

DRAFT

MINUTES

June 29, 2020

Group Insurance Board

State of Wisconsin



Location:

The Board meeting was held via teleconference.

BOARD MEMBERS PRESENT (Teleconference):

Herschel Day, Chair	Dan Fields
Nathan Houdek, Vice-Chair	Walter Jackson
Nancy Thompson, Secretary	Katy Lounsbury
Harper Donahue	Brian Pahnke
Malika Evanco	Bob Wimmer

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

Office of the Secretary

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

Office of Strategic Health Policy

Eileen Mallow, Brian Stamm,
Molly Heisterkamp, Arlene Larson,
Xiong Vang, Renee Walk

OTHERS PRESENT

Dean Health Plan

Penny Bound

Employee Trust Funds

Sara Brockman, Rachel Carabell,
Oladipo Fadiran, Diana Felsmann,
John Freidheim, Dan Hayes,
Pam Henning, Patrick Hughes,
Tarna Hunter, Bruce Johnson,
Nancy Ketterhagen, Kadi Mbanefo,
David Nispel, Tom Rasmussen,
Mary Richardson, Jessica Rossner,
Tricia Sieg, Yikchau Sze,
Sarat Tadi, Douglas Wendt,
Korbey White, Wade Whitmus,
Cheryllynn Wilkins, Kathryn Young

Navitus

Steven Alexander, Tara Argall,
Ryan Olson, Tom Pabich,
Tom Radloff

Others (Unidentified)

30 individuals connected via telephone

Public

Melissa Bauer, Kathryn Beals,
Vanessa Cagal, Melissa Duffy,
Terry Jobke, Joel Lingenhag,
Dede Raybuck, David Rouse,
Robert Schaefer, Erin Schoonmaker,
Michael Sherwin, Sue Springman

Quartz

Kara Gullickson, Linsey Tennyson

Securian

Kjirsten Elsner, Jody White

Segal Consulting

Patrick Klein, Ken Vieira

UW System Administrator

Amanda Sonnenburg

WEA Trust

Greg Cieslewicz

Board	Mtg Date	Item #
GIB	8.19.20	2B

Mr. Day, Chair, called the meeting of the Group Insurance Board (Board) to order at 8:33 a.m.

ANNOUNCEMENTS

Ms. Mallow made the following announcements:

- John Freidheim, OSHP's technical writer will be leaving ETF, and there is not a replacement at this time; and
- For closed session, the open session line will remain open. We will return to the open session line following the closed session to make an announcement of business deliberated during closed session.

Ms. Mallow also provided information regarding the logistics of today's virtual meeting.

Mr. Donahue joined the meeting at 8:38 a.m.

COVID-19 UPDATE

Ms. Walk referred the Board to the COVID-19 Update memo (Ref. GIB | 6.29.20 | 2) and provided an overview of recent legislation and guidance, testing, benefit coverage clarifications, employer layoff question clarification and estimated program impacts. She stated ETF is working with IBM, Segal and DAISI to determine an evaluation plan of the impacts to the different health programs.

Ms. Walk stated there has been no lack of access to needed services; ETF will continue to monitor access to services. She stated there have been concerns regarding test accuracy.

Ms. Walk discussed the immediate impacts to costs for the dental and pharmacy programs. She also stated there will be a preliminary discussion of medical premium impacts later in the meeting.

PHARMACY PROGRAM PRESENTATION

Mr. Pabich provided an overview of Navitus Health Solutions and introduced his colleagues Mr. Radloff, Mr. Alexander, Ms. Argall, and Mr. Olson.

Mr. Pabich discussed a transformative pass-through approach and stated the savings continues after one year.

Mr. Olson provided overall metrics for ETF's plan performance, including trends and trend drivers.

Ms. Argall provided an overview of:

- Dispense as written (DAW) implementation;
- Script cost vs script volume; and

- Top specialty conditions.

Mr. Radloff discussed COVID-19 effects on Navitus, Lumicera and pharmacy operations.

Ms. Argall discussed ETF's utilization trend by month for pharmaceuticals and stated anti-asthmatic and bronchodilator agents are at a 70% utilization trend from May 2018 to May 2019 during the COVID-19 pandemic. She also discussed the various investigational therapies to aid in COVID-19 relief of symptoms, which included:

- Anti-viral agents;
- Anti-inflammatory therapies; and
- Supportive therapies.

FSA CHANGES

FSA Carryover Increase Limit Change

Mr. Vang referred the Board to the FSA Carryover Increase Limit Change memo (Ref. GIB | 6.29.20 | 4A) and discussed Notice 2020-33 that:

- Allows employers the option to amend their Section 125 Cafeteria Plan to increase the carryover for Flexible Spending Account (FSA) to \$550 for the 2020-2021 plan year; and
- Reflects indexing for inflation, and this indexing parallels the indexing that applies to the limit on salary reduction contributions.

Mr. Vang stated a cafeteria plan is established in accordance with the requirements prescribed by Internal Revenue Code (IRC) Section 125 that allows:

- Employees to pay for certain qualified benefit premiums pre-tax through a salary reduction agreement, reducing their taxable gross income;
- Members and employers to avoid compliance issues and possible adverse tax consequences;
- FSA up to \$500 to be carried over at the end of the run-out period for 2020 plan year; and
- A run-out period following the end of the plan year where eligible expenses incurred during the plan year can be claimed (January 1 through March 31).

Mr. Vang discussed FSA forfeitures, program rules, and guidance and how the Triple Aim Guiding Principles were used to determine additional carryover.

MOTION: Ms. Thompson moved to approve the increase of health care and limited purpose flexible spending account carryover balance to \$550, effective January 1, 2021. Ms. Lounsbury seconded the motion, which passed unanimously on a voice vote.

Cafeteria Plan Change Recommendations

Ms. Walk referred the Board to the Cafeteria Plan Change Recommendations memo (Ref. GIB | 6.29.20 | 4B) and discussed background and federal rule changes to the Cafeteria Plan Notice 2021-01, which allow employers to provide flexibility for FSA claim run-out periods and allow employers flexibility for COBRA timelines.

Ms. Walk provided an overview of Notice 2020-29, which allows employers to modify their Cafeteria Plans to allow mid-year changes through the end of 2020. This notice discusses:

- Impacts on health, FSA and dependent daycare accounts;
- New elections could be allowed on a prospective basis;
- Permissions for plans to add new coverage/accounts, change existing coverage/accounts or terminate coverage/accounts; and
- How the rule is optional - employers can choose to adopt all, some, or no changes.

Mr. Vang discussed employer requests, implementation challenges for health enrollment, FSA and dependent daycare. He presented different options for ETF to pursue as well as the pros and cons of each option:

- Option 1: No change to FSA and Dependent Daycare election periods;
- Option 2: Limited expansion to allow mid-year changes; and
- Option 3: Unlimited expansion of mid-year changes through 2020.

Mr. Vang stated claim run-out changes are not recommended at this time due to administrative challenges, costs, and few requests being received for this change.

Ms. Walk provided cafeteria plan health insurance plan options and discussed the pros and cons of each, which included:

- Option 1: No change;
- Option 2: Add a limited enrollment opportunity; and
- Option 3: Create an expansive mid-year enrollment opportunity through 2020.

Ms. Walk stated ETF is not recommending extending COBRA timelines due to the end of national emergency period being uncertain and the probability of members being responsible for large premium balances or reprocessed claims. Ms. Walk stated ETF recommends working with employers and members on a case-by-case basis for delays due to the pandemic.

MOTION: Ms. Thompson moved to adopt the following changes to its Section 125 Cafeteria Plan: Allow limited mid-year election changes for members who have Flexible Spending Accounts (FSAs) effective July 1, 2020 through September 1, 2020; and allow limited mid-year election changes for members who have Dependent Day Care Accounts effective July 1, 2020 through September 1, 2020. Ms. Evanco seconded the motion, which passed unanimously on a voice vote.

2020 HEALTH SCREENINGS

Ms. Heisterkamp referred the Board to the 2020 Health Screenings memo (Ref. GIB | 6.29.20 | 5) and discussed the current wellness program design, which consists of a health screening, health assessment and well-being activity to earn the annual wellness incentive. She provided an overview of COVID-19 impacts on the wellness program, which included:

- More than half of onsite biometric screenings have been canceled (185/282);
- 14,000 potential participants impacted; and
- Patients being encouraged to delay routine and preventative care.

Ms. Heisterkamp discussed recommended changes for participants to satisfy the 2020 health screening activity, which included allowing a health coaching call, dental cleaning and at-home biometric screening tests. She stated the at-home test will allow participants to request a kit from StayWell and have it delivered directly to their homes; the kit includes all supplies, instructions, and return packaging. Ms. Heisterkamp stated the at-home kit tests similar values as an onsite biometric screening.

MOTION: Mr. Pahnke moved to approve updating the 2020 health screening options to allow for a dental cleaning, one health coaching call, or an at-home screening test, in addition to the onsite biometric screening and health care provider form. Mr. Fields seconded the motion, which passed unanimously on a voice vote.

OPERATIONAL UPDATES

Mr. Day referred the Board to the Operational Updates in the Board packets (Ref. GIB | 6.29.20 | 6A) and asked if there were any questions from the Board regarding the correspondence received; he offered that ETF staff were available if there were any questions.

2021 LOCAL ANNUITANT HEALTH PLAN OPTIONS

Ms. Larson referred the Board to the 2021 Local Annuitant Health Plan (LAHP) Options memo (Ref. GIB | 6.29.20 | 7) and provided background information on LAHP and recommendations for rate increases. She stated Segal offered an initial estimate at the May 13 Board meeting of 1.7 (70%) as the rating factor for 2021; however, after further calculations against the national actuarial database, it was determined the LAHP factor should be 1.9.

Ms. Larson stated after further discussions with Segal, 1.7 was a more appropriate adjustment for this group of primarily Wisconsin residents. She stated Segal and ETF are confident that a 35% rate adjustment applied to each of the following two plan years will bring the program to a comfortable funding status without needing to buy down reserves. Mr. Day stated that 2 years of 30% increases gets the plan to the 70% increase in 2 years.

Mr. Vieira offered if the Board were more comfortable with a 3-year rate factor, the Board could implement a 25% increase in the first plan year, 50% in the second year and 70% in the third.

MOTION: Mr. Pahnke moved to approve the implementation of a non-Medicare factor increase of 1.3 (30%) above the calculated rates for both the 2021 and 2022 plan years for Local Annuitant Health Program (LAHP) subscribers. Mr. Houdek seconded the motion, which passed unanimously on the following roll call vote:

Aye: Day, Donahue, Evanco, Fields, Houdek, Jackson, Lounsbury, Pahnke, Thompson, Wimmer

Nay: None

Mr. Day asked for consensus from the Board to authorize him to return to the open session by himself following the closed session to make the announcement on business deliberated during closed session and adjourn the meeting. There were no objections from the Board.

MOTION: Ms. Thompson moved to go into Closed Session pursuant to the exemptions contained in Wis. Stats. § 19.85 (1) (e) to deliberate or negotiate the investing of public funds or to conduct other specified public business, whenever competitive or bargaining reasons require a closed session. Mr. Fields seconded the motion, which passed unanimously on the following roll call vote:

Aye: Day, Donahue, Evanco, Fields, Houdek, Jackson, Lounsbury, Pahnke, Thompson, Wimmer

Nay: None

The Board took a break at 11:00 a.m. The Chair announced that the Board would convene in closed session at 11:10 a.m.

The Chair returned to open session at 11:58 a.m.

ANNOUNCEMENT OF BUSINESS DELIBERATED DURING CLOSED SESSION

Mr. Day stated the Board discussed strategies for completing health plan rate negotiations for the 2021 plan year with ETF and Segal, the consulting actuary, in closed session. He confirmed no action was taken during closed session.

ADJOURNMENT

Mr. Day adjourned the meeting.

The meeting adjourned at 12:05 p.m.

Date Approved: _____

Signed: _____
Nancy Thompson, Secretary
Group Insurance Board