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Correspondence Memorandum

Date: July 30, 2021

To: Group Insurance Board

From: Eileen Mallow, Director
 Office of Strategic Health Policy


Subject: Health Plan Rate Recommendations for 2022 Plan Year

The Department of Employee Trust Funds (ETF) recommends the Group Insurance Board (Board) approve the recommended health plan, pharmacy and dental rates as presented by Segal Consulting (Segal) for the 2022 plan year and adjust the State Maintenance Plan (SMP) rates to reflect actual program costs. ETF also requests that the Board select a reserve spend down from among the options presented.

Following the June 21, 2021 discussion with the Board, ETF and Segal revisited the tiering model. Using data from the Data Analytics and Insights (DAISI) data warehouse, ETF reviewed plan-specific data on costs and utilization. Adjustments were made to the modelling tool to reflect changes in utilization (decreased) and costs (largely increased) due to COVID-19. Notices with initial tier placement and requested pricing adjustments were distributed to health plans on June 25, 2021.

ETF and Segal met individually with each interested health plan during the week of July 5 to explain model changes, quality scores, and the rate target to achieve Tier 1 status. Best and Final Offers (BAFOs) were due July 15, 2021; we received a Tier 1 bid for each plan offering in the state pool. Florence County is the only SMP county in the state pool for 2022. In the local pool, we are down to seven SMP counties with current enrollment under 200 members.

As ETF and Segal continue to look at options to improve local program offerings, rate relativities between the Access plan and SMP were reviewed. Early indication is that the model used to establish rate setting parameters needs to be refined. The contracted vendor reported to us a \$20 million loss on their business which is not sustainable. State statutes created SMP as a mandatory option in counties that do not have an available Tier 1 HMO plan. Separately, the Access plan was established by the Board to give members options if they were not interested or could not choose an HMO plan (for example, a child attending college out of state). Currently, in counties where SMP is

Reviewed and approved by Eileen K Mallow, Director, Office of Strategic Health Policy  Electronically Signed 08/12/21

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offered, it is at a significantly lower price than the Access plan, even though it is managed by the same insurer and has the same benefits and provider network. Enrollment in SMP in 2021 is high enough to provide an actuarially sound population to estimate a cost based premium.

Segal and ETF recommend that for 2022, the SMP rate be adjusted to better reflect plan costs. For 2022 it will result in a significant rate increase (22.5%) for 200 estimated number of members expected to enroll in the SMP. As an offset, the proposed rate increase for the Access plan would be low (2.5%). SMP is proposed to move from a current range of \$546 - \$675 per member per month (PMPM) (single coverage and depending on plan option selected by employer) to a range of \$669 - \$827 PMPM. Access plan rates are proposed to move from a current range of \$852 – \$1052 PMPM to \$873 – \$1078 PMPM. Right now, the Access plan is subsidizing SMP as the rates are blended between the two plans. The pros for this would be future better alignment of SMP premiums with actual costs that could be accomplished during a year that the expected impact would be minimal. The con is primarily the large rate adjustment for the affected members.

An alternative would be to delay the rate structure adjustment until 2022. This would allow another year to evaluate cost data and better explain the need for changes. However, this problem has existed for several years so is not likely to change and it would continue the financial stress on a vendor partner. Until premium bids are received for any given year, we do not know how many members may be affected in any given rate year. In 2021 we have more than 1000 members in SMP, but enrollment has fluctuated over the past several years.

Pharmacy and dental claims are self-funded, meaning the Group Health Insurance Program (GHIP) accepts the risk for all claims. Segal's discussion on reserve targets will discuss how we estimate needed reserves differently for self-funded versus fully insured coverage in more detail. The dental portion of the overall rate is recommended for a 0% increase, given the much lower than forecast spend on dental claims in 2020 due to Covid. While claims have returned to pre-COVID-19 levels, staff accept the Segal recommendation to maintain current premiums. Dental claims represent approximately 4% of overall claims expenses.

Pharmacy claims are forecast to continue to increase for 2022. While ETF and Navitus continue to look for better ways to manage pharmacy expenses, ETF recommends the Board accept the Segal estimate for pharmacy claims. Pharmacy claims represent approximately 22% of the overall GHIP spend. Staff will report to the Board progress on various initiatives to manage pharmacy costs at the November meeting.

The Board is also presented with an updated reserve estimate. The reserve balance for the state increased at the end of 2020, primarily due to earnings on fund balances that were much better than projected. ETF recommends the Board choose from among four

options for the reserve spend for the state pool and three options for the reserve spend for the local pool. The local pool does not have reserves on the same scale as the state pool; one of the options presented will take the local pool balance to the forecast low end of the reserve target range, rather than the mid-point.

Finally, ETF was able to negotiate significant rate reductions for the Medicare Advantage plan. Using data from the DAISI data warehouse that showed claims were significantly lower than projections, we negotiated a reduction from the initial bid of \$99 PMPM to \$55. UnitedHealthcare also offered a two-year rate guarantee and a gain-sharing arrangement that will allow for funds to be returned to the program in the event of another low-cost year. We believe this is a good outcome for our retiree members enrolled in Medicare Advantage.

Segal and ETF will be available at the Board meeting to answer any questions.

Correspondence Memorandum

Date: August 18, 2021
To: Group Insurance Board
From: Segal Consulting
Subject: Health Plan Service Area Qualification for 2022

Segal Consulting (Segal), in consultation with ETF, recommends the Group Insurance Board (Board) accept the qualification recommendations for the 2022 plan year described in this memo. Highlights of the 2022 recommendations include:

- No Tier 2/3 designation in the State program.
- Tier 2/3 designation in the Local program for the following plans: Aspirus, HealthPartners, Robin with Health Partners, Medical Associates, Quartz Central, WEA Trust East, WEA Trust West – Mayo Clinic, WEA Trust West – Chippewa Valley.

Segal and ETF also request Board approval to make any additional minor adjustments to the service areas, as they are reviewed and finalized with each health plan.

Background

Qualification criteria ensure that participating health plans offer an adequate provider base and have sufficient operating experience to serve members. The qualification process incorporates access standards, allowing plans additional ways to meet the qualification requirements.

To be qualified in a county, the plans 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, or the following minimum requirements in the county:

1. The ratio of full-time equivalent primary physicians accepting new patients to total participants in a county is at least one per two thousand (1.0/2,000) with a minimum of five (5) primary care physicians per county. The PCPs counted for

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this requirement must be able to admit patients to an in-network hospital in the county.

2. The plan must have at least one (1) general hospital under contract and/or routinely utilized by in-network providers available per county. For counties with no hospital, plans must sufficiently describe how they provide access to providers.
3. A chiropractor must be available in each county.

Although this has not occurred this year, ETF staff may also determine a plan is non-qualified in a county in the following situations:

1. The plan does not meet the provider access standards and has at least one (1) PCP in the county and/or major city.
2. The plan meets the provider access standards, and the staff determines the plan is not effectively administering the State of Wisconsin Group Health Insurance Program.

Segal sent each health plan a standard network submission workbook that included network access standards by county, as well as a requirement to provide the network provider detail. Segal analyzed this data against the qualification criteria to determine each health plan's qualification status for each county. If a county has no qualified Tier 1 health plan, the State Maintenance Plan (SMP) is offered in that county.

Based on the requirements noted above, each year the Board takes formal action on "qualifying" alternate health plans for each county in Wisconsin.

Prior to this meeting, all participating plans were notified of the qualification status recommendations staff planned to present to the Board.

Qualification and Non-Qualification

A Tier 1 health plan is considered "qualified" if it meets all qualification criteria that ensures adequate provider coverage and operating experience for State and Local members. If a Tier 1 health plan does not meet all qualification criteria, but meets minimum requirements, the health plan will be "listed" in open enrollment materials as having limited provider availability.

State Health Plan Tiering Status for 2022

For 2022, ETF recommends Tier 1 designation in the State program for all health plans. Based on the qualification criteria, every county has at least one qualified Tier 1 State plan. The SMP is offered in counties in which there is not a qualified Tier 1 health plan. SMP will be offered in one county, Florence County, under the State Plan in 2022.

Local Health Plan Tiering Status for 2022

For 2022, Segal and ETF recommend Tier 2/3 designation in the Local program for the following health plans: Aspirus, HealthPartners, Robin with Health Partners, Medical Associates, Quartz Central, WEA Trust East, WEA Trust West – Mayo Clinic, WEA Trust West – Chippewa Valley.

The premium bids provided by these plans for the Local program were deemed at the top of the acceptable range at which they could bid. While the bids were acceptable for continued participation in the Local program, lack of claims experience, very low enrollment, and/or unjustified higher premiums place these plans in Tier 2/3.

Overall, this recommendation will affect 70 of the 72 Wisconsin counties. The Tier 2/3 plans cover and are qualified in these 70 counties.

The following 28 counties where these Tier 2/3 plans participate will have at least two qualified Tier 1 plans:

- Brown
- Buffalo
- Chippewa
- Columbia
- Crawford
- Dodge
- Door
- Eau Claire
- Fond du Lac
- Grant
- Green
- Green Lake
- Iowa
- Jefferson
- Juneau
- Kewaunee
- Lafayette
- Manitowoc
- Marquette
- Oconto
- Pepin
- Rock
- Sauk
- Shawano
- Sheboygan
- Vernon
- Walworth
- Waukesha

The following 36 counties will have only one qualified Tier 1 plan:

- Adams
- Ashland
- Barron
- Bayfield
- Burnett
- Calumet
- Clark
- Douglas
- Dunn
- Iron
- Jackson
- Kenosha
- La Crosse
- Langlade
- Lincoln
- Marathon
- Marinette
- Menominee
- Milwaukee
- Monroe
- Oneida
- Outagamie
- Ozaukee
- Portage
- Price
- Racine
- Richland
- Sawyer
- Taylor
- Trempealeau
- Vilas
- Washburn
- Washington
- Waupaca
- Waushara
- Winnebago

While the plans affected by this recommendation have a presence in 6 additional counties, there are no qualified Tier 1 plans in these counties. The SMP will be offered in these counties, as discussed later in this memo:

- Forest
- Polk
- St. Croix
- Pierce
- Rusk
- Wood

The Tier 2/3 plans will either not cover or are not qualified in the following 1 county:

- Dane
- Florence

There is at least one qualified Tier 1 plan in Dane, but not in Florence. Therefore, the SMP will be offered in Florence County in 2022 – bringing the total to 7.

SMP Placement

The SMP is offered in counties in which there is not a qualified Tier 1 health plan. There is one county in which the SMP will be available in the State Plan for 2022. There are seven counties in which the SMP will be available in the Local Plan for 2022.

County	WEA/Local SMP 2022	State SMP 2022	WEA/Local SMP 2021	State SMP 2021
Buffalo			X	
Crawford			X	
Florence	X	X	X	
Forest	X			
Jackson			X	
LaCrosse			X	
Monroe			X	
Pepin			X	
Pierce	X		X	
Polk	X		X	
Rusk	X		X	
St. Croix	X		X	
Trempealeau			X	
Wood	X			

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