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Meeting Materials

- Available at etf.wi.gov



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Public comments for future consideration accepted at: ETFSMBoardFeedback@etf.wi.gov.



Welcome to the Group Insurance Board

August 19, 2020

Meeting will begin at 8:30 a.m.



Announcements

Item 1 - No Memo



Consideration of:

- May 13, 2020 Open Session Minutes
- June 29, 2020 Open Session Minutes
- June 29, 2020 Closed Session Minutes



Item 2A – 2C – Memo Only



COVID-19 Update

Item 3 – Group Insurance Board

Renee Walk, Lead Policy Advisor

Office of Strategic Health Policy



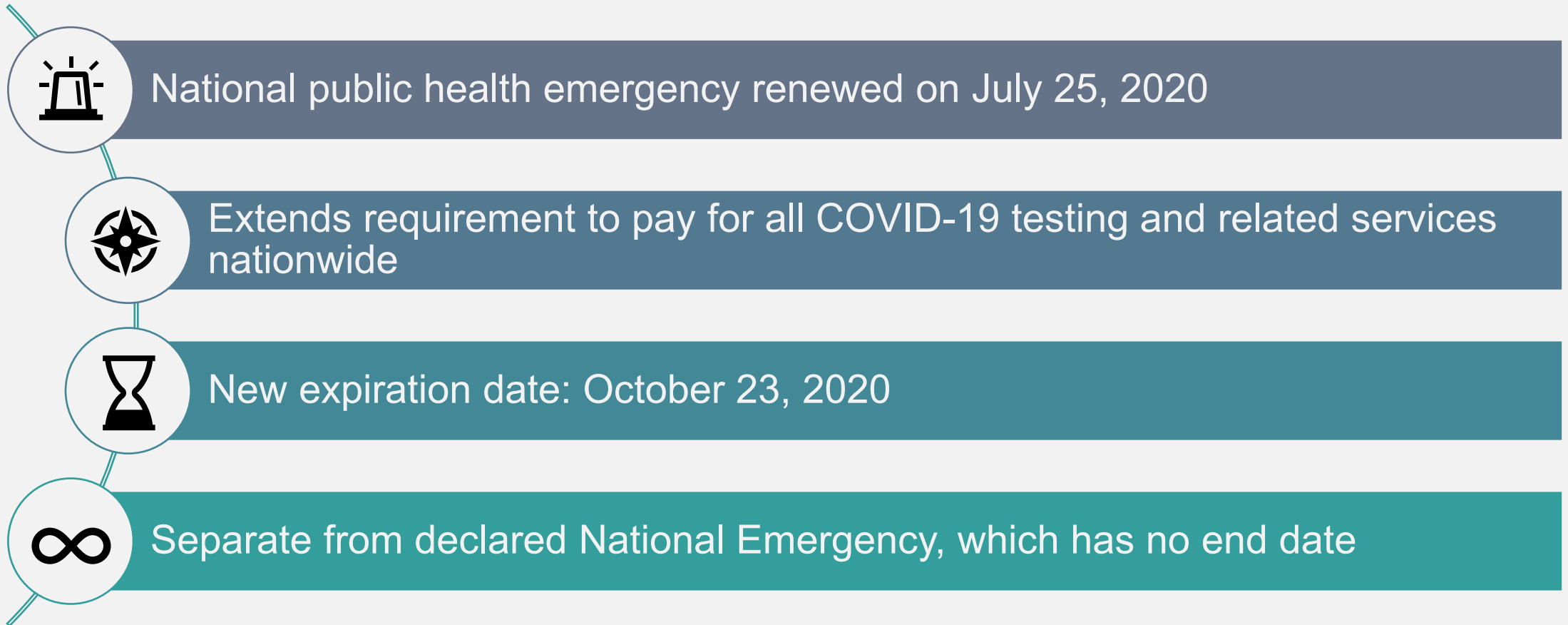
Informational Item Only

No Board action is required

Legislative & Regulatory Update

Memo Pages 1 - 2

Federal Public Health Emergency Renewed



New State Public Health Emergency and Emergency Order

New Wisconsin public health emergency declared on July 30, 2020

- Extends WI National Guard Assistance with community testing sites
- Expires in 60 days

New Emergency Order issued requiring face masks indoors or in enclosed spaces

- Expires September 28 unless continued by a superseding emergency order

Vaccines & Treatments

Memo Page 2

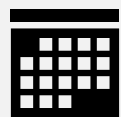
Vaccine Development



42 candidate vaccines in development



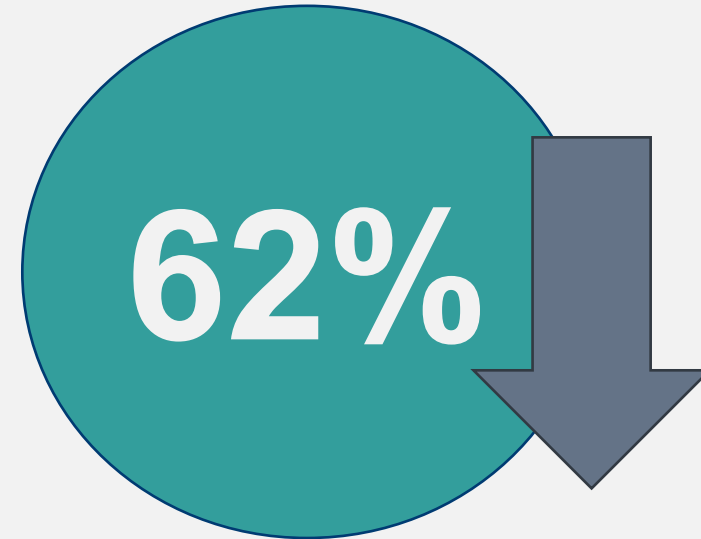
Federal Operation Warp Speed (OWS) has funded three for Phase 3 trials



Even fast-tracked vaccines will likely take 12-18 months to be widely available

Treatment Spotlight: Remdesivir

- Existing antiviral with emergency use authorization to treat COVID-19
- Similar efficacy across racial and ethnic groups
- Requires peer review, as well as more robust trials



- Recent study shows 62% reduction in risk of mortality

Telehealth Coverage

Memo Page 3

Clarification on Coverage

All plans now offer vended telehealth solution

- Large plans have added access to behavioral health

In addition, all plans covering non-traditional telehealth from brick-and-mortar providers

- Includes behavioral health
- No requirements for prior-established patient relationships

Virtual Benefit Fairs & Flu Clinic Options

Memo Page 3

ETF Planning Virtual Benefit Fairs



ETF staff are not attending any events in person



Many employers are still looking at what benefit fair options exist



ETF is exploring options to provide access to vendors as well as ETF staff Q&A sessions via webinar



More information will be available in the coming weeks on ETF's website

Flu Clinic Options Available

Imperative that members still get flu vaccines this fall

Traditional options still available (e.g., provider's office, pharmacy, etc.)

New through StayWell: expanded flu clinics and drive-up options

Requests for flu clinics are lower than 2019 and no employers have selected the drive-up options yet

ETF and StayWell are ready to assist in setup for these critical services



Health Impacts

Memo Page 4

Impacted Groups Change, ETF Data Still Pending

WI DHS reports higher infection rates in 20 to 29-year-old age group; vast majority of deaths still in people over age 60

New reports of up to 1/3 of COVID-19 survivors experiencing long term symptoms

Rare MIS-C condition also associated with COVID-19 in children

Preliminary ETF data to be presented at November Board meeting

Quality Impacts

Memo Pages 4 - 5

Testing Coverage Confusion, Access Disparities



CARES Act provided broad coverage



Additional federal clarification allows limits to medical necessity



Asymptomatic people seeking tests may not be covered by their plan



Access to free public health testing sites varies across the state, by county and provider

Cost Impacts

Memo Pages 5 - 6

Uniform Dental Costs Normalizing



Dental Claims, June – July 2020

	Claims	Expenditures
4 th Week of June	7,957	\$1,096,342.51
5 th Week of June	8,270	\$1,145,644.48
1 st Week of July	7,789	\$1,095,723.62
2 nd Week of July	7,743	\$1,097,602.87

COVID-Related Deaths

Securian reports 17 death claims as of 7/31/20

3 active employees, 3 spouses/dependents, 11 retirees

Total claims paid = \$693,350

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Questions?

Value Based Insurance Design Pilot Update

Item 4 – Group Insurance Board

Renee Walk, Lead Policy Advisor

Molly Heisterkamp, Disease Management & Wellness Program Manager

Tricia Sieg, Pharmacy Benefits Manager

Office of Strategic Health Policy



Informational Item Only

- No Board action is required

Background

Memo Page 1

It's Your Health: Diabetes

- Began in 2019 as collaboration between StayWell and Navitus
- Supports members with diabetes self-management
- Removes financial barriers to adhering to prescription medication treatment
 - Level 1 drugs have no copay (down from \$5)
 - Level 2 drugs are the lesser of \$10 copay or 20% coinsurance
- Available to subscribers and spouses who have diabetes and already engage in Well Wisconsin program
- High deductible health plan members are not eligible

Member Engagement

Memo Pages 1 - 2

2019 Program Participation

- 460 members completed at least one diabetes disease management call
- Most members engage with a disease management coach more than once

Number of Calls	Percentage of Participants
1	10%
2	14%
3	10%
4 or more	66%

Table 1. 2019 Participation by Number of Coaching Calls

Participation Trend

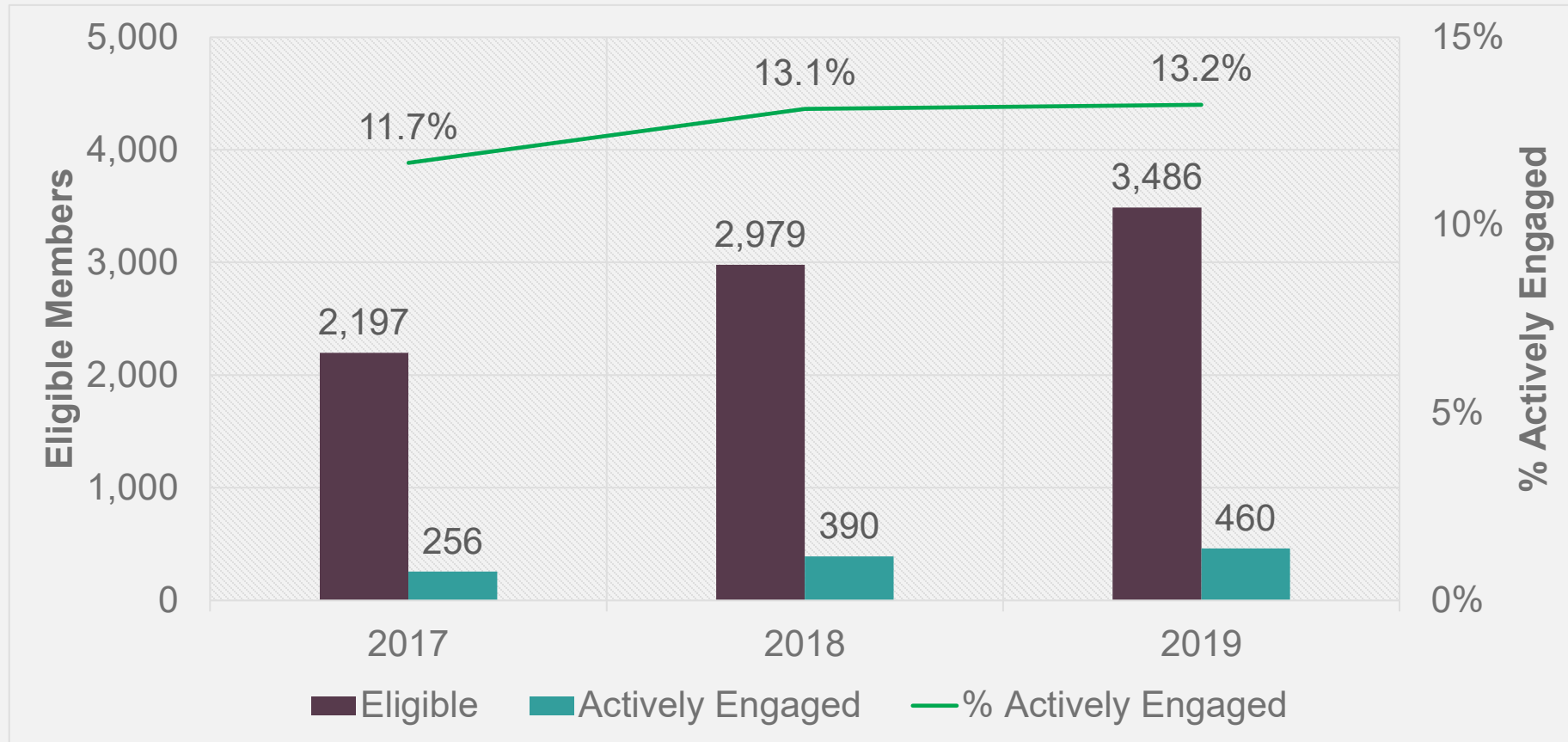


Chart 1. Diabetes Disease Management Participation Trend

Impact Analyses

Memo Pages 2 - 6

2019 Health Impact

Participants indicated via survey that the program is supporting them with:

- Managing their diabetes
- Improving their health
- Controlling their hemoglobin A1c

2019 Health Impact

Compared to the control group, participants had:

- Slightly higher rates of preventive encounters
- Lower rates of unplanned utilization

	Actively Engaged	Not Participating
Diabetes Patients	361	358
Preventive Adult Visits Per 1000	501	480
Average Primary Care Visits for Diabetes	2.37	2.25
Diabetes Related Admits Per 1000	13.85	13.97
Diabetes Related ER Visits Per 1000	13.85	16.76
% of Patients with Episodes of Diabetes Flare Up	2.77%	3.07%

Table 2. Comparison of Engagement of 2019 Cohorts.

Health Impact 2019 vs. 2018

	2018		2019	
	Actively Engaged	Not Participating	Actively Engaged	Not Participating
Diabetes Patients	179	178	179	178
Preventive Adult Visits Per 1000	480	444	520	489
Average Primary Care Visits for Diabetes	2.50	2.47	2.39	2.45
Diabetes Related Admits Per 1000	5.59	28.09	5.59	16.85
Diabetes Related ER Visits Per 1000	0	22.47	27.93	28.09
% of Patients with Episodes of Diabetes Flare Up	3.35%	3.37%	2.23%	3.37%

Table 3. Comparison of Engagement for Cohorts, 2018 and 2019

2019 Quality Impact

- Participants find value in program
- Participants are active promoters
 - Net promoter score for disease management program = 35.7
 - Net promoter score for nurse consultant = 53.6
- Communications for reduced copay triggered new registrants but did not necessarily increase motivation to engage in disease management
- Reduced copay did increase motivation for those who had previously participated

2019 Quality Impact

	Actively Engaged	Not Participating
Diabetes Patients	361	358
HbA1c Test Rate	91%	90%
Eye Exam Rate	72%	74%
Statin Adherence Rate	65%	61%
Rx Compliance (non-HEDIS)	94%	96%

- Cohorts are very similar
- Engaged cohort had slightly higher rate of adherence for statin prescriptions

Table 4. Diabetes-Related HEDIS Quality Metrics Comparison, 2019

Quality Impact 2019 vs. 2018

	2018		2019	
	Actively Engaged	Not Participating	Actively Engaged	Not Participating
Diabetes Patients	179	178	179	178
HbA1c Test Rate	88%	90%	88%	90%
Eye Exam Rate	71%	73%	70%	76%
Statin Adherence Rate	56%	54%	61%	56%

Table 5. Diabetes Related HEDIS Quality Metrics Comparison, 2018 and 2019

Cost Impact

	Utilizing Members	Prescriptions Filled	Member Savings
2019	399	2,402	\$83,239
2020*	472	2,230	\$87,659
Total	501	4,632	\$170,898

*2020 results are for January 1, 2020 through June 30, 2020 only

Table 6. Prescription Drug Utilization, Spending, and Cost Sharing Change

- If all members who have prescriptions for diabetic medications participated, the collective membership would have saved \$1.6 million from July 1, 2019 – June 30, 2020.
- ROI analysis will be completed after at least 3 years of data is available.
- Comparing analyses with MN, also on a multi-year timeline



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Questions?

2021 Plan Year Quality Credit

Item 5 – Group Insurance Board

Brian Stamm, Deputy Director
Office of Strategic Health Policy



Informational Item

- Information is appreciated, but no Board feedback is required.

Quality Credit Background

- Annually, the Department of Employee Trust Funds (ETF) develops a quality credit rate adjustment that is applied to individual health plans' final rates
- Measurement data collected consists of Healthcare Effectiveness Data and Information Set (HEDIS) data and Consumer Assessment of Healthcare Providers and Systems (CAHPS) data from each health plan
- Prior to 2020, the quality credit was comprised of nine measurements and the calculation required the use of the National Committee for Quality Assurance's (NCQA) Quality Compass tool

Changes to Quality Credit

- A two-phased approach to adding new measurements into the quality credit calculation was implemented
 - Phase 1:
 - 1 measure removed from the original 9
 - 8 new measures added in 2020 (applicable to 2021 rate calculation)
 - Removal of reliance on NCQA's Quality Compass for the calculation
 - Phase 2:
 - 5 new measures to be added in 2021 (applicable to 2022 rate calculation)

Reasoning for Changes

- The quality credit calculation changed this year (for the 2021 plan year rate calculation) for three reasons:
 - The addition of new measures will provide a more accurate, holistic review of a health plan's quality
 - The Quality Compass is published at a time that is mis-matched with health plan rate setting, so removing reliance on this tool improves efficiency and accuracy
 - The Quality Compass is a wonderful tool for comparing health plan quality at a national level, however not as useful for ranking quality among only the contracted health plans

New Measures – Phase 1

Measure Removed:

- Plan All-cause Re-admissions: Age Total of Males & Females (PCR – from HEDIS)

Phase 1 Measures Added:

- Flu Vaccination (from CAHPS)
- Childhood Immunization Status: Combination 3 (CIS – from HEDIS)
- Childhood Immunization Status: Combination 10 (CIS – from HEDIS)
- Immunizations for Adolescents: Combination 2 (IMA – from HEDIS)
- Breast Cancer Screening (BCS – from HEDIS)
- Cervical Cancer Screening (CCS – from HEDIS)
- Colorectal Cancer Screening (COL – from HEDIS)
- Comprehensive Diabetes Care: HbA1c Control <8.0% (CDC – from HEDIS)

New Measures – Phase 2

Phase 2 Measures to be Added:

- Follow-up After Hospitalization for Mental Illness: Total 30-day Follow-up (FUH – from HEDIS)
- Follow-up After Emergency Department Visit for Alcohol and Other Drug Abuse or Dependence: 30-day Follow-up Total (FUA – from HEDIS)
- Initiation and Engagement of AOD Abuse or Dependence Treatment Total: Engagement of AOD Treatment Total (IET – from HEDIS)
- Prenatal and Postpartum Care: Timeliness of Prenatal Care (PPC – from HEDIS)
- Prenatal and Postpartum care: Postpartum Care (PPC – from HEDIS)

COVID-19 Impact

- Some of the measures selected as part of the quality credit calculation are “hybrid” measures which require collection of medical chart data in a process known as “chart chasing”
- Due to COVID-19 lockdown measures, chart chasing was not possible, therefore NCQA altered data reporting requirements for hybrid measures and allowed for the use of the previous years’ results
- ETF, in turn, adopted NCQA’s adjustments for data reporting
- A plan proposed by ETF to integrate an adjustment to the quality credit calculation for year-over-year measurement score improvement/deterioration has been delayed until further notice

Quality Credit Results

Health Plan	% of Possible Points Achieved	Rank	Quality Credit
Health Plan #1	70.13%	3	0.75
Health Plan #2	66.09%	7	0
Health Plan #3	74.18%	1	1
Health Plan #4	68.94%	4	0.625
Health Plan #5	65.45%	9	0
Health Plan #6	65.75%	8	0
Health Plan #7	68.36%	5	0.5
Health Plan #8	71.39%	2	0.875
Health Plan #9	66.13%	6	0



Questions?

Health Plan Financial Status



Item 6 & 6.1 – Memo Only

Eileen Mallow, Director

Douglas Wendt, Health Policy Advisor

Office of Strategic Health Policy



Rate Setting and Qualifications



Item 7 – Group Insurance Board

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Korbey White, Health Program Manager

Office of Strategic Health Policy

Ken Vieira, Senior Vice President

Patrick Klein, Senior Consultant

Segal Consulting





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

2021 Program Renewals

August 19, 2020

 **Segal Consulting**



1. Overview

2. Medical Plans
3. Prescription Drug Plan
4. Dental Plan
5. Aggregate Renewal
6. Fund Balance/Reserve
7. 2021 Premium Alternatives

2021 Renewal Process

- 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 remain guaranteed in 2021 – the rate change is a function of the CMS rate announcement
 - 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 2022
 - Projected year end 2020 reserve balance has increased primarily due to investment gains in 2019 and 2020 Dental projected surplus due to COVID-19
- COVID-19 impacted several aspects of the renewal this year



1. Overview

2. Medical Plans

3. Prescription Drug Plan

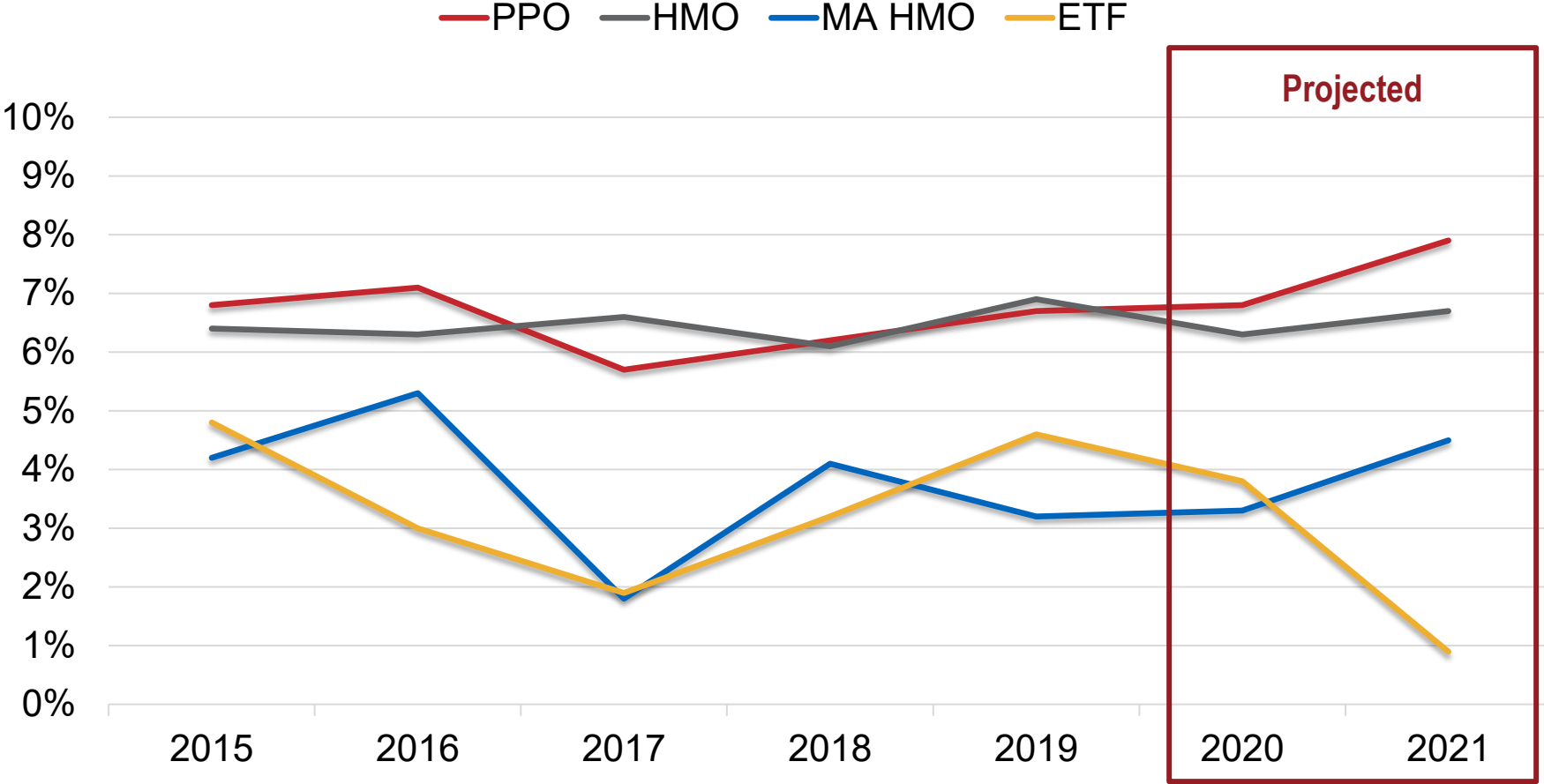
4. Dental Plan

5. Aggregate Renewal

6. Fund Balance/Reserve

7. 2020 Premium Alternatives

Historical Medical Trends – Comparison to ETF



ETF Increases have been lower than norms over past 5 years

Source: 2020 Segal Health Plan Cost Trend Survey
 2016 ETF trend adjusted to reflect a 4% benefit change

Medical Plans – Fully Insured Renewals

➤ IYC Health Plans (HMOs)

- Primarily designed for in-state members
- Renewal consistent with process from last 6 years
- Administered by: Dean, GHC—Eau Claire, GHC—SCW, HealthPartners, Medical Associates, MercyCare, Network, Quartz, WEA Trust
- Tier model “managed competition” approach

➤ IYC Access Plan and State Maintenance Plan (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 underwriting 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 2021 tied to CMS Revenue Increase

Alternate Plans (HMO's) Overall Renewal Process

- Renewal process was primarily unchanged for 2020
- The negotiation process involved the following:
 - March: Segal prepared addendum collection requirements
 - April: ETF reviewed requirements and requested data from Plans
 - May 1: Addendum data submitted to Segal
 - May: Segal compiled data and calculated tier breakpoints
 - May 15: Preliminary Rate Quotes submitted to Segal
 - June: Segal compiled rates and placed Plans into premium tiers
 - July 3: Plans notified of their tier placement and offered renewal meeting to discuss
 - July 7 – 10: Renewal meetings held with Plans
 - July 15: Best and Final Offers received from Plans

Collect Addendum Reports & Data

- Plans are required to provide addendum reports for each group separately: State (Non-Medicare, Medicare, Grads), Local (Non-Medicare, Medicare), High Deductible Health Plan (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
- New this year, addendum claims and capitation reports were validated using IBM-Watson data warehouse
- Network adequacy reports required to determine which plans are qualified in each county

Tier Breakpoint Development – Based on Addendum

- 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 2020 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
- The Breakpoints were lowered 3.2%— accounting for the 2020 anticipated savings due to Covid-19

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	0	5	5	0	24,631	14,632
2	3	1	1	76,527	4,914	1,320
3	0	5	8	0	36,816	13,698
Total	3	11	14	76,527	66,361	29,650

- 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 breakpoint increase was estimated to be 0.0% for State and 4.2% for Locals.

Compile Tier Placement From Preliminary Bid

- 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, 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, limitations (adjusted for quality credits) were placed on rate increases and % of State Rate for plans to be in Tier 1/2/3 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	3	0	10,063
2	2	4	68,675	33,607
3	1	4	7,852	22,691
Total	3	11	76,527	66,361

➤ Similar initial Tier distribution as last year

➤ All plans moved into Tier 1

	2020 Rates	2021 Rates	Change From Current	%
Medical Costs (in Millions)				
Dane	\$547.6	\$545.6	(\$2.0)	-0.4%
Non-Dane	\$528.9	\$535.8	\$6.9	1.3%
Total State	\$1,076.5	\$1,081.4	\$4.9	0.5%

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	7	22,533
2	1	105
3	6	7,012
Total	14	29,650

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

- HealthPartners Perform & Robin
- Medical Associates
- Quartz - Community
- WEA Trust West – Chippewa Valley & Mayo Clinic

	2020 Rates	2021 Rates	Change From Current	%
Medical Costs (in Millions)				
Locals	\$177.7	\$186.3	\$8.6	4.9%

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 2019, resulting in a premium credit of \$1.2 million for the plan year, per the Retrospective Agreement. Another premium credit is possible for 2020 because of COVID-19 claims impact.
- This favorable experience continues to emerge for the Non-Medicare pool, yielding a 5% reduction to rates.
- Medicare Plus is increasing 5% driven mostly by underlying trend
- Local increase is impacted by LAHP non-Medicare members who have a 30% higher rate in 2021.

	2020 Rates	2021 Rates	Change from Current	%
Medical Costs (in Millions)				
State	\$47.6	\$46.5	(\$1.1)	-2.3%
Local	\$0.9	\$0.9	\$0.0	3.0%
Total	\$48.4	\$47.4	(\$1.1)	-2.2%

Medicare Advantage Renewal

- ETF contracted with UnitedHealthcare (UHC) for a Medicare Advantage plan starting in 2019
- For 2020, the rate remained flat per the original guarantee since there was limited experience to evaluate. However, the addition of the Health Insurance Fee (HIF) worth \$24 PMPM did result in a net increase.
- For 2021, the rate increase is guaranteed not to exceed a certain dollar amount based on 2021 CMS payment increase. Because the CMS payment increase fell between 1.00%-1.99%, the maximum rate increase is \$20 PMPM.
- UHC refused to negotiate and held firm at the maximum \$20 increase net of the HIF.
- The HIF was repealed for 2021, offsetting the rate increase.
- Next year we will have sufficient data to conduct a traditional renewal.

	2020 Rates	2021 Rates	Change from Current	%
Medical Costs (in Millions)				
State	\$11.1	\$10.6	(\$0.5)	-4.5%
Local	\$0.4	\$0.4	(\$0.0)	-4.5%
Total	\$11.6	\$11.0	(\$0.5)	-4.5%

2021 Overall Medical Increase by Group

- Renewal process resulted in a \$84.4 million savings, a 6.0% reduction from 2021 Preliminary Bids (6.1% for Locals and 6.0% for State).

	2020 Inforce Rates **	2021 Prelim Bids	Negotiation Savings	%	2021 BAFO Rates***	Change From Inforce	%
State							
Non-Medicare	\$880.9	\$940.8	(\$56.9)	-6.1%	\$883.9	\$2.9	0.3%
Medicare*	\$88.5	\$92.7	(\$4.2)	-4.5%	\$88.6	\$0.1	0.1%
Grads	\$48.3	\$51.6	(\$3.5)	-6.7%	\$48.1	(\$0.2)	-0.5%
HDHP	\$117.4	\$125.5	(\$7.6)	-6.0%	\$117.9	\$0.5	0.4%
Total State	\$1,135.2	\$1,210.6	(\$72.2)	-6.0%	\$1,138.5	\$3.3	0.3%
Local							
Non-Medicare	\$169.3	\$189.1	(\$11.6)	-6.1%	\$177.5	\$8.2	4.9%
Medicare*	\$4.7	\$5.2	(\$0.3)	-5.0%	\$4.9	\$0.2	4.0%
HDHP	\$5.0	\$5.5	(\$0.3)	-6.2%	\$5.2	\$0.2	4.3%
Total Local	\$179.0	\$199.8	(\$12.2)	-6.1%	\$187.6	\$8.6	4.8%
Grand Total	\$1,314.1	\$1,410.4	(\$84.4)	-6.0%	\$1,326.1	\$11.9	0.9%

* Medicare includes HDHP Medicare and Family 1 contracts

** 2020 Inforce Rates are pre-buydown

*** 2021 BAFO rates are pre-buydown

2021 Overall Medical Increase by Product

➤ Overall medical broken down by each component.

	2020 Inforce Rates **	2021 BAFO Rates***	Change From Inforce	%
State				
Medicare Advantage	\$11.1	\$10.6	(\$0.5)	-4.5%
Statewide	\$47.6	\$46.5	(\$1.1)	-2.3%
HMO	\$1,076.5	\$1,081.4	\$4.9	0.5%
Total State	\$1,135.2	\$1,138.5	\$3.3	0.3%
	2020 Inforce Rates **	2021 BAFO Rates***	Change From Inforce	%
Local				
Medicare Advantage	\$0.4	\$0.4	(\$0.0)	-4.5%
Statewide	\$0.9	\$0.9	\$0.0	3.0%
HMO	\$177.7	\$186.3	\$8.6	4.9%
Total Local	\$179.0	\$187.6	\$8.6	4.8%
	2020 Inforce Rates **	2021 BAFO Rates***	Change From Inforce	%
Total				
Medicare Advantage	\$11.6	\$11.0	(\$0.5)	-4.5%
Statewide	\$48.4	\$47.4	(\$1.1)	-2.2%
HMO	\$1,254.1	\$1,267.7	\$13.5	1.1%
Grand Total	\$1,314.1	\$1,326.1	\$11.9	0.9%

* Medicare includes HDHP Medicare and Family 1 contracts

** 2020 Inforce Rates are pre-buydown

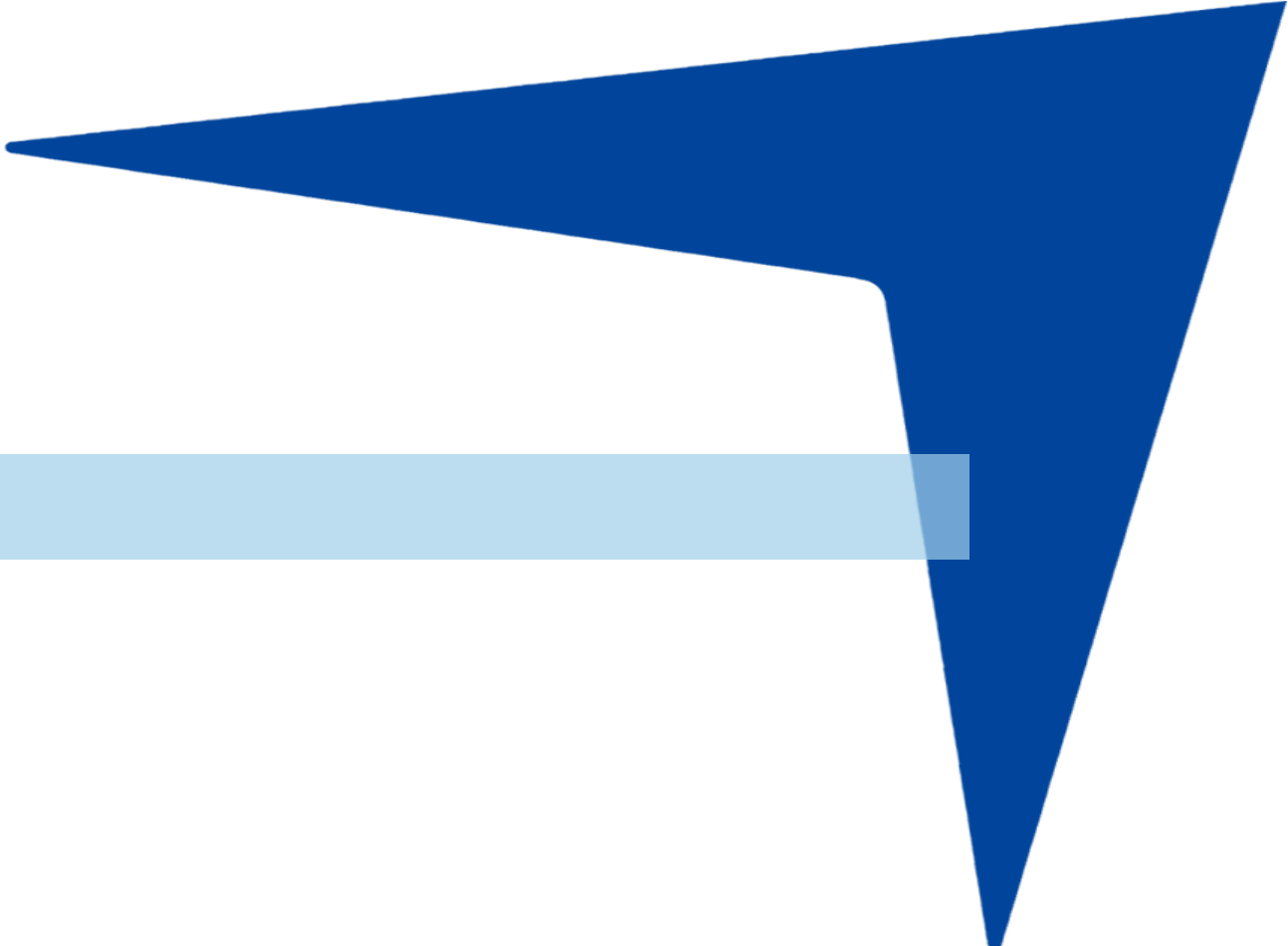
*** 2021 BAFO rates are pre-buydown

Network Access Qualification

- 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.

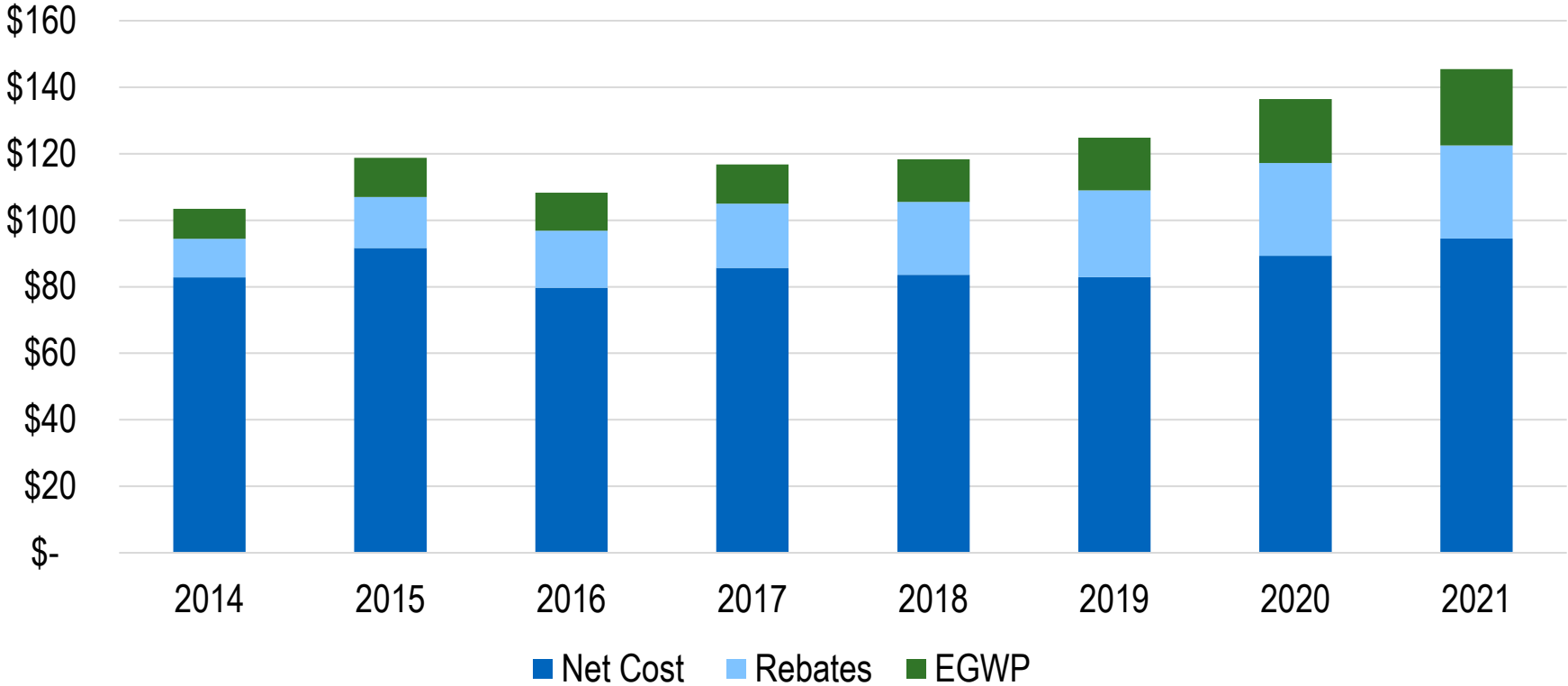
State Maintenance Plan (SMP)

- SMP is the designated Tier 1 plan in every county where there is no other qualified Tier 1 plan.
- No SMP counties are needed for 2021 for State, as every county has a qualified Tier 1 plan.
 - Last year Forest County was the only SMP
- SMP will be offered in 12 counties in 2021 for Local (up from 5 counties in 2020):
 - Buffalo County
 - Crawford County
 - Florence County
 - Jackson County
 - La Crosse County
 - Monroe County
 - Pepin County
 - Pierce County
 - Polk County
 - Rusk County
 - St. Croix County
 - Trempealeau County

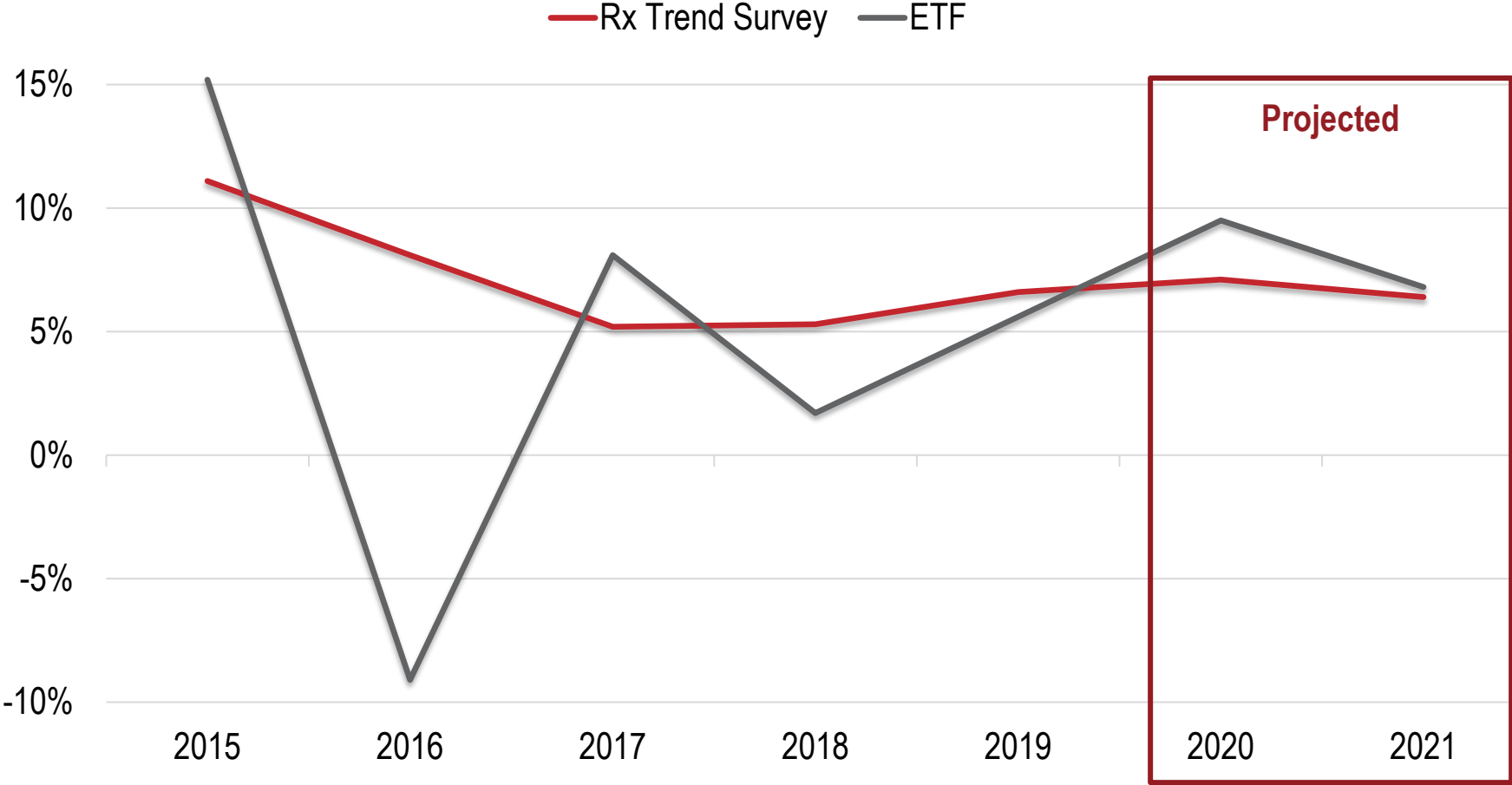
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Historical Pharmacy Spend – PMPM

- “Top Line” claims (before credits) have trended at a 4-year average of 5.9%, while Rebates and EGWP subsidies have increased at 13.2%.
- The net impact is a 4-year total average increase of 2.5% annually.



Historical Pharmacy “Top Line” Trends – Comparison to ETF



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

Source: 2020 Segal Health Plan Cost Trend Survey

Prescription Drug Plan

- Rating groups were condensed this year to minimize volatility:
 - **State:** Regular, Grads, and Medicare
 - **Local:** Regular and Medicare
- Claims data was received from Navitus and used in our analysis. Baseline data utilized the most recent 12 months of claims, June 2019 through May 2020.
- Adjustment made for unusual spike in March 2020 due to COVID-19 impact
- Annual trend of 6.8% 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 Plans Rates

➤ Aggregate rate increase of 4.4% for State.

	2020 Single Rate	2021 Single Rate	% Change
State			
HMO Regular	\$101.54	\$108.54	6.9%
HMO Grads	\$45.04	\$48.60	7.9%
HMO Medicare	\$130.32	\$130.24	-0.1%
HDHP Regular	\$87.32	\$93.34	6.9%
IYC Access	\$168.14	\$108.54	-35.4%
IYC Access Grads	\$106.92	\$48.60	-54.5%
IYC Access HDHP	\$144.60	\$93.34	-35.4%
State Maintenance Plan (SMP)	\$101.54	\$108.54	6.9%
State Maintenance Plan (SMP) Grads	\$76.16	\$48.60	-36.2%
State Maintenance Plan (SMP) HDHP	\$87.32	\$93.34	6.9%
Medicare Plus (IYC Access & SMP)	\$134.08	\$130.24	-2.9%
Overall			4.4%

- Grey categories now blended with creditable major groups

Prescription Drug Plans Rates *continued*

➤ Aggregate rate increase of 8.4% for Local.

	2020 Single Rate	2021 Single Rate	% Change
Local			
HMO Regular	\$107.78	\$118.06	9.5%
HMO / HDHP Medicare	\$144.48	\$133.16	-7.8%
HDHP Regular	\$87.30	\$95.62	9.5%
IYC Access	\$197.74	\$118.06	-40.3%
IYC Access HDHP	\$166.10	\$95.62	-42.4%
State Maintenance Plan	\$143.20	\$118.06	-17.6%
State Maintenance Plan HDHP	\$120.28	\$95.62	-20.5%
Medicare Plus (IYC Access & SMP)	\$158.64	\$133.16	-16.1%
Overall			8.4%

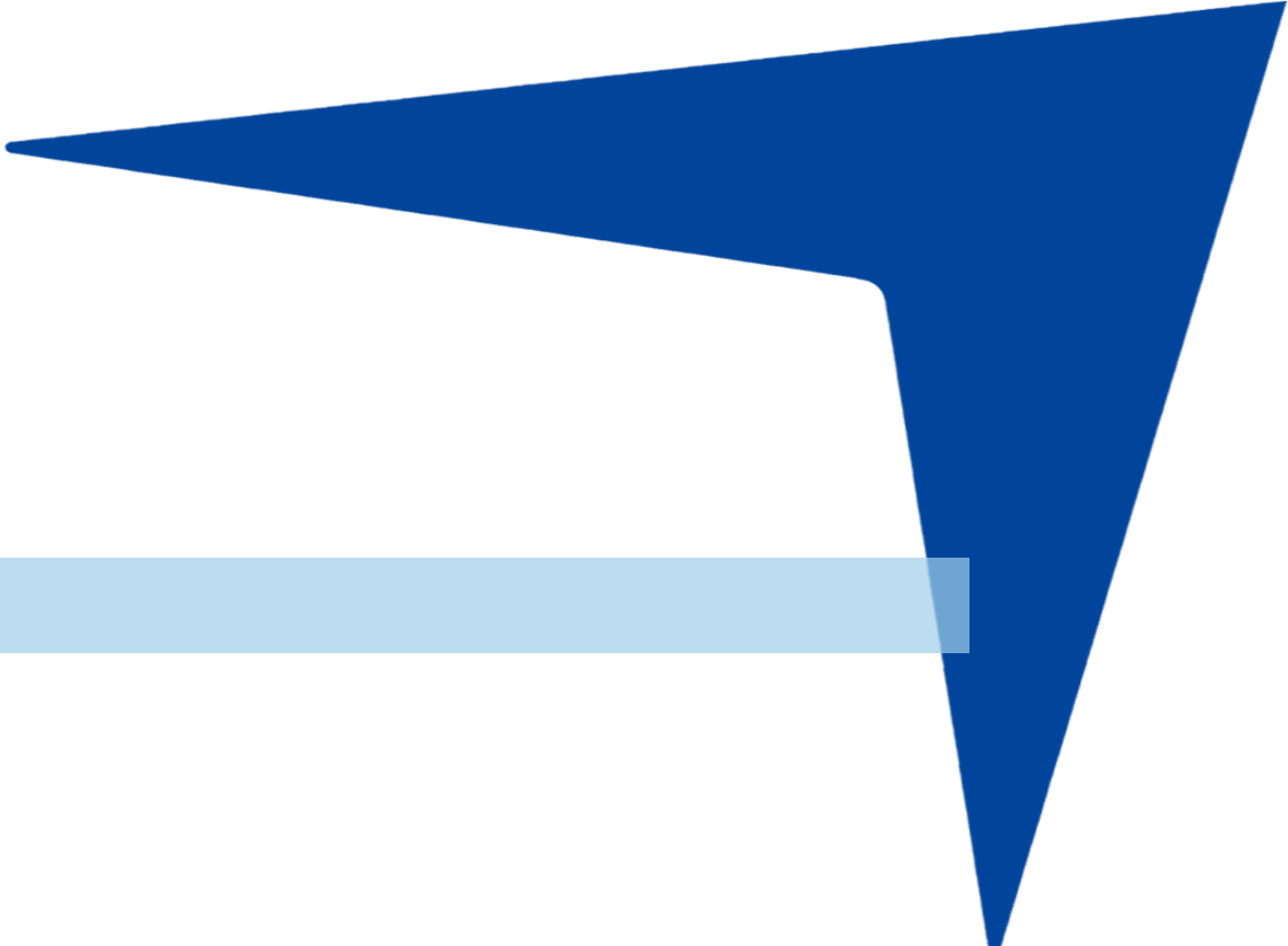
- Grey categories now blended with creditable major groups

Prescription Drug Plans Rates

➤ Overall, the recommended rate increase for the prescription drug plan is 4.9%.

	2020 Inforce (Pre BD)	2021 Premium (Pre BD)	\$ Change	% Change
State				
Non-Medicare, Non-Grad	\$138.2	\$146.6	\$8.4	6.1%
Medicare*	\$51.4	\$51.1	(\$0.3)	-0.5%
Grad Assistants	\$5.0	\$5.1	\$0.2	3.2%
HDHP	\$18.2	\$19.2	\$1.1	5.8%
Total State	\$212.8	\$222.1	\$9.3	4.4%
Local				
Non-Medicare, Non-Grad	\$29.1	\$32.0	\$2.9	9.9%
Medicare*	\$2.7	\$2.4	(\$0.2)	-8.3%
HDHP	\$0.8	\$0.9	\$0.1	8.0%
Total Local	\$32.6	\$35.3	\$2.7	8.4%
Grand Total	\$245.4	\$257.4	\$12.0	4.9%

* 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 2020) was received from Delta Dental and used in our analysis.
 - Experience period used was 2019 incurred claims (runout thru April 2020).
- Baseline experience adjusted for trend, plan design changes, and network discount improvements in projection.
Assumptions:
 - Annual Trend 3.8% (Segal Trend Survey)
 - 2020 Plan Design Changes 1.1% (from Delta Dental)
- Calculated rate increase for 2021 nullified by significant claims reduction in 2020 due to COVID-19.

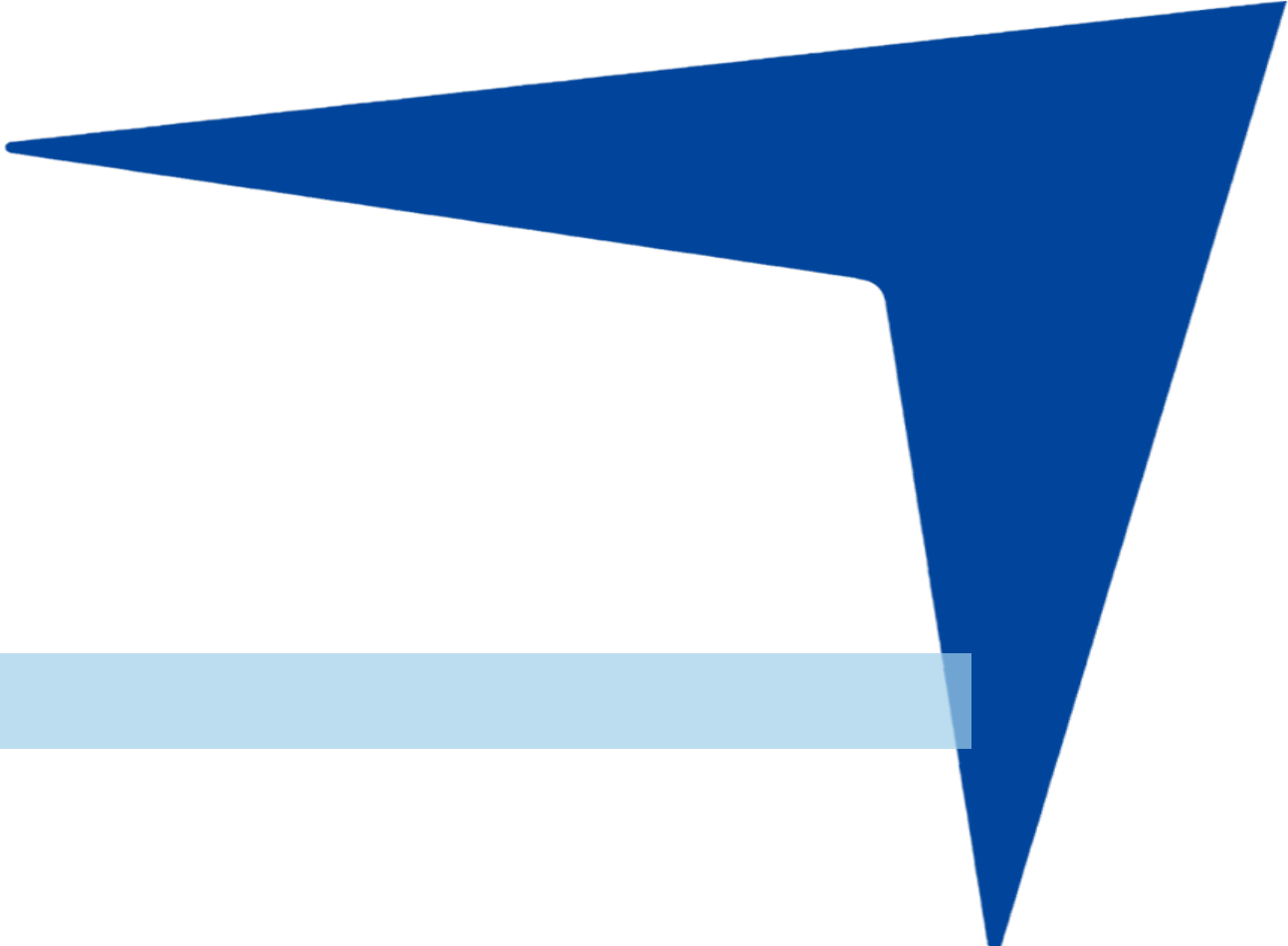
	2020 Rates	2021 Rates	% Change
Self-Insured Rates			
Single	\$30.20	\$30.20	0.0%
Family	\$75.50	\$75.50	0.0%

Dental Total Cost

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

	2020 Inforce (Pre BD)	2021 Premium (Pre BD)	\$ Change	% Change
State				
Non-Medicare, Non-Grad	\$39.8	\$39.8	\$0.0	0.0%
Medicare*	\$10.2	\$10.2	\$0.0	0.0%
Grad Assistants	\$3.0	\$3.0	\$0.0	0.0%
HDHP	\$6.0	\$6.0	\$0.0	0.0%
Total State	\$59.0	\$59.0	\$0.0	0.0%
Local				
Non-Medicare, Non-Grad	\$1.7	\$1.7	\$0.0	0.0%
Medicare*	\$0.1	\$0.1	\$0.0	0.0%
HDHP	\$0.1	\$0.1	\$0.0	0.0%
Total Local	\$1.8	\$1.8	\$0.0	0.0%
Grand Total	\$60.8	\$60.8	\$0.0	0.0%

* Medicare includes Family 1 contracts

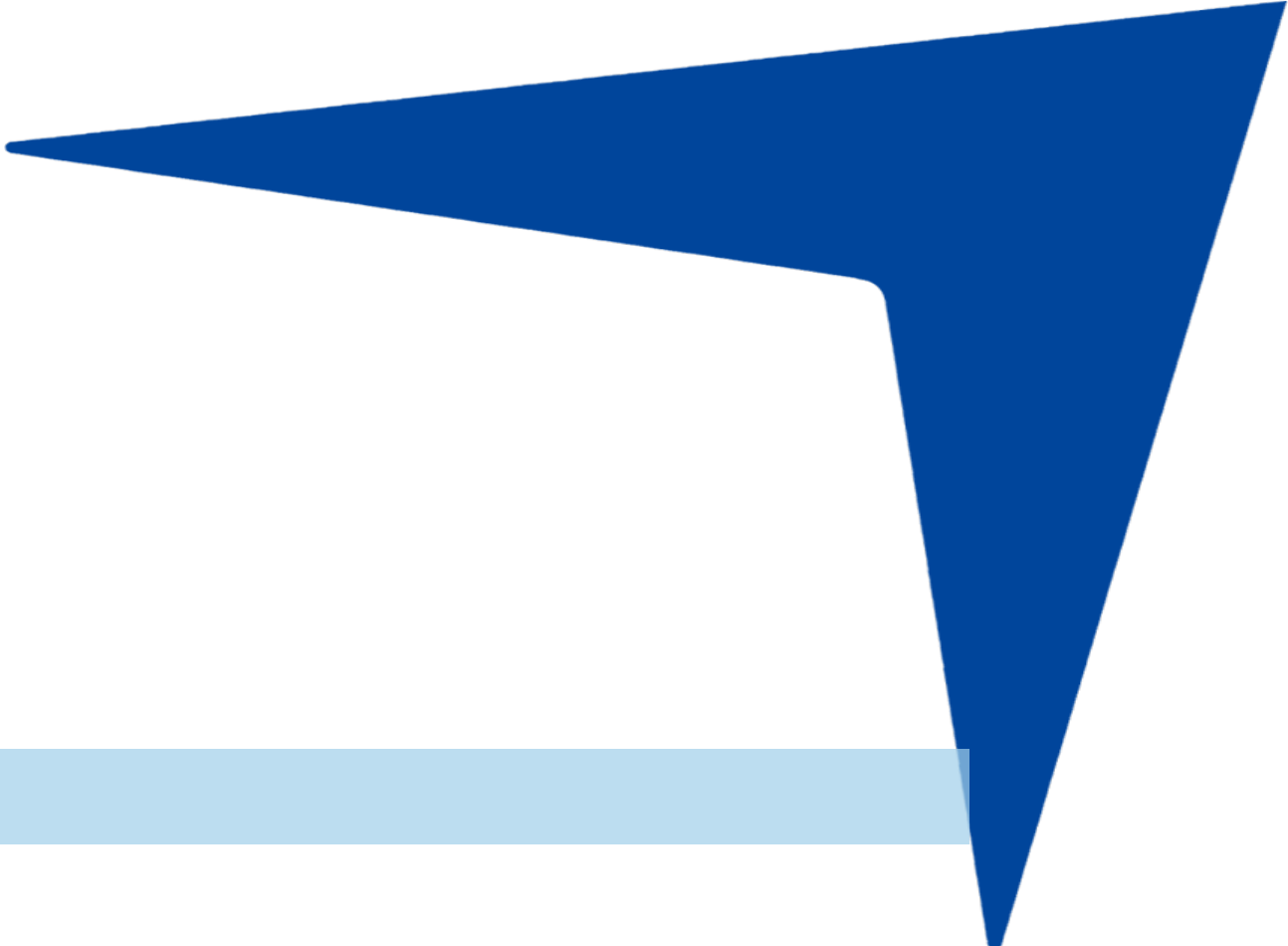
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2021 Aggregate Renewal - Medical, Rx, and Dental

- Renewal process resulted in a \$27.0 million Total Premium increase, a 1.6% increase from 2020 Inforce Rates (5.4% for Locals and 1.1% for State).

	2020 Inforce (Pre BD)	2021 Premium (Pre BD)	\$ Change	% Change
State				
Medical	\$1,135.2	\$1,138.5	\$3.3	0.3%
Pharmacy	\$212.8	\$222.1	\$9.3	4.4%
Dental	\$59.0	\$59.0	\$0.0	N/A
Admin	\$25.9	\$28.6	\$2.7	10.4%
Total	\$1,432.9	\$1,448.2	\$15.3	1.1%
Local				
Medical	\$179.0	\$187.6	\$8.6	4.8%
Pharmacy	\$32.6	\$35.3	\$2.7	8.4%
Dental	\$1.8	\$1.8	\$0.0	N/A
Admin	\$3.4	\$3.7	\$0.3	10.4%
Total	\$216.7	\$228.4	\$11.7	5.4%
Grand Total	\$1,649.6	\$1,676.6	\$27.0	1.6%

* Medicare includes HDHP Medicare and Family 1 contracts

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Fund Balance

State

- The fund balance increased \$11.2M in 2019 and is projected to decrease by \$15.8M in 2020.

State Health Reserve (in millions)

	2012	2013	2014	2015	2016	2017	2018	2019	2020
Beg of Year									
Medical	56.8	61.4	66.7	69.4	74.8	76.9	84.7	62.0	73.5
Pharmacy	103.7	77.9	63.1	30.8	6.7	60.1	121.8	134.7	132.4
Dental	0.0	0.0	0.0	0.0	0.0	(1.2)	0.2	3.5	5.5
Total	160.5	139.3	129.8	100.1	81.5	135.8	206.6	200.2	211.4
Gain/(Loss)									
Medical	4.6	5.3	2.7	5.4	2.1	7.8	-22.7	11.5	6.2
Pharmacy	(25.7)	(14.9)	(32.3)	(24.1)	53.4	61.6	13.0	(2.4)	(36.8)
Dental	0.0	0.0	0.0	0.0	(1.2)	1.4	3.3	2.0	14.9
Total	(21.2)	(9.6)	(29.6)	(18.7)	54.3	70.8	-6.4	11.1	(15.8)
End of Year									
Medical	61.4	66.7	69.4	74.8	76.9	84.7	62.0	73.5	79.6
Pharmacy	77.9	63.1	30.8	6.7	60.1	121.8	134.7	132.4	95.6
Dental	0.0	0.0	0.0	0.0	(1.2)	0.2	3.5	5.5	20.4
Total	139.3	129.8	100.1	81.5	135.8	206.6	200.2	211.4	195.6

* Reserves inclusive of investment income

Fund Balance

Local

- The fund balance decreased \$3.2 M in 2019 and is projected to decrease an additional \$2.9M in 2020.

Local Health Reserve (in millions)

	2012	2013	2014	2015	2016	2017	2018	2019	2020
Beg of Year									
Medical	1.8	1.7	0.6	0.7	0.6	(0.1)	-0.8	(1.5)	(2.0)
Pharmacy	18.4	17.0	20.5	15.6	8.4	14.3	19.9	23.7	21.0
Dental	0.0	0.0	0.0	0.0	0.0	(0.1)	-0.2	(0.2)	(0.2)
Total	20.1	18.7	21.1	16.3	9.0	14.2	18.9	22.1	18.9
Gain/(Loss)									
Medical	(0.0)	(1.1)	0.0	(0.0)	(0.7)	(0.8)	-0.7	(0.5)	0.1
Pharmacy	(1.4)	3.5	(4.9)	(7.2)	5.9	5.6	3.8	(2.7)	(3.4)
Dental	0.0	0.0	0.0	0.0	(0.1)	(0.1)	0.0	(0.0)	0.3
Total	(1.4)	2.4	(4.9)	(7.2)	5.1	4.7	3.1	(3.2)	(2.9)
End of Year									
Medical	1.7	0.6	0.7	0.6	(0.1)	(0.8)	-1.5	(2.0)	(1.8)
Pharmacy	17.0	20.5	15.6	8.4	14.3	19.9	23.7	21.0	17.6
Dental	0.0	0.0	0.0	0.0	(0.1)	(0.2)	-0.2	(0.2)	0.2
Total	18.7	21.1	16.3	9.0	14.2	18.9	22.1	18.9	15.9

* Reserves inclusive of investment income

Fund Balance

State (Projected 12/31/2020)

- Using ETF transactional data through 6/30/2020, Segal projected the ending fund balance.

State Health Reserve (in millions)

	Medical	Pharmacy	Dental	Total
Balance 1/1/2020	73.5	132.4	5.5	211.4
Revenue				
Premiums	1,169.5	180.4	61.0	1,410.9
EGWP Subsidy		51.9		51.9
Investment Income	5.2	7.7	0.9	13.8
Total Revenue	1,174.7	240.0	61.9	1,476.5
Expenses				
Paid Claims	1,150.9	335.2	45.8	1,531.9
Admin Costs	17.6	8.4	1.3	27.3
Rebates		(66.9)		(66.9)
Total	1168.5	276.8	47.0	1,492.3
2020 Gain/(Loss)	6.2	(36.8)	14.9	(15.8)
Balance 12/31/2020	79.6	95.6	20.4	195.6
2019 Projection				157.3

A net gain of \$38.3M

Fund Balance

Local (Projected 12/31/2020)

- Using ETF transactional data through 6/30/2020, Segal projected the ending fund balance.

Local Health Reserve (in millions)

	Medical	Pharmacy	Dental	Total
Balance 1/1/2020	(2.0)	21.0	(0.2)	18.9
Revenue				
Premiums	175.2	26.2	1.8	203.3
EGWP Subsidy		3.1		3.1
Investment Income	(0.1)	1.3	(0.0)	1.2
Total Revenue	175.0	30.6	1.8	207.5
Expenses				
Paid Claims	172.7	45.4	1.5	219.6
Admin Costs	2.2	1.0	0.0	3.2
Rebates		(12.3)		(12.3)
Total	174.9	34.1	1.5	210.5
2020 Gain/(Loss)	0.1	(3.4)	0.3	(2.9)
Balance 12/31/2020	(1.8)	17.6	0.2	15.9
2019 Projection				11.4

A net gain of \$4.5M

Gain/(Loss) Summary

- Majority of reserve gain came from investment return and dental experience

Projected 12/31/2020 Reserve Gain/(Loss) Analysis (in millions)

	State	Local
2019 Projected	\$157.3	\$11.4
2020 Projected	\$195.6	\$15.9
Total Reserve Gain	\$38.3	\$4.5
Gain from:		
Investment Income	\$26.6	\$2.9
Pharmacy Experience	(\$3.2)	\$1.2
2020 Dental Covid Exp	\$14.9	\$0.3

Reserve Policy

- 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 mid-point reserve target, the State has a surplus of \$117.3M. Locals also have a surplus of \$4.4M.

	Projected Reserve (in millions)							
	State				Local			
	Medical	Rx	Dental	Total	Medical	Rx	Dental	Total
Projected Fund Balance 12/31/2020	79.6	95.6	20.4	195.6	(1.8)	17.6	0.2	15.9
Projected 2021 Claims (SI)		345.9	60.2	406.1		50.0	1.9	51.9
Projected 2021 Premiums (FI)	1,087.4			1,087.4	171.9			171.9
New Policy Reserve Target								
3% Medical, 8% Rx, 5% Dental	32.6	27.7	3.0	63.3	5.2	4.0	0.1	9.3
5% Medical, 10% Rx, 7% Dental	54.4	34.6	4.2	93.2	8.6	5.0	0.1	13.7
Mid-Point Reserve	43.5	31.1	3.6	78.2	6.9	4.5	0.1	11.5
Surplus New Policy	36.1	64.4	16.8	117.3	(8.7)	13.1	0.0	4.4

➤ 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
2023(TBD)								
2022(TBD)								
2021(TBD)								
2020	0.0	33.0	0.0	33.0	0.0	6.5	0.0	6.5
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 targets no overall increase in 2021 and drawing the remaining surplus in 2022 (for State). Use all of Local reserve in 2021.

State Reserve Multi-year Strategy

	Balance ¹	Target ²	% of Claims/ FI Premium	Surplus ³	Draw
2021	\$195.6	\$78.2	5.2%	\$117.3	\$48.6
2022	\$157.3	\$82.2	5.2%	\$75.1	\$76.6
2023	\$86.3	\$86.3	5.2%	\$0.0	\$0.0

Local Reserve Multi-year Strategy

	Balance ¹	Target ²	% of Claims/ FI Premium	Surplus ³	Draw
2021	\$15.9	\$11.5	5.1%	\$4.4	\$4.9
2022	\$12.0	\$12.1	5.1%	-\$0.1	\$0.0
2023	\$12.8	\$12.7	5.1%	\$0.1	\$0.0

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

² Reserve Target assumed to increase at 5% per year.

³ 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 targets no increase in 2021, then uniform draw over the remaining 2-year period—reaching new policy target in 2023 (State). Spread out Local draw over two years.

State Reserve Multi-year Strategy

	Balance ¹	Target ²	% of Claims/ FI Premium	Surplus ³	Draw
2021	\$195.6	\$78.2	5.2%	\$117.3	\$48.6
2022	\$157.3	\$82.2	5.2%	\$75.1	\$39.6
2023	\$125.9	\$86.3	5.2%	\$39.6	\$39.6

Local Reserve Multi-year Strategy

	Balance ¹	Target ²	% of Claims/ FI Premium	Surplus ³	Draw
2021	\$15.9	\$11.5	5.1%	\$4.4	\$2.6
2022	\$14.3	\$12.1	5.1%	\$2.3	\$2.5
2023	\$12.7	\$12.7	5.1%	\$0.0	\$0.0

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

² Reserve Policy assumed to increase at 5% per year.

³ 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 targets a similar rate increase using various draws over the next three year—reaching new policy target in 2023 (State). Local draw amount spread out over the three years as well.

State Reserve Multi-year Strategy

	Balance ¹	Target ²	% of Claims/ FI Premium	Surplus ³	Draw
2021	\$195.6	\$78.2	5.2%	\$117.3	\$10.5
2022	\$198.0	\$82.2	5.2%	\$115.9	\$43.5
2023	\$165.3	\$86.3	5.2%	\$79.1	\$79.1

Local Reserve Multi-year Strategy

	Balance ¹	Target ²	% of Claims/ FI Premium	Surplus ³	Draw
2021	\$15.9	\$11.5	5.1%	\$4.4	\$1.7
2022	\$15.3	\$12.1	5.1%	\$3.2	\$1.7
2023	\$14.5	\$12.7	5.1%	\$1.8	\$1.8

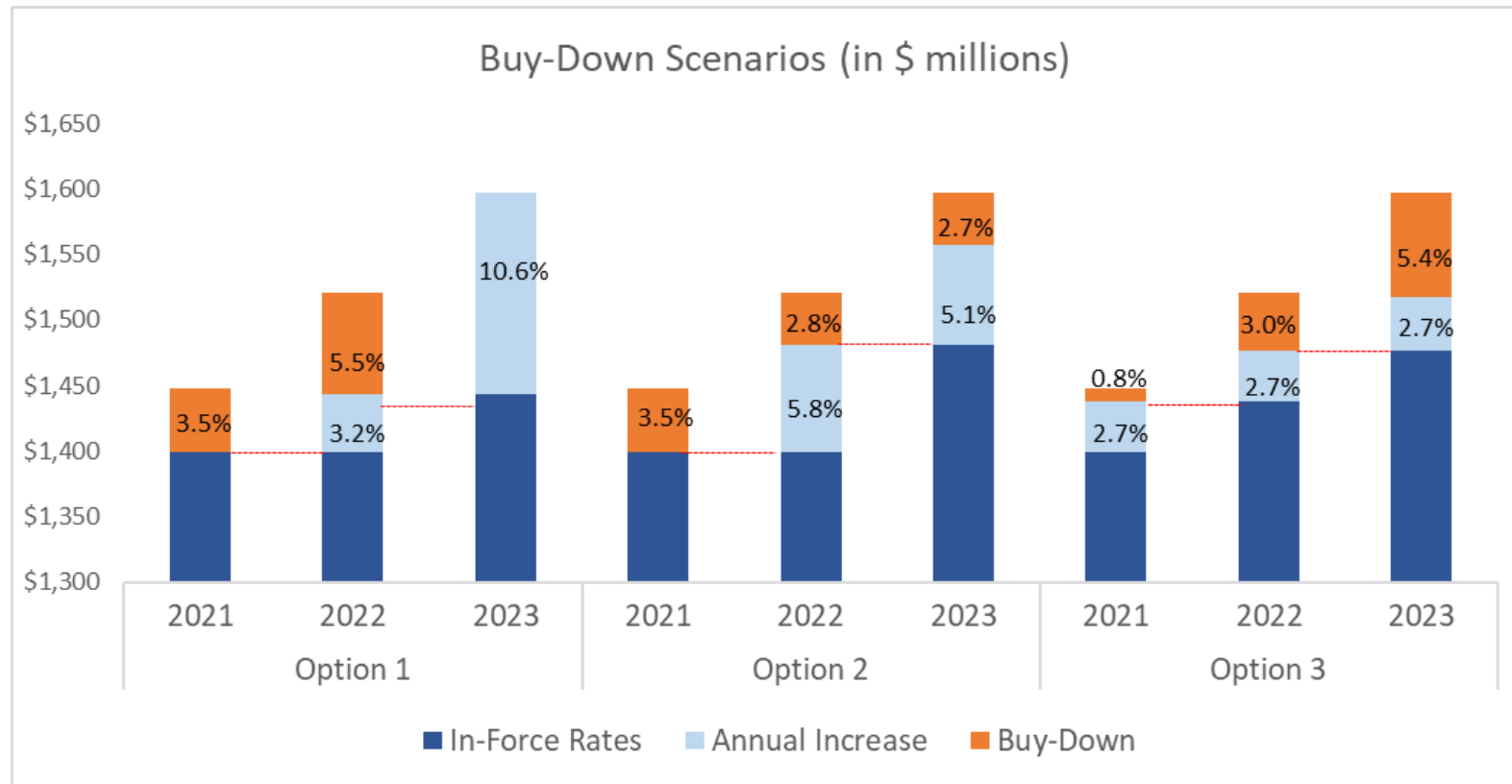
¹ Assumes 7% investment return and no additional gains or losses that would impact the fund balance.

² Reserve Policy assumed to increase at 5% per year.

³ 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

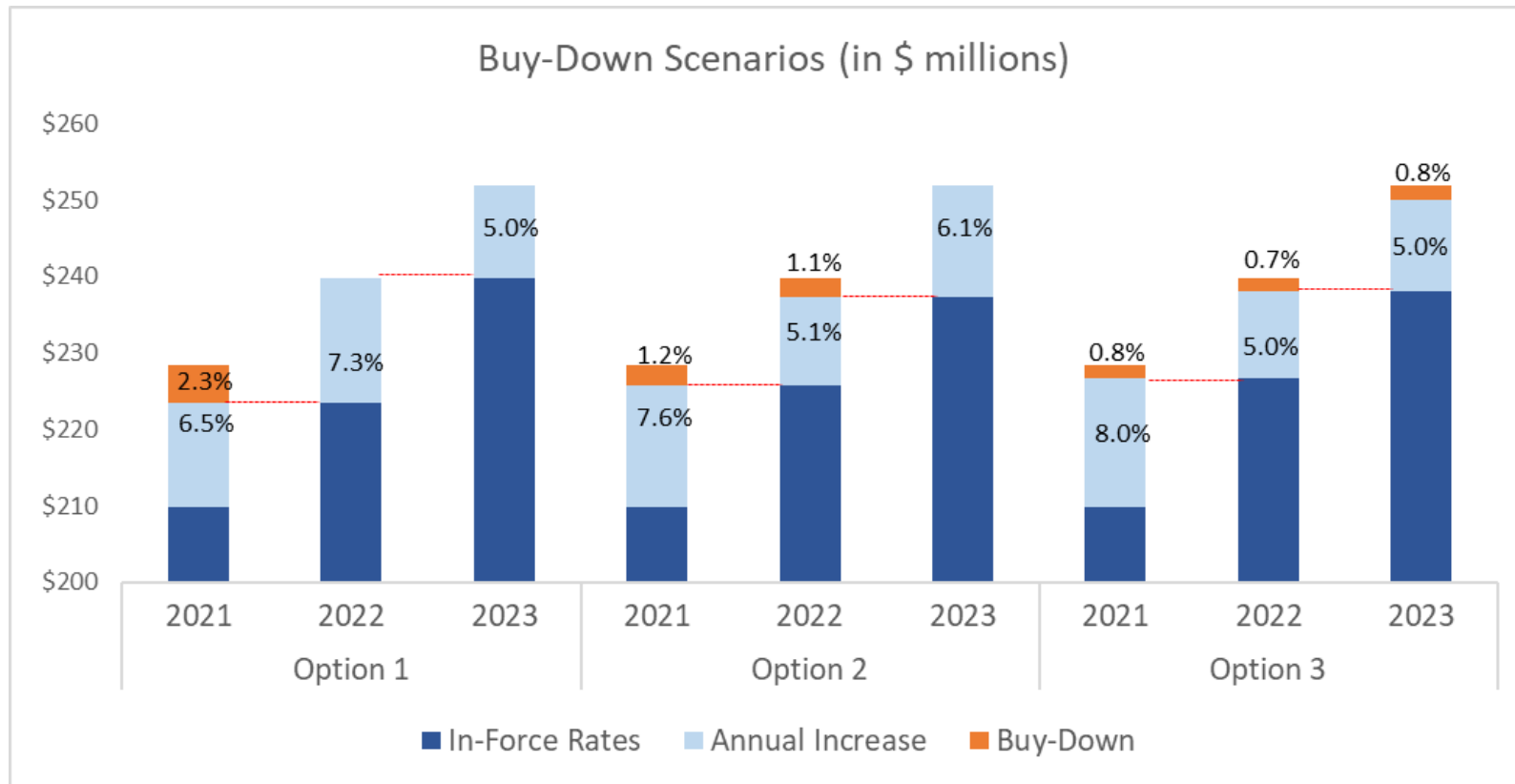
- Depending on the option, there will be an additional increases over trend in the future to compensate for the underfunding in prior years.



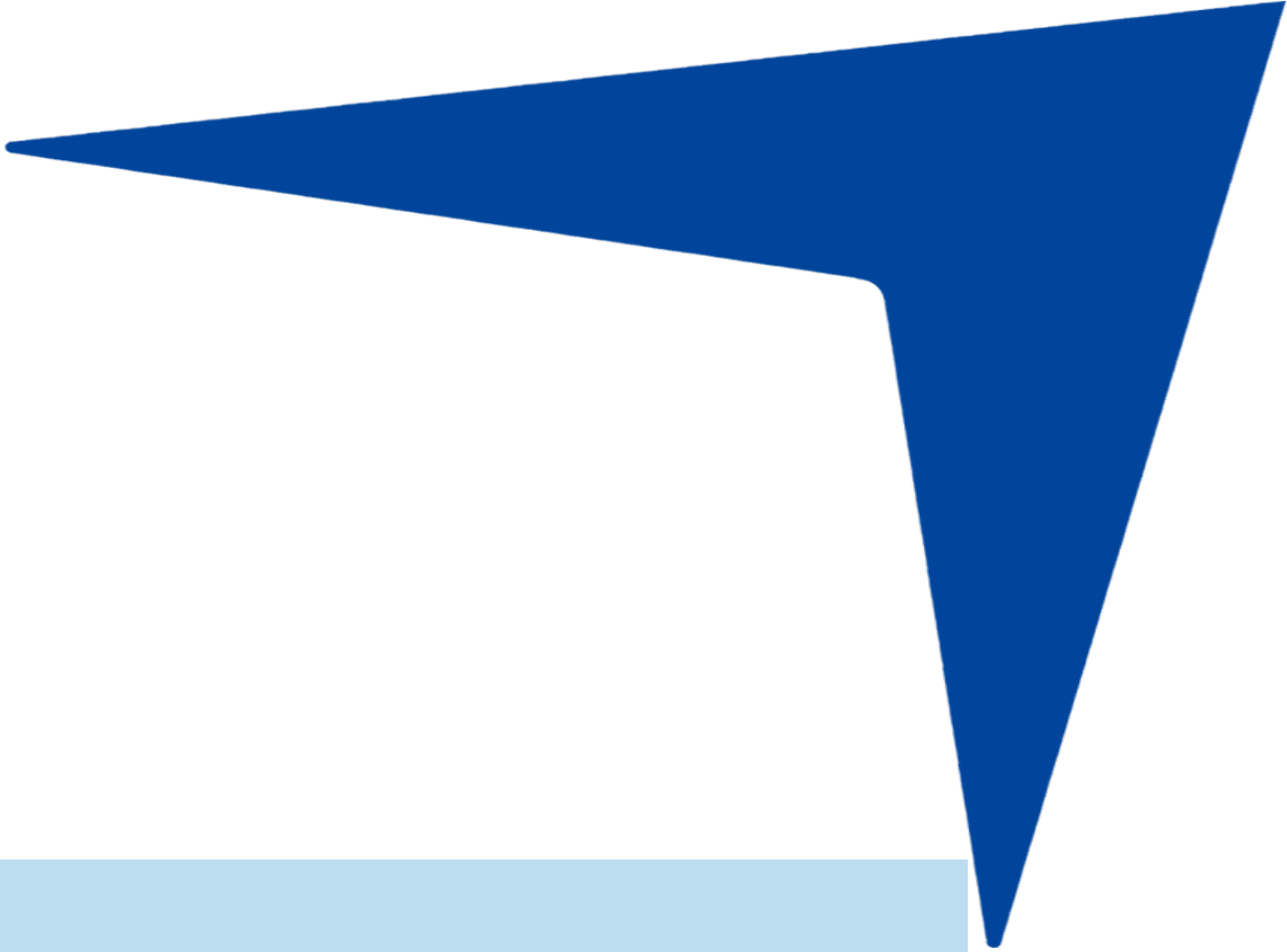
- Option 3 provides the smoothest rate increases
- Each option produces the same 3-year overall increase of 4.5%

Projected Local 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.



- Not as much variation in options due to limited reserve surplus
- Each option produces the same 3-year overall increase of 6.3%

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2021 Premium Rates – With No Reserve Draw

Total Premium by Group

- The 2020 premiums include a \$33.3 million buy-down for State and \$6.8 million for Locals.
- The 2020 after buy-down premiums are expected to increase 3.5% in 2021 before further reserve draw down. Locals increase is 8.8%.
- Premiums include medical, pharmacy, dental, and admin.

	2020 Inforce (Pre BD)	2020 Inforce (Post BD)	2020 BD	2021 Premium (Pre BD)	2021 Need	%
State						
Non-Medicare, Non-Grad	\$1,074.5	\$1,052.8	\$21.6	\$1,087.4	\$34.6	3.3%
Medicare*	\$156.2	\$148.2	\$8.1	\$156.7	\$8.5	5.7%
Grad Assistants	\$58.1	\$57.4	\$0.8	\$58.3	\$0.9	1.6%
HDHP	\$144.0	\$141.2	\$2.8	\$145.9	\$4.7	3.3%
Total	\$1,432.9	\$1,399.6	\$33.3	\$1,448.2	\$48.6	3.5%
Local						
Non-Medicare, Non-Grad	\$203.0	\$196.9	\$6.1	\$214.4	\$17.5	8.9%
Medicare*	\$7.7	\$7.2	\$0.6	\$7.7	\$0.6	7.7%
HDHP	\$6.0	\$5.8	\$0.2	\$6.3	\$0.5	7.9%
Total	\$216.7	\$209.9	\$6.8	\$228.4	\$18.5	8.8%
Grand Total	\$1,649.6	\$1,609.5	\$40.1	\$1,676.6	\$67.1	4.2%

* Medicare includes Family 1 contracts

2021 Premium Rates – With Option 1 Reserve Draw

- Recommending that State draws down the reserve \$48.6 million to reduce the overall increase to 0.0% from 3.5% increase.
- Recommending that Locals draws down the reserve \$4.9 million to reduce the overall increase to 6.5% from 8.8% increase.
- Aggregate increase after buy-down is 0.8%.

	2020 Inforce (Post BD)	2021 Premium (Pre BD)	2021 Buydown	2021 Premium (Post BD)	\$ Change	% Change
State						
Non-Medicare, Non-Grad	\$1,052.8	\$1,087.4	(\$32.1)	\$1,055.3	\$2.5	0.2%
Medicare*	\$148.2	\$156.7	(\$11.2)	\$145.5	(\$2.7)	-1.8%
Grad Assistants	\$57.4	\$58.3	(\$1.1)	\$57.1	(\$0.2)	-0.4%
HDHP	\$141.2	\$145.9	(\$4.2)	\$141.7	\$0.5	0.3%
Total	\$1,399.6	\$1,448.2	(\$48.6)	\$1,399.6	\$0.0	0.0%
Local						
Non-Medicare, Non-Grad	\$196.9	\$214.4	(\$4.4)	\$210.0	\$13.1	6.6%
Medicare*	\$7.2	\$7.7	(\$0.3)	\$7.4	\$0.2	3.0%
HDHP	\$5.8	\$6.3	(\$0.1)	\$6.2	\$0.3	5.8%
Total	\$209.9	\$228.4	(\$4.9)	\$223.5	\$13.6	6.5%
Grand Total	\$1,609.5	\$1,676.6	(\$53.5)	\$1,623.1	\$13.7	0.8%

* Medicare includes Family 1 contracts

2021 Premium Rates – With Option 2 Reserve Draw

- Recommending that State draws down the reserve \$48.6 million to reduce the overall increase to 0.0% from 3.5% increase.
- Recommending that Locals draws down the reserve \$2.6 million to reduce the overall increase to 7.6% from 8.8% increase.
- Aggregate increase after buy-down is 1.0%.

	2020 Inforce (Post BD)	2021 Premium (Pre BD)	2021 Buydown	2021 Premium (Post BD)	\$ Change	% Change
State						
Non-Medicare, Non-Grad	\$1,052.8	\$1,087.4	(\$32.1)	\$1,055.3	\$2.5	0.2%
Medicare*	\$148.2	\$156.7	(\$11.2)	\$145.5	(\$2.7)	-1.8%
Grad Assistants	\$57.4	\$58.3	(\$1.1)	\$57.1	(\$0.2)	-0.4%
HDHP	\$141.2	\$145.9	(\$4.2)	\$141.7	\$0.5	0.3%
Total	\$1,399.6	\$1,448.2	(\$48.6)	\$1,399.6	\$0.0	0.0%
Local						
Non-Medicare, Non-Grad	\$196.9	\$214.4	(\$2.4)	\$212.1	\$15.1	7.7%
Medicare*	\$7.2	\$7.7	(\$0.2)	\$7.6	\$0.4	5.2%
HDHP	\$5.8	\$6.3	(\$0.1)	\$6.2	\$0.4	6.8%
Total	\$209.9	\$228.4	(\$2.6)	\$225.8	\$15.9	7.6%
Grand Total	\$1,609.5	\$1,676.6	(\$51.2)	\$1,625.4	\$16.0	1.0%

* Medicare includes Family 1 contracts

2021 Premium Rates – With Option 3 Reserve Draw

- Recommending that State draws down the reserve \$10.5 million to reduce the overall increase to 2.7% from 3.5% increase.
- Recommending that Locals draws down the reserve \$1.7 million to reduce the overall increase to 8.0% from 8.8% increase.
- Aggregate increase after buy-down is 3.4%.

	2020 Inforce (Post BD)	2021 Premium (Pre BD)	2021 Buydown	2021 Premium (Post BD)	\$ Change	% Change
State						
Non-Medicare, Non-Grad	\$1,052.8	\$1,087.4	(\$6.9)	\$1,080.5	\$27.6	2.6%
Medicare*	\$148.2	\$156.7	(\$2.4)	\$154.3	\$6.1	4.1%
Grad Assistants	\$57.4	\$58.3	(\$0.2)	\$58.0	\$0.7	1.2%
HDHP	\$141.2	\$145.9	(\$0.9)	\$144.9	\$3.8	2.7%
Total	\$1,399.6	\$1,448.2	(\$10.5)	\$1,437.7	\$38.2	2.7%
Local						
Non-Medicare, Non-Grad	\$196.9	\$214.4	(\$1.5)	\$212.9	\$16.0	8.1%
Medicare*	\$7.2	\$7.7	(\$0.1)	\$7.6	\$0.4	6.1%
HDHP	\$5.8	\$6.3	(\$0.0)	\$6.2	\$0.4	7.2%
Total	\$209.9	\$228.4	(\$1.7)	\$226.7	\$16.8	8.0%
Grand Total	\$1,609.5	\$1,676.6	(\$12.2)	\$1,664.4	\$55.0	3.4%

* Medicare includes Family 1 contracts

Questions & Discussion

★ Segal Consulting

Kenneth Vieira, FSA, FCA, MAAA
Senior Vice President
KVieira@segalco.com

★ Segal Consulting

Patrick Klein, FSA, MAAA
Senior Consultant
Pklein@segalco.com

Thank you!

Group Life Insurance Program



Item 8 – Group Insurance Board

Paul Rudeen, Vice President and Actuary

Hans Larsen, Actuary

Securian Financial

Tom Rasmussen, Life Insurance Plan Manager

Office of Strategic Health Policy





Action Needed

- ETF requests the Board approve the acceptance of the Securian Financial Group Annual Report

2019 Policy Year Highlights

State Plan

85,366 covered lives
Increase of 1,326 from 2018

Total life insurance coverage
increased by 3% to more
than \$12 billion

Valuation of 99.1%

5% premium increase on
employee premium
Spouse and Dependent
premium decrease

2019 Policy Year Highlights

Local Plan

123,257 covered lives
Increase of 543 from 2018
744 local governments
participating

Total life insurance coverage
increased by 3% to \$13.1 billion

Valuation of 106.1%

No premium change

State Plan Reserves

1.	Assets	Amount
a.	Retiree Premium Deposit Fund	\$348,301,154
b.	Active Premium Deposit Fund, Available for Post-Retirement Funding	\$0 (Transferred to Retiree PDF as per Board's authorization)
c.	Contingent Liability Reserve	\$0 (Account closed as per Board's authorization)
d.	Active Stabilization Reserve, available for Post-Retirement Funding	\$51,571,717
e.	Total	\$399,872,872

2.	Liabilities	Amount
a.	Post-Age 65 Retirees	\$411,812,249
b.	Pre-Age 65 Retirees	\$58,376,856
c.	Active Employees	(\$66,688,186)
d.	Total	\$403,500,919
3.	Unfunded Accrued Liability (2d-1e)	\$3,628,047
4.	Total Assets as a Percent of Total Liabilities	99.1%

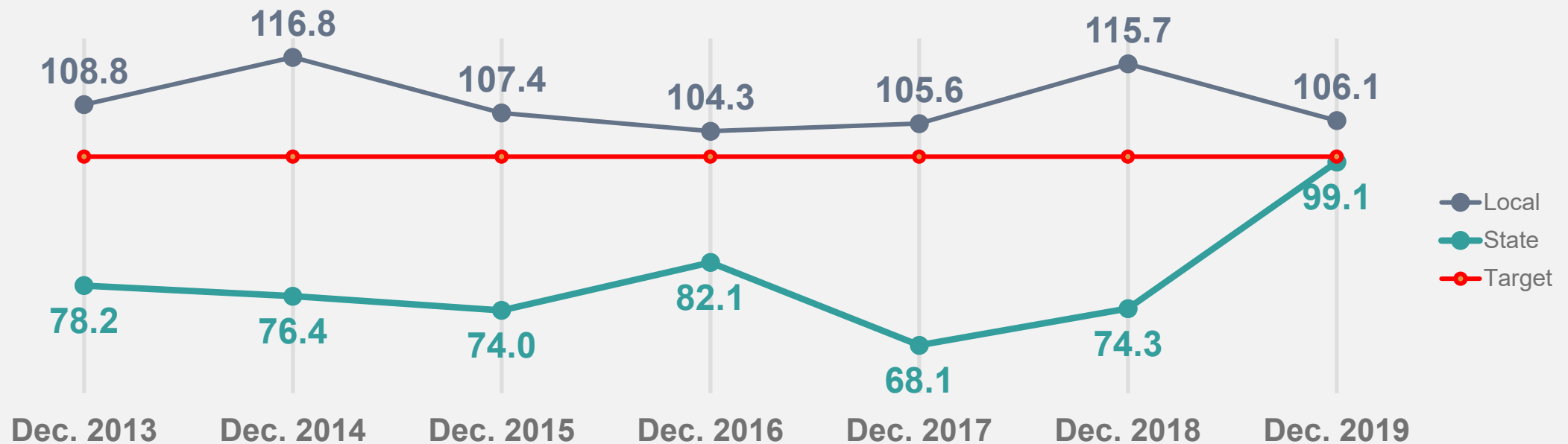
Local Plan Reserves

1.	Assets	Amount
a.	Retiree Premium Deposit Fund	\$43,459,750
b.	Active Premium Deposit Fund, Available for Post-Retirement Funding	\$0 (Closed as per Board's authorization)
c.	Contingent Liability Reserve	\$13,098,188
d.	Active Stabilization Reserve, available for Post-Retirement Funding	\$68,802,400
e.	Total	\$325,360,337

2.	Liabilities	Amount
a.	Post-Age 65 Retirees	\$253,136,026
b.	Pre-Age 65 Retirees	\$41,916,770
c.	Active Employees	\$11,713,767
d.	Total	\$306,766,563
3.	Unfunded Accrued Liability (2d-1e)	(\$18,593,744)
4.	Total Assets as a Percent of Total Liabilities	106.1%

Plan Valuation

Target Goal of 100%



State of Wisconsin Valuation Funding Analysis
Assets as a Percentage of Net Liabilities (\$ Millions)

Premiums

State Plan

Goal of maintaining and managing the program to a 100% funding level



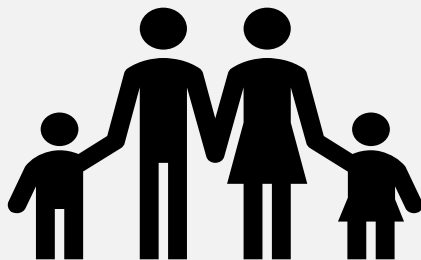
In 2019, the Board authorized a 5% annual premium increase effective April 2020 through April 2028

The Board authorized a one-time decrease in Spouse and Dependent premium effective April 1, 2020

Attained	Employee's Monthly Premium per \$1,000 of Insurance					
	Current (2020)			Effective 4/1/2021		
Age	Basic	Supp	Addl	Basic	Supp	Addl
Under 30	0.04	0.04	0.07	0.05	0.05	0.07
30-34	0.04	0.04	0.07	0.05	0.05	0.07
35-39	0.04	0.04	0.07	0.05	0.05	0.07
40-44	0.07	0.07	0.10	0.07	0.07	0.10
45-49	0.11	0.11	0.17	0.12	0.12	0.17
50-54	0.18	0.18	0.26	0.19	0.19	0.28
55-59	0.24	0.24	0.36	0.25	0.25	0.38
60-64	0.33	0.33	0.50	0.35	0.35	0.52
65-69	0.43	0.43	0.63	0.45	0.45	0.66

Local Plan

No premium change for the Local plan



Attained	Employee's Monthly Premium per \$1,000 of Insurance		
	Current (2020)		
Age	Basic	Supp	Addl
Under 30	0.05	0.05	0.05
30-34	0.06	0.06	0.06
35-39	0.07	0.07	0.07
40-44	0.08	0.08	0.08
45-49	0.12	0.12	0.12
50-54	0.17	0.17	0.17
55-59	0.39	0.39	0.39
60-64	0.49	0.49	0.49
65-69	0.57	0.57	0.57

Performance Guarantees

Quarterly Performance Standards

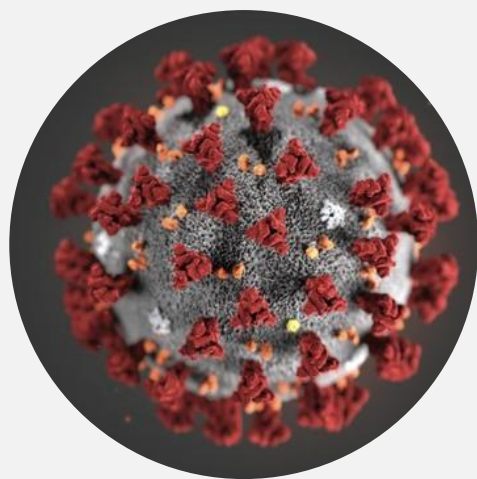
- Achieved higher than contracted targeted goals in all nine standards
- 32,963 transactions
- Achieved overall performance standard of 99.87%

Claims Enhancements

Concierge service to plan beneficiaries for qualified claims

- Fast Track: Allows for expedited claims processing by eliminating the need for a death certificate or a mailed claim form
- Cash Advance: Provides financial assistance of up to \$25,000 under certain circumstances

COVID-19 Impact



WPE Group Life Insurance Program does not contain any exclusion related to pandemics

Due to the stop-loss safeguard, the short-term impact to the plan is limited, and existing reserves are sufficient to absorb the impact in 2020

As of August 11, 2020 reporting, 18 COVID-19 related deaths

A family of three—a woman with curly hair, a man, and a young girl—are walking together on a dirt path through a lush, green forest. The woman is on the left, the man is on the right, and the girl is in the center, slightly in front of them. They are all smiling and appear to be enjoying their walk. The background is filled with tall trees and dense foliage. The entire image has a dark blue overlay.

Questions?

Report to the Group Insurance Board of the State of Wisconsin

Securian Financial

Paul Rudeen

Vice President and Actuary

Hans Larsen

Actuary

AUGUST 19, 2020





Group Life Insurance Program

- State Plan and Local Government Plan
 - Each plan has 3 components
 - Active employees
 - Retirees
 - Spouse and dependents



2019 Policy Year Report Highlights

- State Plan
 - Employees
 - Claims result better than target
 - Spouse and Dependent
 - 2019 Claims higher than target
 - Recent three years' experience better than target
 - Pricing anticipates using reserves to cover excess claims
 - Aviation AD Benefit
 - Work-related accidental deaths
 - No claims in 2019



2019 Policy Year Report Highlights

- State Plan
 - Plan Growth
 - Insurance in force increased 3% to \$12.0 billion
 - More than 85,000 active and retired insured lives
 - Other Benefits
 - Conversion of post retirement life insurance
 - Pay health insurance or long term care premiums
 - 288 retirees utilized
 - Reserve Funds
 - Earned 3.01%
 - Funding of future benefits is at 99.1%
 - Incorporates schedule of future premium rate increases approved in 2019



2019 Policy Year Report Highlights

- Local Government Plan
 - Employees
 - Very good result in 2019
 - Spouse and Dependents
 - Claims better than target
 - Pricing anticipates using reserves to cover excess claims



2019 Policy Year Report Highlights

- Local Government Plan
 - Plan Growth
 - 744 local governments participate
 - Insurance in force increased 3% to \$13.1 billion
 - More than 123,000 active and retired insured lives
 - Other Benefits
 - Conversion of post retirement life insurance
 - Pay health insurance premiums
 - 1 participant utilized
 - Reserve Funds
 - Earned 3.00%
 - Funding of future benefits is at 106.1%



Report to the Group Insurance Board – State Plan

- Employee Life Insurance
 - 2019 claims better than target level; 2017-2019 results better than target level
 - Continued low interest rate environment places pressure on post-retirement funding
 - Recommend continue the premium rate increase schedule approved in 2019



Report to the Group Insurance Board – State Plan

- Stop-Loss Provisions
 - Limit the charge to plan in one year for claims and expenses
 - Recommend no change to stop-loss rates
 - Active premium rate increase schedule increases post-retirement funding
 - Not related to expected underlying claims experience



Report to the Group Insurance Board – State Plan

- Spouse and Dependents
 - 2019 claims were slightly higher than target
 - Recent years' experience better than target
 - Priced to gradually draw down stabilization reserve



Report to the Group Insurance Board – Local Government Plan

- Employee Life Insurance
 - 2019 results and 2017-2019 results better than target level
 - Prudent to hold premium rates at current levels
 - Continued low interest rate environment places pressure on post-retirement funding
 - Recommend no change to premium rates in 2021



Report to the Group Insurance Board – Local Government Plan

- Stop Loss Provisions
 - Limit the charge to plan in one year for claims and expenses
 - Recommend no change to stop-loss rates in 2021
 - Consistent with recommendation for employee rates



Report to the Group Insurance Board – Local Government Plan

- Spouse and Dependents
 - Plan has a large stabilization reserve
 - 2019 claims better than expected
 - Recommend no change to rates in 2021



Summary

- Recommendations for 2021
 - State Plan
 - Recommend continue the premium rate increase schedule approved in 2019
 - Local Plan
 - No changes to rates



Questions

Securian Financial is the marketing name for Securian Financial Group, Inc. and its affiliates. Insurance products are issued by its affiliated insurance companies. Securities and investment advisory services offered through Securian Financial Services, Inc., registered investment advisor, member FINRA/SIPC.

Securian Financial Group, Inc.

securian.com

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UW Parking and Transit FSA Authorization



Item 9 – Group Insurance Board

Xiong Vang, HSA & ERA Accounts Program Manager

Office of Strategic Health Policy





Action Needed

- Department of Employee Trust Funds (ETF) requests the Group Insurance Board (Board) approve University of Wisconsin System (UWS) and University of Wisconsin Hospital and Clinics (UWHC) employee participation in the Parking and Transit Accounts effective January 1, 2021

Background

Memo Page 1

Background

- The commuter fringe benefit accounts authorized under Wis. Stat. §40.02(26g), Wis. Stat. §40.85 and Section 132 of the Internal Revenue Code (IRC), allows State employees the ability to elect pre-tax deductions for qualified parking expenses and/or mass transit expenses

Tax Cut and Job Acts (TCJA)



Further Consolidated Appropriations Act 2020



Law repealed certain provisions of the TCJA of 2017

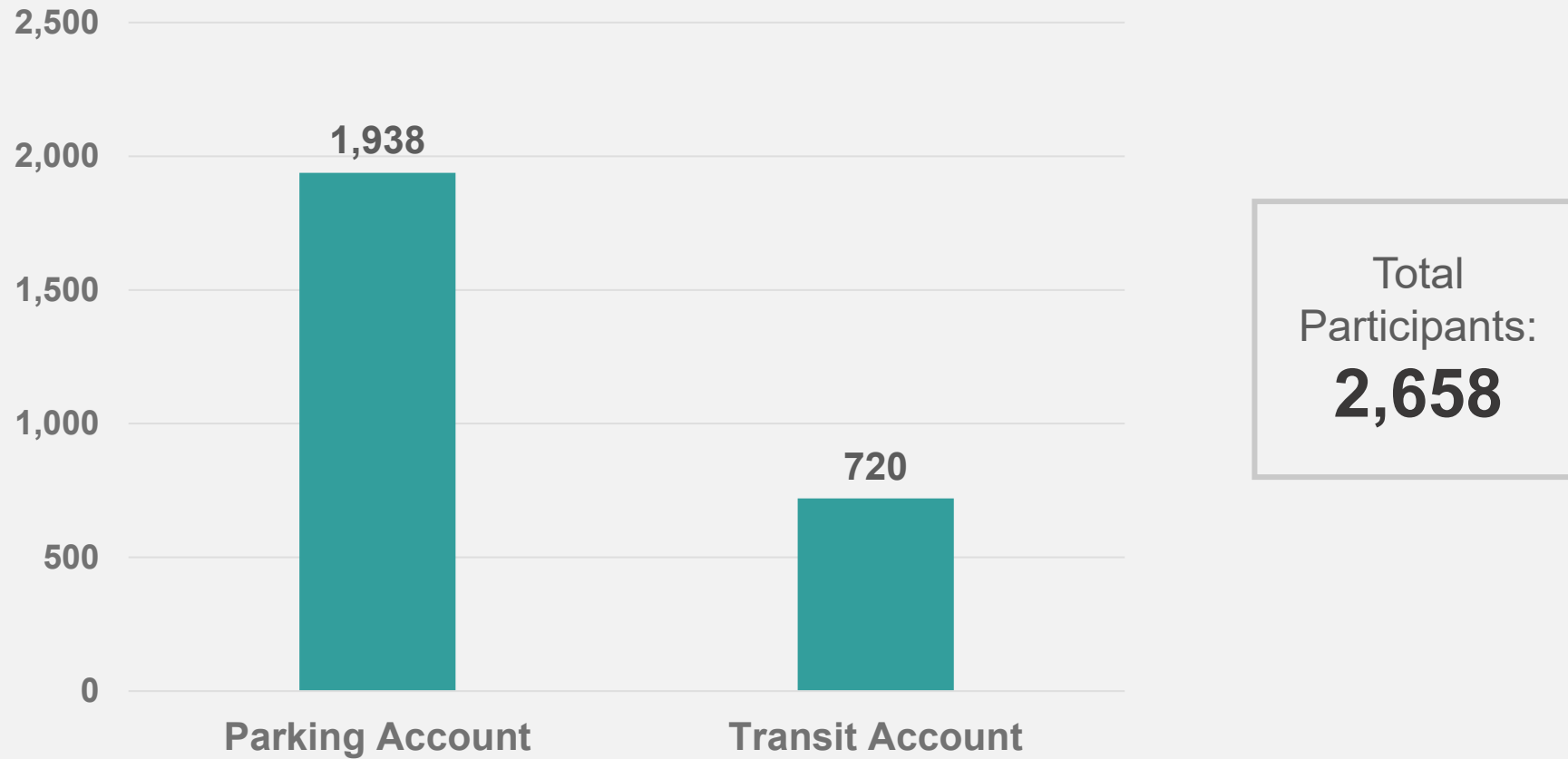
Repealed associations and other tax-exempt organizations need to pay unrelated business taxable income (UBTI) on employee benefits such as parking and transportation

As a result, UWS and UWHC employees will be able to have parking and transit deductions taken pre-tax once more

Commuter Benefits Enrollment Overview

Memo Pages 2-3

2020 Commuter Enrollment

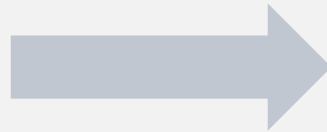


2020 Commuter Program Contributions



Total Amount Contributed

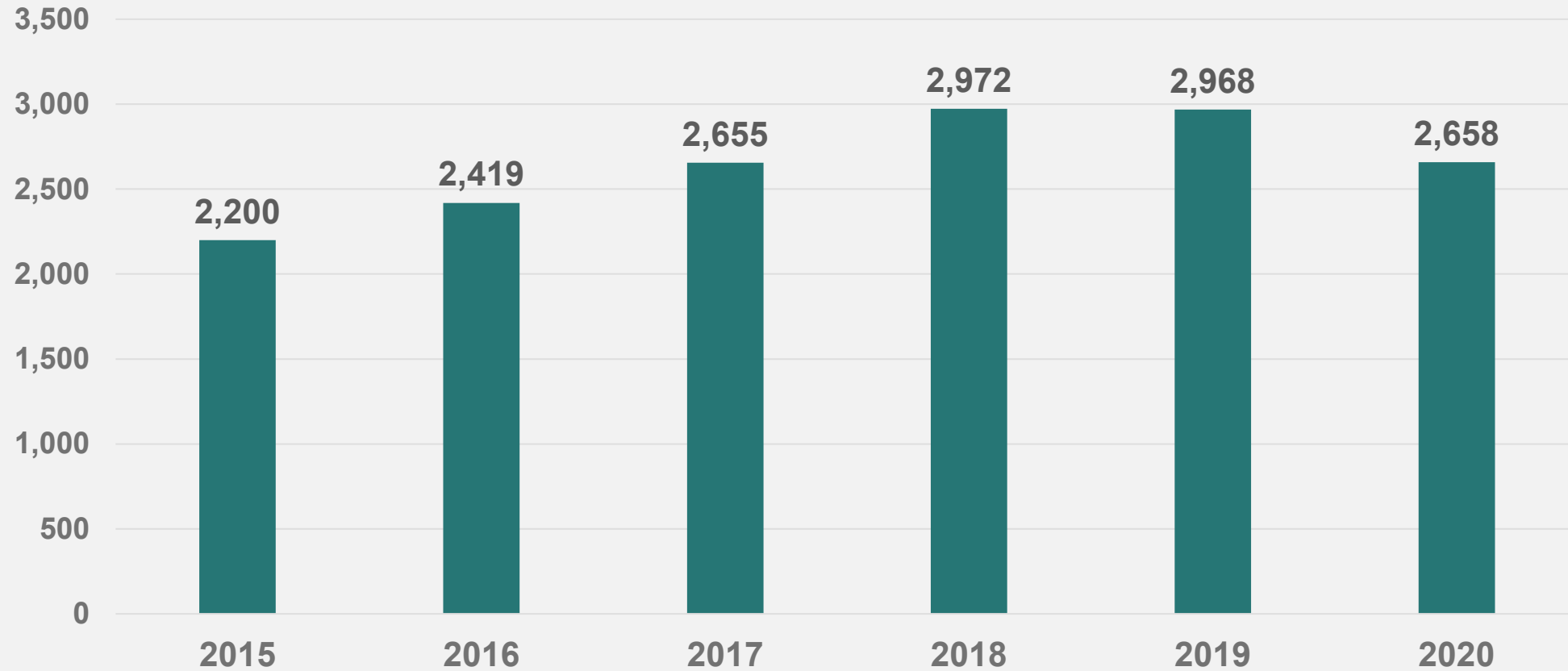
\$1.2 M



Projected Contributions

\$1.6 M

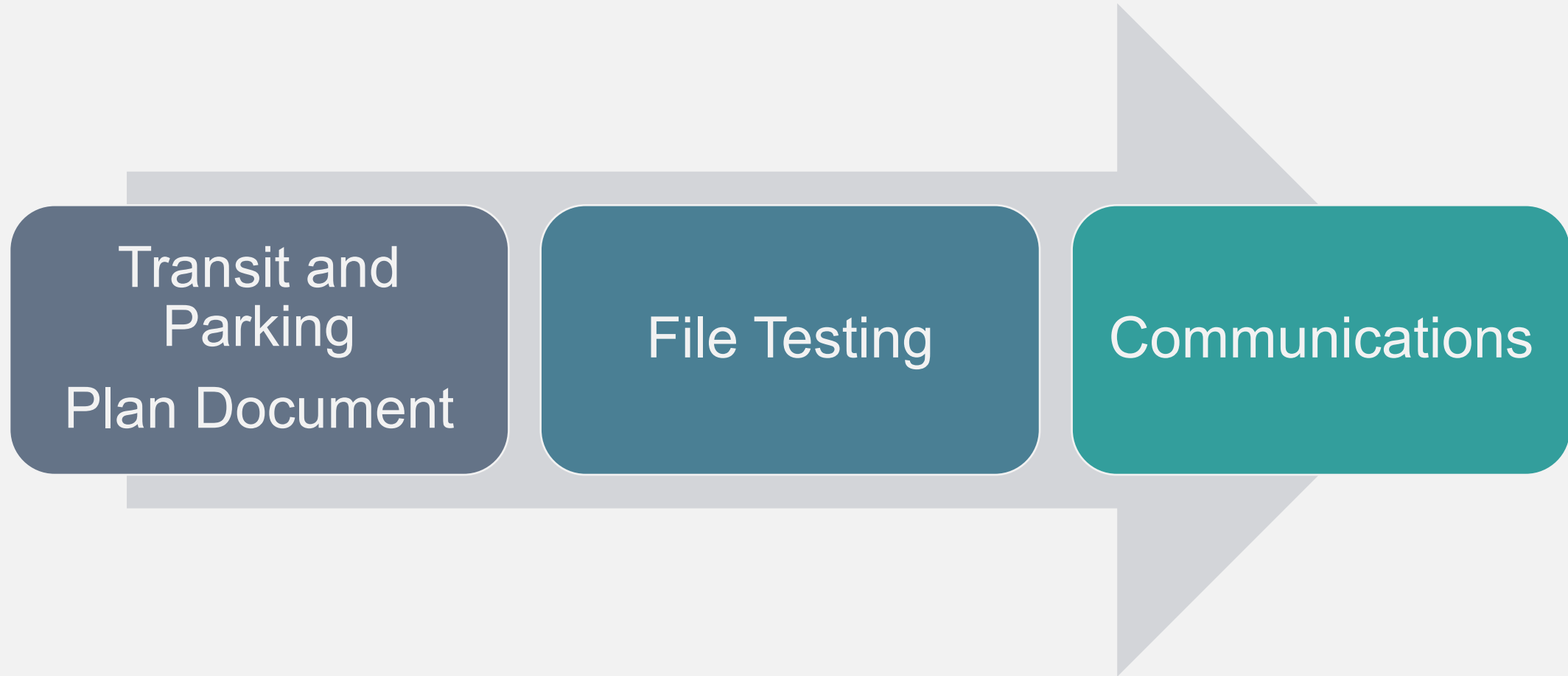
2015-2020 Commuter Enrollment



2018 Commuter Enrollment

Benefit	# of Participants (UWS 2018)	# of Participants (UWHC 2018)
Parking Account Participation	364	97
Transit Account Participation	71	4
Total Commuter Fringe Benefit Participant	435	101

Next Steps





Action Needed

- Department of Employee Trust Funds (ETF) requests the Group Insurance Board (Board) approve University of Wisconsin System (UWS) and University of Wisconsin Hospital and Clinics (UWHC) employee participation in the Parking and Transit Accounts effective January 1, 2021



Questions?

Cafeteria Plan Documents



Item 10 – Group Insurance Board

Xiong Vang, HSA & ERA Accounts Program Manager

Office of Strategic Health Policy





Action Needed

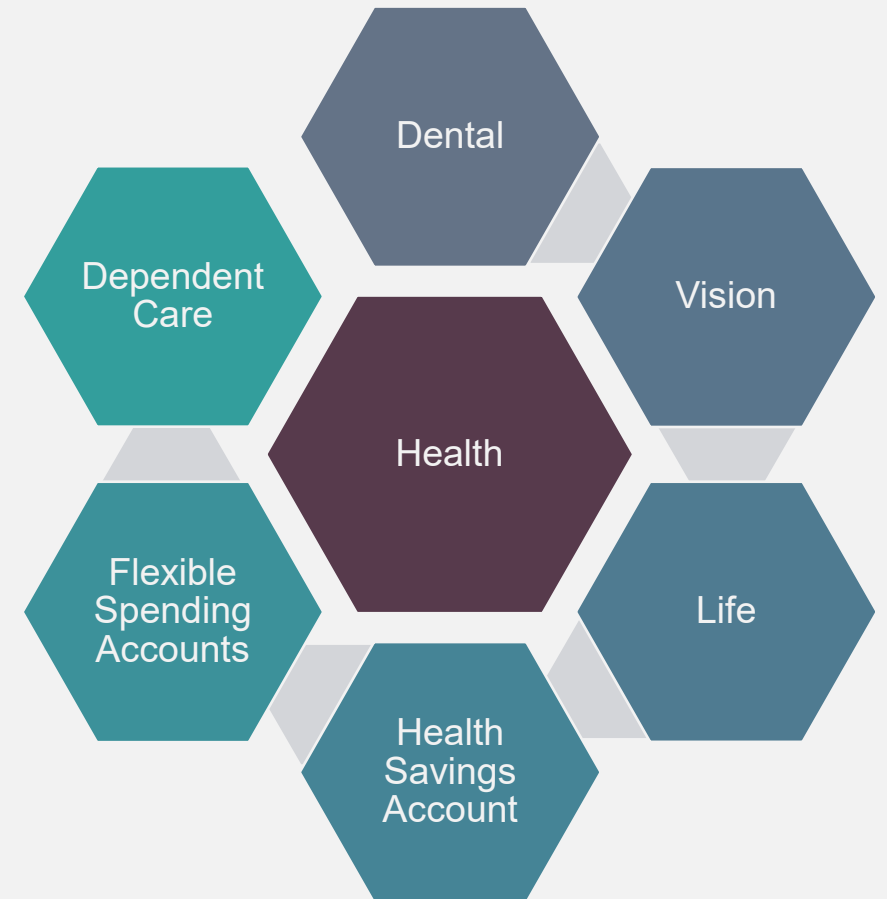
- Department of Employee Trust Funds (ETF) requests the Group Insurance Board (Board) approve the proposed changes to the Section 125 Cafeteria Plan effective January 1, 2021

Background

Memo Page 1

Background

- A cafeteria plan is a plan established in accordance with the requirements prescribed by Internal Revenue Code (IRC) Section 125
 - Provides participants the option to pay for certain qualified benefit premiums pre-tax through a salary reduction agreement reducing their taxable gross income



Oversight of Section 125 Cafeteria Plan Document

Group Insurance Board

OSHP Program
Managers

ConnectYourCare

Office of Legal
Services

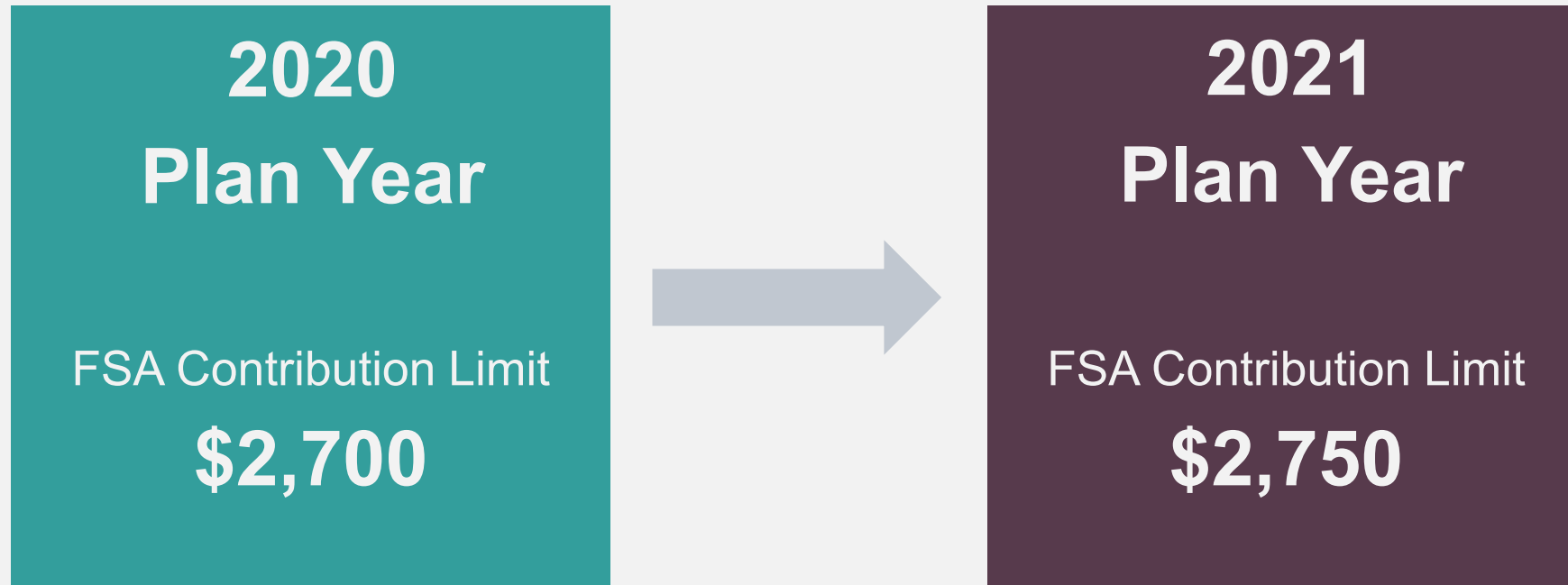
Section 125 Change Requests

Memo Pages 1-2

Revenue Procedure 2019-44

- Allows employers under a Section 125 Cafeteria Plan to adopt contribution limits up to \$2,750 for the Health Care Flexible Spending Account (FSA) and Limited Purpose FSA for 2020 plan year
- ETF did not adopt contribution limit increase for 2020 plan year because the notice was released after open enrollment period
 - Would have required extensive changes to printed materials, online information, communications, and system updates

2021 Proposed FSA Contribution Limit Increase

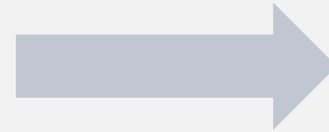


Revenue Procedure 2020-32

- Allows employers under a Section 125 Cafeteria Plan to adopt increased HSA contributions
- For 2021 plan year:
 - An individual with self-only coverage under a High Deductible Health Plan (HDHP) can contribute up to \$3,600
 - An individual with family coverage under a HDHP can contribute up to \$7,200

2021 Proposed HSA Contribution Limit Increase

2020
Plan Year
HSA Contribution Limit
Individual
\$3,550
Family
\$7,100



2021
Plan Year
HSA Contribution Limit
Individual
\$3,600
Family
\$7,200

2021 Plan Document Changes



Amended and restated effective date to January 1, 2021



HSA contribution limits increased to \$3,600 for individual and \$7,200 for family



Health Care FSA and LPFSA contribution limits increased to \$2,750

2021 Plan Document Changes



Health Care FSA and LPFSA carryover limits increased to \$550

Added Appendix 2 in reference to the component plans

Triple Aim Impact

Better
Experience

Cost
Savings

Improved
Quality



Action Needed

- Department of Employee Trust Funds (ETF) requests the Group Insurance Board (Board) approve the proposed changes to the Section 125 Cafeteria Plan effective January 1, 2021

The background is a dark blue gradient with numerous bokeh light effects in shades of blue and purple, scattered across the frame. The text "Questions?" is centered at the bottom in a large, white, sans-serif font.

Questions?

Future Items for Discussion

Item 11 – Memo Only



Operational Updates

Item 12A-12L – Memos Only



Adjournment



Item 13 - No Memo





**HILL FARMS STATE
OFFICE BUILDING**
4822 Madison Yards Way

STATE OF WISCONSIN
HILL FARMS STATE
OFFICE BUILDING

Dept. of Administration
Division of Hearings & Appeals
Dept. of Employee Trust Funds
Dept. of Financial Institutions
Department of Safety &
Professional Services
Department of Transportation
Higher Educational Aids Board
Public Service Commission

← Parking
4822 Madison Yards Way



Next Meeting: **November 18, 2020**

Note: This meeting will be virtual.

