Delta has a comparable number of providers and has committed to signing up as many Wisconsin eye care providers as possible, including as many independent providers that they find and want to be in the Delta Vision Network. Delta made a similar promise to grow their dental network when they were named the supplemental dental vendor. Currently about 95% of dentists in Wisconsin are in one of Delta's provider networks.

ETF conducted an independent survey of rural and urban eye care providers that are in the current provider's network, but not in Delta Vision's network. When given the hypothetical situation of state employees and retirees going from the current provider to Delta Vision, each eye care professional said they would have no problem offering Delta Vision benefits in addition to the current vision insurance they offer.

The Board should be aware that after VSP was informed that ETF was going to recommend Delta as the vision provider, VSP offered to submit an even lower-priced proposal for 2021-2022. ETF declined since VSP had already submitted two pricing proposals. ETF explained to VSP that if they were allowed to submit another proposal, the same opportunity would have to be afforded to all the vendors that submitted a supplemental vision proposal. Despite ETF's guidance, the VSP chose to submit a

lower-priced proposal. ETF acknowledged receipt of the proposal but did not consider the proposal.

ETF feels that a change to Delta will offer members a better customer service experience, an easier to use product, and analytics that will provide a better overview of the supplemental program.

Expanding Eligibility for 2021 Supplemental Vision and Accident Plan

Currently, only active state employees, continuants, state retirees and their dependents are eligible to participate in ETF's supplemental vision program. Only active state employees under the age of 70 and their dependents are eligible for the supplemental accident plan.

Beginning January 1, 2021, ETF is recommending that local employees and retirees be allowed to participate in the supplemental vision program and local employees into the supplemental accident plan.

2020 was the first year a supplemental offering was made available to local employers and retirees. Supplemental dental was offered to local employees if their employers opted into the program, through Delta, during the annual open enrollment period. Local employers worked directly with Delta to enroll their employees, set up billing and answer any questions about the program. Employers with questions about the supplemental dental program were handled by Delta. Based on this experience, ETF anticipates little work increase for ETF if local active employees and retirees were added to the vision program, likewise if local employees are added to the accident plan. Allowing local governments to participate in the supplemental vision and accident plan programs will give these governments an additional benefit option to offer their employees. Giving local employees a chance to buy \$100,000 AD&D coverage through the proposed 2021 accident plan with no requirement of a physical at less than \$13 a month is an opportunity many local employers cannot offer to employees on their own.

Giving local WRS retirees the same choice to sign up for supplemental vision benefits as state WRS retirees is something many have asked for.

Long-Term Care Proposals

ETF received two LTC proposals for 2021. ETF evaluated both proposals and verified that each policy offered was approved by the Office of the Commissioner of Insurance (OCI).

Legacy Services, of Brookfield, Wisconsin, submitted a proposal offering members nine different LTC policy options, including policies offered by Lincoln Financial, Massachusetts (Mass) Mutual, Mutual of Omaha (MoO), National Guardian Life, Nationwide, Northwestern Insurance Company, State Life, Thrivent Financial, and TransAmerica Life Insurance Company. Legacy Services' business model is to prepare an individualized document comparing each policy Legacy Services offers.

Legacy Services' proposal identified the LTC Standards it would not be able to meet, including offering discounts on LTC policies for our members, fulfilling some of the reporting requirements, and stipulating that Legacy Services would be the only provider of LTC policies for members, if it were chosen to be the 2021 vendor. ETF could have worked with Legacy Services on the company's first two stipulations because the LTC program is operating under new standards for 2021. However, the company stipulation that it be the only vendor was not a viable option because two qualified proposals were submitted, and ETF is recommending that this proposal not be approved.

It should be noted that the references provided by Legacy Services, including the Mayo Clinic, Rochester, Minnesota, expanded our network of contacts and ideas for inclusion in the 2022 LTC Standards, which the Board will review in November 2020.

ETF recommends the Board approve the offering from HealthChoice, Madison, Wisconsin, to offer the Mutual of Omaha – MutualCare Custom Solutions Long-term Care Insurance for Wisconsin State Employees and Annuitants. This LTC plan is essentially the same offering that was available to members until the contract with MoO and HealthChoice expired on December 31, 2019. MoO LTC plan meets all of the Board approved criteria in the LTC Standards. The new offering will also give members, spouses, and their family members a 5% discount for the life of the policy.

The Board should be aware it is stated in the LTC Standards that LTC enrollment will begin not less than eight weeks after Board approval. Unlike other employee-pay-all offerings, a member can purchase an LTC policy anytime, not just during open enrollment. If approved by the Board, LTC coverage will be available for members no later than approximately mid-July of 2020. The contract will run through December 31, 2021.

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