



# Welcome to the Group Insurance Board

August 18, 2021

Meeting will begin at 8:30 a.m.





Please register your attendance by sending an email with name/organization to [ETFSMBoardFeedback@etf.wi.gov](mailto:ETFSMBoardFeedback@etf.wi.gov).



### Meeting Materials

- Available at [etf.wi.gov](http://etf.wi.gov)



Please Mute  
Microphones  
and/or Cell Phones  
(Using #6)

Public comments for future consideration accepted at: [ETFSMBoardFeedback@etf.wi.gov](mailto:ETFSMBoardFeedback@etf.wi.gov).

# Announcements

Item 1 - No Memo



# Consideration of:

- May 12, 2021 Open Session Minutes
- May 12, 2021 Closed Session 1 Minutes
- May 12, 2021 Closed Session 2 Minutes
- June 21, 2021 Open Session Minutes
- June 21, 2021 Closed Session Minutes



Item 2A – 2E – Memo Only



# August 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.

# Agency Activity

- Wisconsin DHS & Federal OIG guidance: patients cannot be charged for vaccines
- Federal HHS: public health emergency extended to October 2021
- Federal HHS: Long COVID disability guidance

# Vaccination in Wisconsin

- 5.9 million doses administered statewide
- Vaccination rates vary by county (data below as of 8/9/21)
  - Dane County = 79.3% of adults completely vaccinated
  - Milwaukee County = 58.7% of adults completely vaccinated
- Racial disparities persist in vaccination rates



# Vaccine Hesitancy

## Kaiser Family Foundation Survey

- Hesitant respondents were most influenced by friends and family talking about positive or neutral (no side effects) experiences
- 67% of people who said they would “definitely not” be vaccinated in January still would not in June

## Some hesitation may relate to lack of full FDA approval

- Pfizer and Moderna have each applied for approval
- FDA has now stated goal to provide approval by Labor Day

# Vaccine Boosters

# Triple Aim Impacts: Health

- Risk data may be less reliable due to reductions in service use
- Mortality noted in Securian Life Insurance data has been dropping

Member Type	COVID Deaths as of 7/27/21	Claims in Dollars
Active	16	\$2,760,000
Retiree	268	\$4,323,000
Spouse/Dependent	13	\$235,000
Total	297	\$7,318,000

# Triple Aim Impacts: Quality

ETF follow up regarding asthma outreach

- Many plans indicated they continue to employ regular methods of contact post-hospitalization, monitoring data to find more outreach opportunities

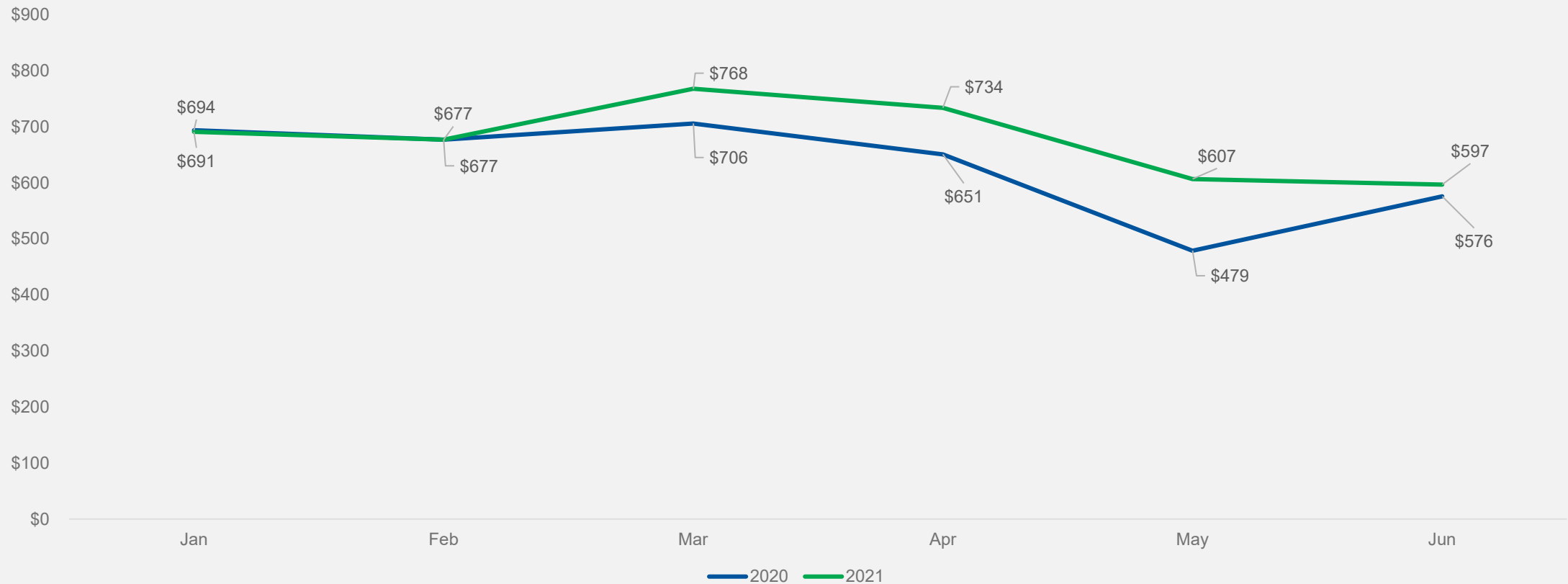
Preventive colonoscopy and mammogram screenings and immunizations have surpassed 2020 levels

Telehealth use has scaled back

- 534 patients per 1,000 in May, down to 132 patients per 1,000 in June
- Still higher than pre-pandemic rates

# Triple Aim Impacts: Cost

Medical & Pharmacy Paid by Month, Jan – June 2020, 2021



# Considerations: Delta Variant

- The Delta variant of COVID is now the dominant strain in Wisconsin
- Several new international studies released the first week of August which include July data:
  - South Africa: J&J vaccine is effective against Delta, particularly against death
  - Public Health England: Vaccinated people less likely to become infected, but equally contagious if infected
  - Imperial College London: Vaccines are still effective at preventing severe illness, but effectiveness has reduced with surge in Delta infections
  - Israeli Ministry of Health: Decline in effectiveness of vaccine correlated with Delta spread

# Considerations: Long-Term Pandemic Impacts

- Drug overdose deaths reach all time high in 2020
  - Nationally, 93,000 drug overdose deaths (29% increase over prior year)
  - In Wisconsin, over 1,500 drug overdose deaths (25% increase over prior year)
  - Increases noted pre-pandemic, but accelerated in 2020

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?**



# Health Insurance

Item 4A- 4C Memos Only

Eileen Mallow, Director

Brian Stamm, Deputy Director

Renee Walk, Lead Policy Advisor

Office of Strategic Health Policy



# Rate Setting and Qualifications



## Item 4D - Group Insurance Board

Ken Vieira, Senior Vice President

Patrick Klein, Senior Consultant

Segal Consulting





# Action Needed

ETF requests the Board motion to:

1. Approve the reserve spend down amounts for State and Local.
2. Adjust SMP rates for 2022.
3. Approve LAHP rate
4. Approve plan tiering and rates for health insurance, pharmacy, and dental benefits for 2022.



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

## **2022 Program Renewals**

August 18, 2021

 **Segal Consulting**



## **1. Overview**

2. Medical Plans
3. Prescription Drug Plan
4. Dental Plan
5. Aggregate Renewal
6. Fund Balance/Reserve
7. 2022 Premium Alternatives

# 2022 Renewal Process

---

- Medical (Fully-Insured)
  - Process
    - IYC Health Plans (HMOs) followed a managed competition model, using a tier structure
    - IYC Access Plan, Medicare Plus and State Maintenance Plan (SMP) followed a traditional renewal approach, utilizing standard actuarial/underwriting techniques
    - Medicare Advantage Plan rates were reduced through rate negotiations.
    - 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 2023 using gradual buy-downs
  - Projected year end 2021 reserve balance remains on course – investment gains offset losses from the Pharmacy
- COVID-19 impacted several aspects of the renewal this year



1. Overview

**2. Medical Plans**

3. Prescription Drug Plan

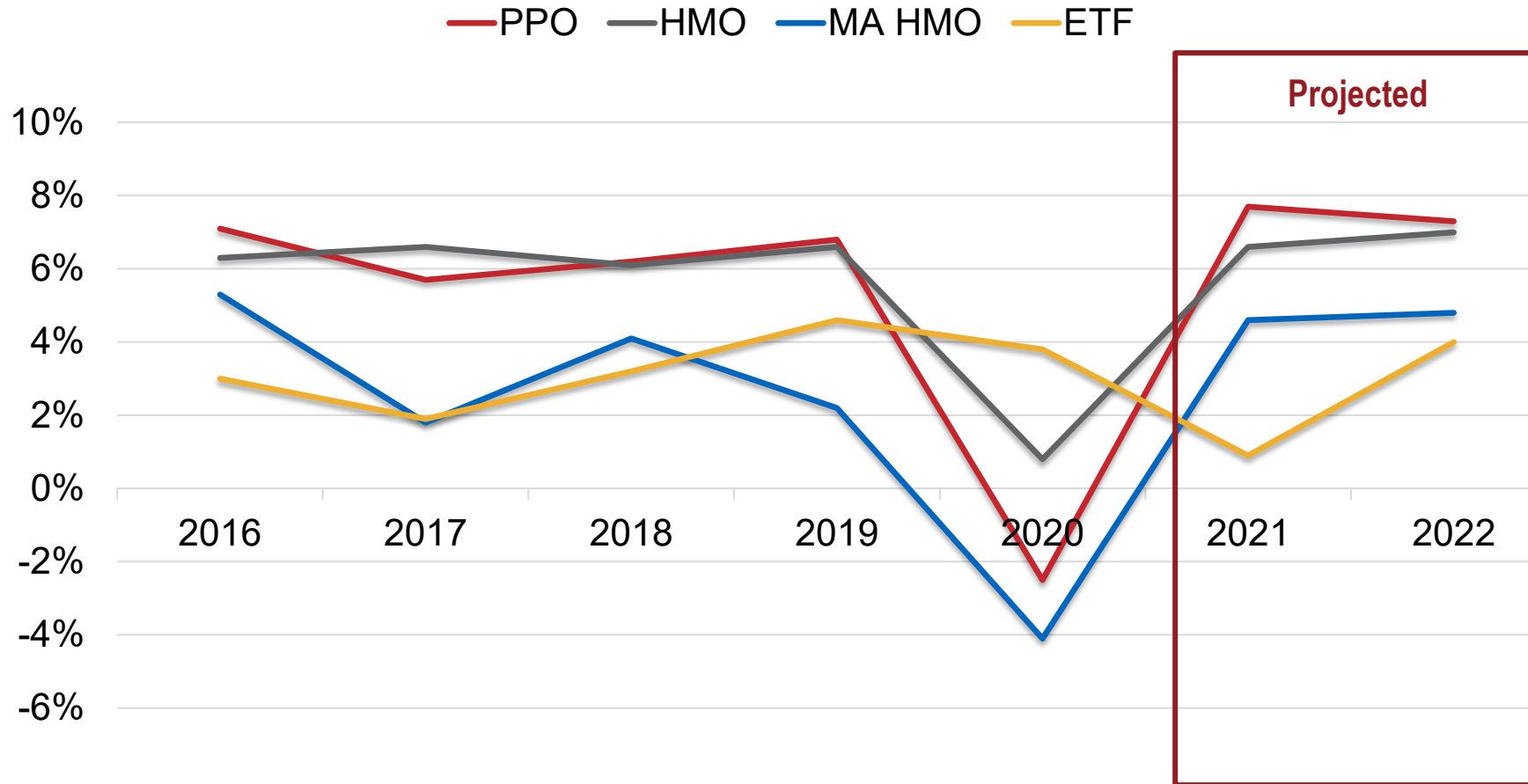
4. Dental Plan

5. Aggregate Renewal

6. Fund Balance/Reserve

7. 2022 Premium Alternatives

# Historical Medical Trends – Comparison to ETF



The COVID-19 experience was realized by most programs in 2020, while ETF's was negotiated into the 2021 renewal.

Source: 2022 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 7 years
- Administered by: Aspirus, Dean, GHC—Eau Claire, GHC—SCW, HealthPartners, Medical Associates, MercyCare, Network, Quartz, WEA Trust
- Tier model “managed competition” approach

## ➤ IYC Access Plan, Medicare Plus and State Maintenance Plan (SMP)

- Mostly utilized for out of state members and in-state members in counties without qualified, Tier 1 plan option.
- Moved to fully-insured in 2018
- Administered by: WEA Trust
- Traditional underwriting approach

## ➤ Medicare Advantage (MA)

- Covers Medicare retirees only
- Designed for in and out of state members
- Administered by: UnitedHealthcare (UHC)
- Traditional underwriting approach now that data is credible.

## Alternate Plans (HMO's) Overall Renewal Process

---

- Renewal process was primarily unchanged for plan year 2022
- The negotiation process involved the following:
  - March: Segal prepared addendum collection requirements
  - April: ETF reviewed requirements and requested data from Plans
  - April 30: Addendum data submitted to Segal
  - May: Segal compiled data and calculated tier breakpoints
  - May 14: Preliminary Rate Quotes submitted to Segal
  - June: Segal compiled rates and placed Plans into premium tiers
  - June 25: Plans notified of their tier placement and offered renewal meeting to discuss
  - July 6 – 12: 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
- Similar to last year, addendum claims and capitation reports were validated using IBM-Watson data warehouse (DAISI)
- 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
- Health Plans required PMPMs were adjusted based on overstated/understated Cost Per Service from pre-pandemic numbers based on DAISI analysis.
- Adjusted base period claims per member per month (PMPM) are trended forward with projected “limited” trends
- Administrative costs are added up to a threshold— 3% increase from 2021 amount.
- Total PMPMs are then risk adjusted, combining three factors:
  1. Retrospective DAISI 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 increased 3.2%— based on decrease in 2020 for 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	3	0	19,477	11,788
2	2	2	3	66,491	1,959	7,361
3	1	5	9	7,648	43,082	10,546
<b>Total</b>	<b>3</b>	<b>12</b>	<b>15</b>	<b>74,139</b>	<b>64,518</b>	<b>29,695</b>

➤ 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 4.0% for State and 0.4% 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 DAISI risk score (30%), age/sex (20%) and region (50%)—similar to experience adjustment except risk is prospective vs. retrospective.
- Credits are then applied to reflect quality 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.

**There is no direct link from the Addendum projected rates to the Preliminary Bid.**

## WPE (Locals) Tier Placement From Preliminary Bids

---

- Two years ago, 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.

# State HMO Renewal

➤ 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	5	0	6,964
2	1	4	25,522	47,194
3	2	4	48,617	10,360
<b>Total</b>	<b>3</b>	<b>13</b>	<b>74,139</b>	<b>64,518</b>

➤ Similar initial Tier distribution as last year

➤ All plans moved into Tier 1

	2021 Rates	BAFO 2022 Rates	Change From Current	%
<b>Medical Costs (in Millions)</b>				
Dane	\$530.7	\$557.7	\$27.0	5.1%
Non-Dane	\$520.5	\$536.2	\$15.6	3.0%
<b>Total State</b>	<b>\$1,051.3</b>	<b>\$1,073.5</b>	<b>\$22.2</b>	<b>4.1%</b>



# Local HMO Renewal

➤ Below is a summary of the preliminary bids by assigned Tier:

	Number of Plans	Non-Medicare Members
Tier	All	All
1	6	20,712
2	3	5,877
3	7	3,106
<b>Total</b>	<b>16</b>	<b>29,695</b>

- The 8.9% total increase for 2022 is due to the 5.7% renewal with a 3.2% increase in Local Enrollment because of Quartz West picking up SMP membership in several counties.
- A number of plans did not move to Tier 1 during negotiations:
  - Aspirus
  - HealthPartners Perform & Robin
  - Medical Associates
  - Quartz – Central
  - WEA Trust East
  - WEA Trust West – Chippewa Valley & Mayo Clinic

	2021 Rates	BAFO 2022 Rates	Change From Current	%
<b>Medical Costs (in Millions)</b>				
<b>Locals</b>	<b>\$175.4</b>	<b>\$191.0</b>	<b>\$15.6</b>	<b>8.9%</b>

# IYC Access Plan, Medicare Plus and SMP Renewals

- WEA Trust manages the fully-insured IYC Access Plan, Medicare Plus and SMP plans.
- Risk pool was divided into three groups this year:
  - Non-Medicare IYC Access
  - SMP
  - Medicare Plus
- The Non-Medicare pool rates increased 2.5%
- SMP increased 22.5%
  - Decoupling Access & SMP pools aligns rates closer to actual risk and helped save \$4M from initial blended rate action.
- Medicare Plus increased 3.0%
- The significant decrease in local costs is due to major decline in membership attributed to those enrolled no longer being offered the SMP. ***Quartz West is expected to pick up these members in 2022.***

	2021 Rates	BAFO 2022 Rates	Change from Current	%
<b>Medical Costs (in Millions)</b>				
State	\$51.2	\$52.6	\$1.4	2.6%
Local	\$7.4	\$1.2	(\$6.2)	-83.3%
<b>Total</b>	<b>\$58.6</b>	<b>\$53.8</b>	<b>(\$4.8)</b>	<b>-8.3%</b>

## LAHP Rate Increase

---

- For 2021, the Board approved a 30% non-Medicare premium increase above plan renewals to address the demographic risk in LAHP.
  - LAHP is completely made up of retirees, thus much more costly than the active dominated Non-Medicare risk pool.
- The Board agreed to review LAHP's claims experience again for 2022, to determine if another such increase was merited.
- DAISI found that the medical loss ratio for year ending November 2020 was 159.2%, helping support increase.
  - Large claim activity with this group consistent compared to entire population.
- Recommend a non-Medicare premium increase by a factor of 1.3 (above calculated 2022 increases from the health plans), to meet targeted spread.
- LAHP insured 372 non-Medicare subscribers in the base period.
- Compared to the Marketplace, LAHP continues to offer rich benefits at a relatively low cost.

# Medicare Advantage Renewal

- ETF contracted with UnitedHealthcare (UHC) for a Medicare Advantage plan starting in 2019.
- This year we had sufficient data to conduct a traditional renewal, however there were challenges to due to COVID-19.
- UHC negotiated in good faith this year and reduced the final rate by an additional \$25 PMPM from their preliminary rate proposal for a total decrease of \$43.64 PMPM from current rates.
- In addition, they offered a new Gain Share Arrangement, which will allow ETF a settlement if the plans MLR is under 90%.

	2021 Rates	BAFO 2022 Rates	Change from Current	%
<b>Medical Costs (in Millions)</b>				
State	\$12.7	\$7.1	(\$5.6)	-44.0%
Local	\$0.5	\$0.3	(\$0.2)	-44.0%
<b>Total</b>	<b>\$13.2</b>	<b>\$7.4</b>	<b>(\$5.8)</b>	<b>-44.0%</b>

# 2022 Overall Medical Increase by Product

➤ Overall, State increased 3.4% and Local increased 5.0%, a total of 3.7%.

	2021 Inforce Rates *	2022 Prelim Bids	Negotiation Savings	%	2022 BAFO Rates**	Change From Inforce	%
<b>State</b>							
Medicare Advantage	\$12.7	\$10.3	(\$3.2)	-31.0%	\$7.1	(\$5.6)	-44.0%
Statewide	\$51.2	\$56.7	(\$4.1)	-7.2%	\$52.6	\$1.4	2.6%
HMO	\$1,051.3	\$1,164.6	(\$70.7)	-6.1%	\$1,093.9	\$42.6	4.1%
<b>Total State</b>	<b>\$1,115.1</b>	<b>\$1,231.5</b>	<b>(\$78.0)</b>	<b>-6.3%</b>	<b>\$1,153.5</b>	<b>\$38.4</b>	<b>3.4%</b>
	2021 Inforce Rates *	2022 Prelim Bids	Negotiation Savings	%	2022 BAFO Rates**	Change From Inforce	%
<b>Local</b>							
Medicare Advantage	\$0.5	\$0.4	(\$0.1)	-31.0%	\$0.3	(\$0.2)	-44.0%
Statewide	\$7.4	\$1.2	\$0.0	0.7%	\$1.2	(\$6.2)	-83.3%
HMO	\$175.4	\$199.7	(\$8.7)	-4.4%	\$191.0	\$15.6	8.9%
<b>Total Local</b>	<b>\$183.4</b>	<b>\$201.4</b>	<b>(\$8.9)</b>	<b>-4.4%</b>	<b>\$192.5</b>	<b>\$9.1</b>	<b>5.0%</b>
	2021 Inforce Rates *	2022 Prelim Bids	Negotiation Savings	%	2022 BAFO Rates**	Change From Inforce	%
<b>Total</b>							
Medicare Advantage	\$13.2	\$10.7	(\$3.3)	-31.0%	\$7.4	(\$5.8)	-44.0%
Statewide	\$58.6	\$57.9	(\$4.1)	-7.1%	\$53.8	(\$4.8)	-8.3%
HMO	\$1,226.7	\$1,364.3	(\$79.4)	-5.8%	\$1,284.9	\$58.2	4.7%
<b>Grand Total</b>	<b>\$1,298.6</b>	<b>\$1,432.9</b>	<b>(\$86.9)</b>	<b>-6.1%</b>	<b>\$1,346.1</b>	<b>\$47.5</b>	<b>3.7%</b>

\* Medicare includes HDHP Medicare and Family 1 contracts

\*\* 2021 Inforce Rates are pre-buydown

\*\*\* 2022 BAFO rates are pre-buydown

## 2022 Overall Medical Increase by Group

- Renewal process resulted in a \$86.9 million savings, a 6.1% reduction from 2022 Preliminary Bids (6.3% for State and 4.4% for Locals).

	2021 Inforce Rates **	2022 Prelim Bids	Negotiation Savings	%	2022 BAFO Rates***	Change From Inforce	%
<b>State</b>							
Non-Medicare	\$847.0	\$938.0	(\$57.3)	-6.1%	\$880.6	\$33.6	4.0%
Medicare*	\$86.8	\$91.3	(\$7.1)	-7.7%	\$84.3	(\$2.5)	-2.9%
Grads	\$46.0	\$52.2	(\$4.3)	-8.2%	\$47.9	\$2.0	4.3%
HDHP	\$135.4	\$150.0	(\$9.3)	-6.2%	\$140.7	\$5.3	3.9%
<b>Total State</b>	<b>\$1,115.1</b>	<b>\$1,231.5</b>	<b>(\$78.0)</b>	<b>-6.3%</b>	<b>\$1,153.5</b>	<b>\$38.4</b>	<b>3.4%</b>
<b>Local</b>							
Non-Medicare	\$171.6	\$187.2	(\$6.9)	-3.7%	\$180.3	\$8.6	5.0%
Medicare*	\$4.9	\$6.3	(\$1.3)	-21.1%	\$5.0	\$0.1	1.9%
HDHP	\$6.9	\$7.9	(\$0.6)	-7.7%	\$7.3	\$0.4	5.6%
<b>Total Local</b>	<b>\$183.4</b>	<b>\$201.4</b>	<b>(\$8.9)</b>	<b>-4.4%</b>	<b>\$192.5</b>	<b>\$9.1</b>	<b>5.0%</b>
<b>Grand Total</b>	<b>\$1,298.6</b>	<b>\$1,432.9</b>	<b>(\$86.9)</b>	<b>-6.1%</b>	<b>\$1,346.1</b>	<b>\$47.5</b>	<b>3.7%</b>

\* Medicare includes HDHP Medicare and Family 1 contracts

\*\* 2021 Inforce Rates are pre-buydown

\*\*\* 2022 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, the plan must also be Tier 1.
- If no plans meet the requirements above for a given country, the SMP will be available.

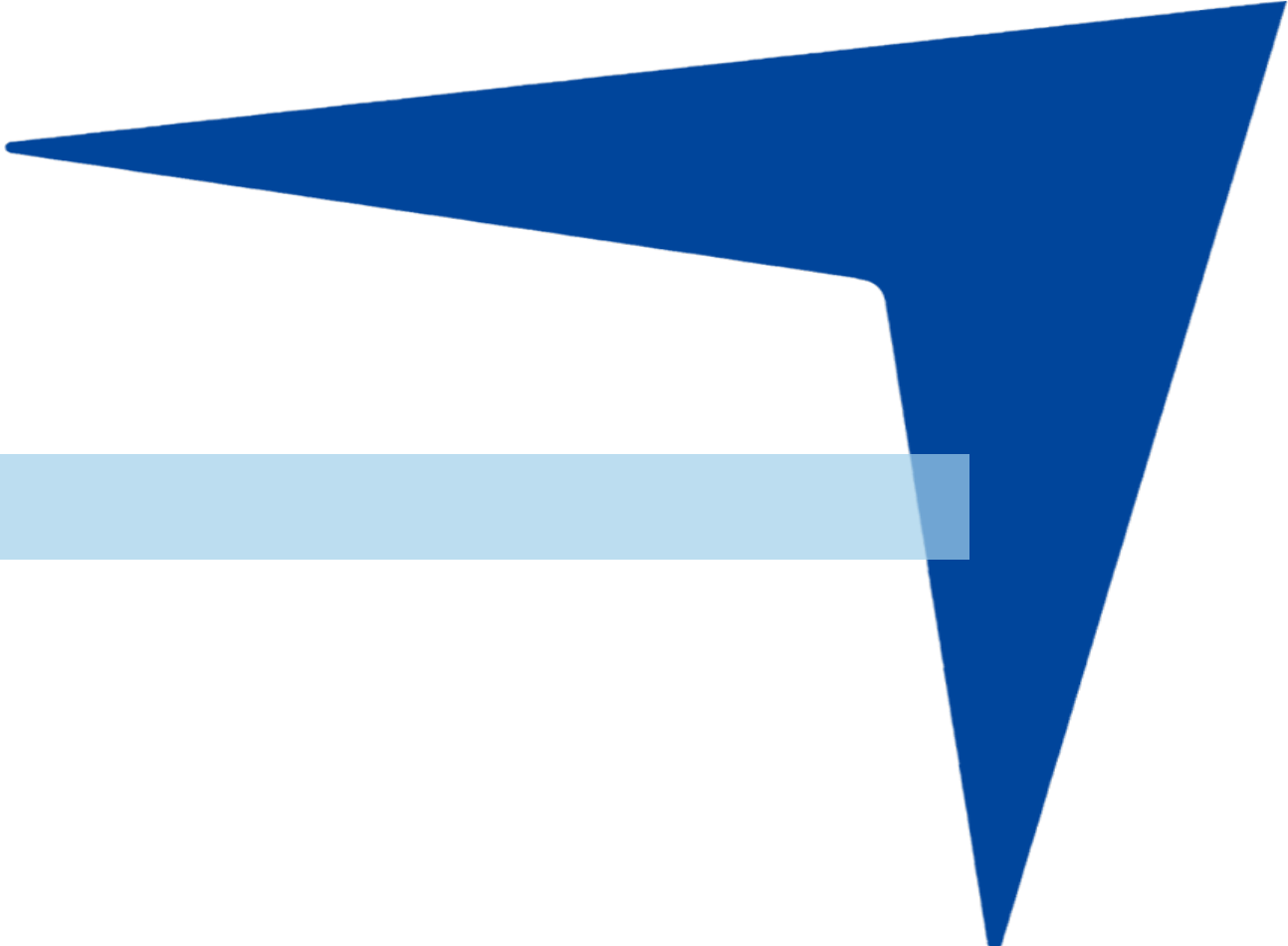
## State Maintenance Plan (SMP)

---

- SMP is the designated Tier 1 plan in every county where there is no other qualified Tier 1 plan.
- SMP will be offered in 1 county in 2022 for State (0 counties in 2021)
  - Florence County
- SMP will be offered in 7 counties in 2022 for Local (down from 12 counties in 2021):
  - Florence County
  - Forest County
  - Pierce County
  - Polk County
  - Rusk County
  - St. Croix County
  - Wood County

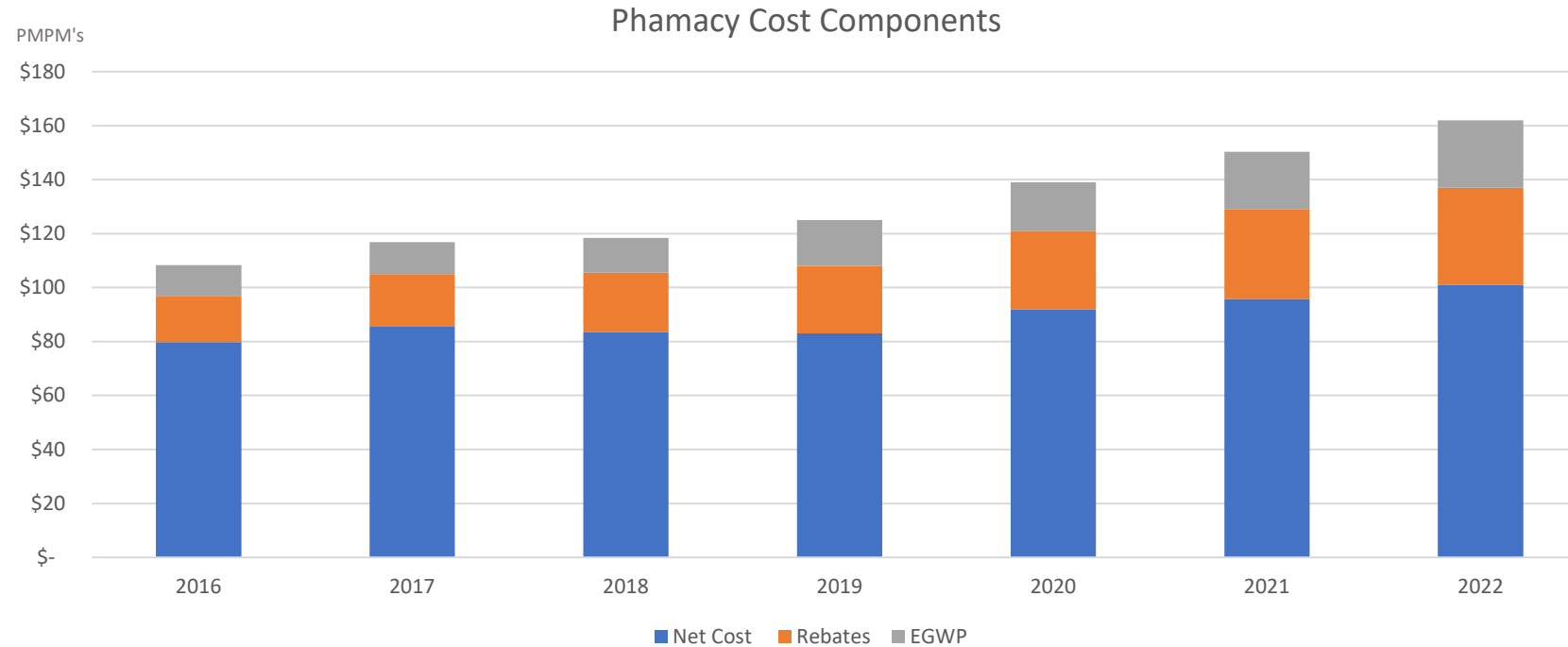
**The vast majority of 2021 Local SMP membership  
will no longer be SMP in 2022.**



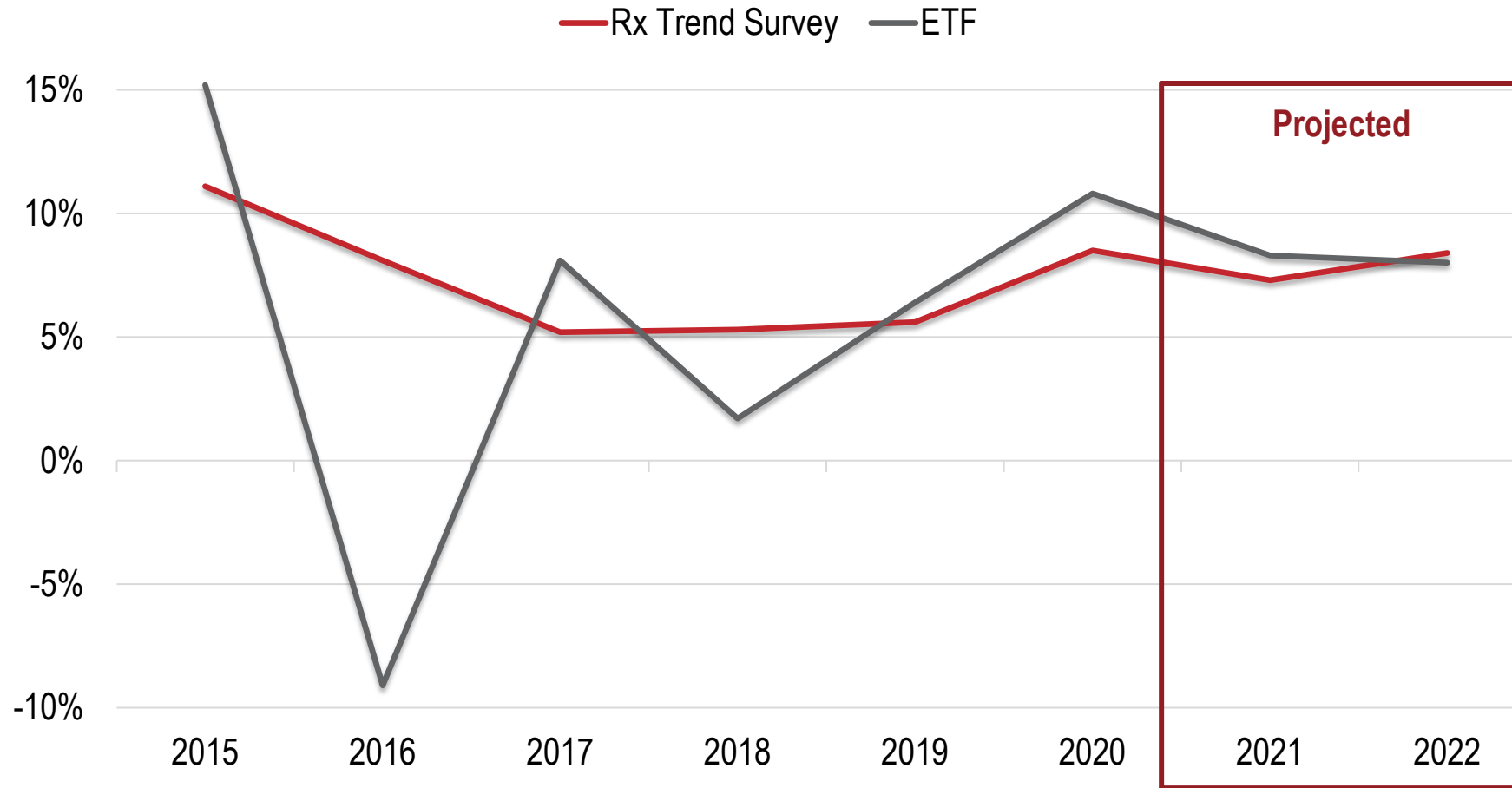
- 
1. Overview
  2. Medical Plans
  - 3. Prescription Drug Plan**
  4. Dental Plan
  5. Aggregate Renewal
  6. Fund Balance/Reserve
  7. 2022 Premium Alternatives

# Historical Pharmacy Spend – PMPM

- “Top Line” claims (before credits) have trended at a 4-year average of 8.4%, while Rebates and EGWP subsidies have increased at 15.2%.
- The net impact is a 4-year total average increase of 4.9% annually.



# Historical Pharmacy “Top Line” Trends – Comparison to ETF



**ETF Increases have generally been similar to norms over past 4 years.**

# Prescription Drug Plan

---

- Rating groups below are necessary 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 2020 through May 2021.
- Annual trend of 8.0% was derived from the weighted average of the Navitus projected claims trends for 2020 and 2021 and the Segal trend survey.
- We received and utilized administrative expenses, expected rebates and Medicare Part D subsidies provided by Navitus for the rate development.
- As opposed to prior years, the actual net prescription costs were higher than Navitus assumptions, yielding a loss.
- The Navitus recast of 2021 and 2022 cost assumptions further drove the composite rate increase of 9.6%.

# Prescription Drug Plans Rates

➤ Aggregate rate increase of 9.1% for State.

	2021 Single Rate	2022 Single Rate	% Change
<b>State</b>			
HMO Regular	\$108.54	\$119.94	10.5%
HMO Grads	\$48.60	\$56.20	15.6%
HMO Medicare	\$130.24	\$140.40	7.8%
HDHP Regular	\$93.34	\$103.14	10.5%
IYC Access	\$108.54	\$119.94	10.5%
IYC Access Grads	\$48.60	\$56.20	15.6%
IYC Access HDHP	\$93.34	\$103.14	10.5%
State Maintenance Plan (SMP)	\$108.54	\$119.94	10.5%
State Maintenance Plan (SMP) Grads	\$48.60	\$56.20	15.6%
State Maintenance Plan (SMP) HDHP	\$93.34	\$103.14	10.5%
Medicare Plus (IYC Access & SMP)	\$130.24	\$140.40	7.8%
<b>Overall</b>			<b>9.1%</b>

- Grey categories now blended with creditable major groups

## Prescription Drug Plans Rates *continued*

➤ Aggregate rate increase of 12.7% for Local.

	2021 Single Rate	2022 Single Rate	% Change
<b>Local</b>			
HMO Regular	\$118.06	\$130.90	10.9%
HMO / HDHP Medicare	\$133.16	\$186.38	40.0%
HDHP Regular	\$95.62	\$106.02	10.9%
IYC Access	\$118.06	\$130.90	10.9%
IYC Access HDHP	\$95.62	\$106.02	10.9%
State Maintenance Plan	\$118.06	\$130.90	10.9%
State Maintenance Plan HDHP	\$95.62	\$106.02	10.9%
Medicare Plus (IYC Access & SMP)	\$133.16	\$186.38	40.0%
<b>Overall</b>			<b>12.7%</b>

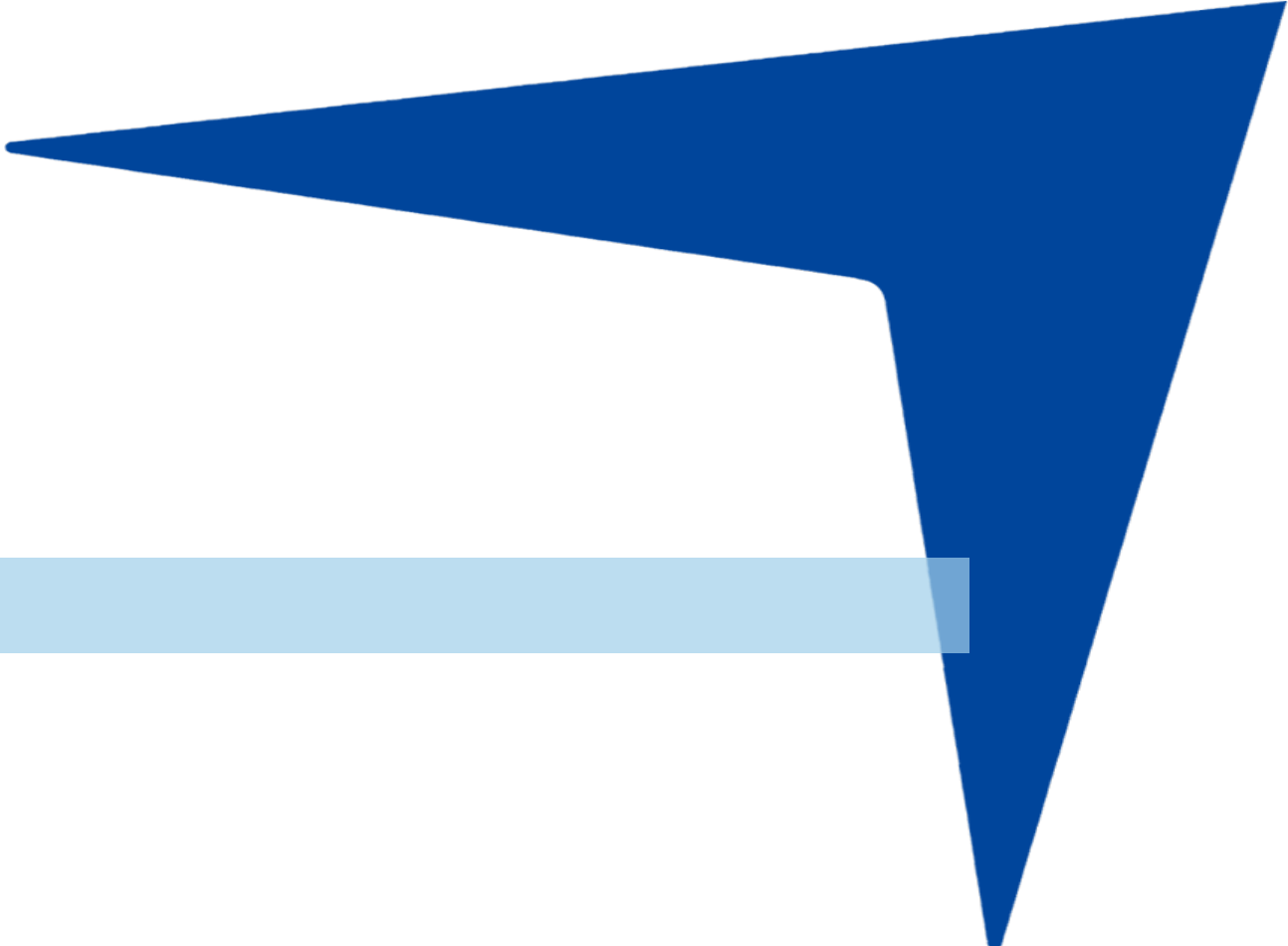
- Grey categories now blended with creditable major groups

# Prescription Drug Plans Rates

➤ Overall, the recommended rate increase for the prescription drug plan is 9.6%.

	2021 Inforce (Pre BD)	2022 Premium (Pre BD)	\$ Change	% Change
<b>State</b>				
Non-Medicare, Non-Grad	\$141.2	\$155.0	\$13.8	9.8%
Medicare*	\$52.6	\$56.4	\$3.8	7.2%
Grad Assistants	\$5.1	\$5.5	\$0.4	8.3%
HDHP	\$22.2	\$24.3	\$2.0	9.1%
<b>Total State</b>	<b>\$221.1</b>	<b>\$241.2</b>	<b>\$20.1</b>	<b>9.1%</b>
<b>Local</b>				
Non-Medicare, Non-Grad	\$31.6	\$35.0	\$3.5	10.9%
Medicare*	\$2.6	\$3.6	\$0.9	34.8%
HDHP	\$1.2	\$1.3	\$0.1	9.7%
<b>Total Local</b>	<b>\$35.4</b>	<b>\$39.9</b>	<b>\$4.5</b>	<b>12.7%</b>
<b>Grand Total</b>	<b>\$256.5</b>	<b>\$281.0</b>	<b>\$24.5</b>	<b>9.6%</b>

\* Medicare includes Family 1 contracts

- 
1. Overview
  2. Medical Plans
  3. Prescription Drug Plan
  - 4. Dental Plan**
  5. Aggregate Renewal
  6. Fund Balance/Reserve
  7. 2022 Premium Alternatives



## 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. Delta won a recent RFP to continue services starting 1/1/2022.
- Claims data (January 2017 – April 2021) was received from Delta Dental and used in our analysis.
  - Experience period used was 2020 incurred claims (runout thru April 2021).
  - Claims experience was adjusted to take into account the lower experience due to COVID-19.
- Assumptions
  - Annual Trend 3.8% (Segal Trend Survey)
  - Delta Dental's Projected 2022 Plan Design Change Impact 4.1% (Add coverage for composite fillings on posterior teeth)
- Continued favorable experience offsets the trend and plan design change impact.

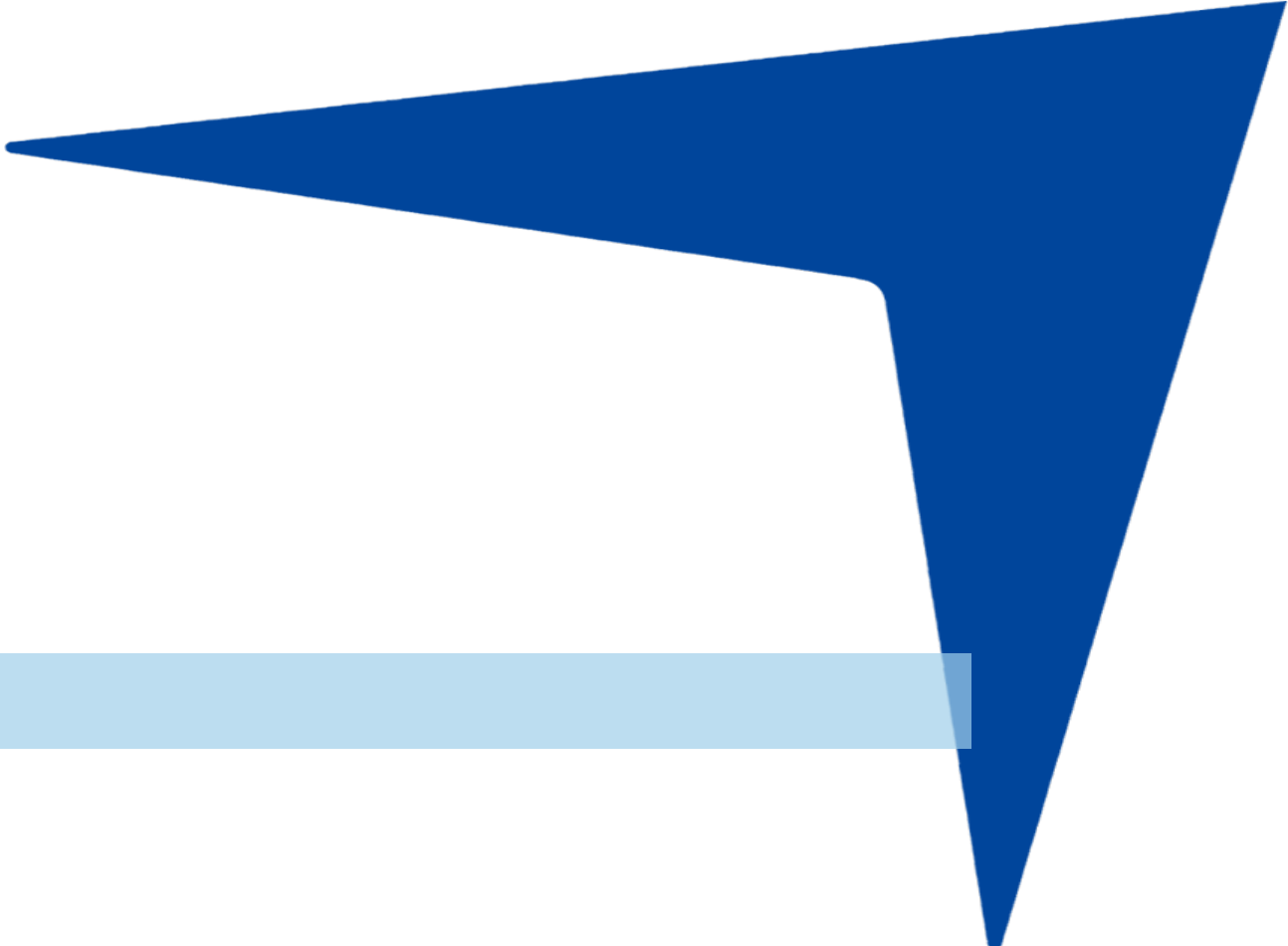
	2021 Rates	2022 Rates	% Change
<b>Self-Insured Rates</b>			
Single	\$30.20	\$30.20	0.0%
Family	\$75.50	\$75.50	0.0%

# Dental Total Cost

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

	2021 Inforce (Pre BD)	2022 Premium (Pre BD)	\$ Change	% Change
<b>State</b>				
Non-Medicare, Non-Grad	\$38.1	\$38.1	\$0.0	0.0%
Medicare*	\$10.5	\$10.5	\$0.0	0.0%
Grad Assistants	\$2.8	\$2.8	\$0.0	0.0%
HDHP	\$6.9	\$6.9	\$0.0	0.0%
<b>Total State</b>	<b>\$58.3</b>	<b>\$58.3</b>	<b>\$0.0</b>	<b>0.0%</b>
<b>Local</b>				
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%
<b>Total Local</b>	<b>\$1.9</b>	<b>\$1.9</b>	<b>\$0.0</b>	<b>0.0%</b>
<b>Grand Total</b>	<b>\$60.1</b>	<b>\$60.1</b>	<b>\$0.0</b>	<b>0.0%</b>

\* Medicare includes Family 1 contracts

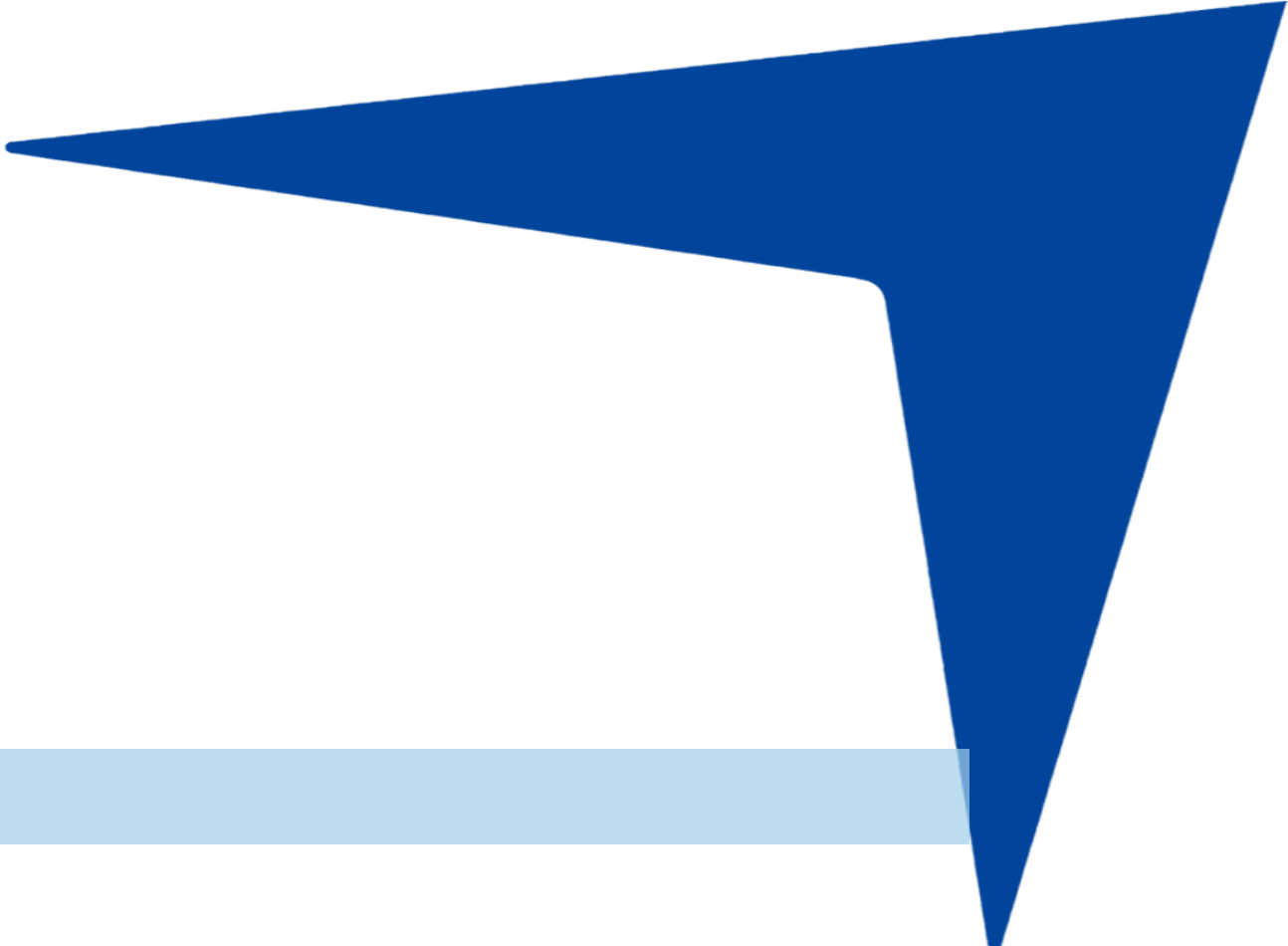
- 
1. Overview
  2. Medical Plans
  3. Prescription Drug Plan
  4. Dental
  - 5. Aggregate Renewal**
  6. Fund Balance/Reserve
  7. 2022 Premium Alternatives

## 2022 Aggregate Renewal - Medical, Rx, and Dental

- Renewal process resulted in a \$70.6 million Total Premium increase, a 4.3% increase from 2021 Inforce Rates (4.0% for State and 6.0% for Locals).

	2021 Inforce (Pre BD)	2022 Premium (Pre BD)	\$ Change	% Change
<b>State</b>				
Medical	\$1,115.1	\$1,153.5	\$38.4	3.4%
Pharmacy	\$221.1	\$241.2	\$20.1	9.1%
Dental	\$58.3	\$58.3	\$0.0	0.0%
Admin	\$28.2	\$27.0	(\$1.3)	-4.5%
<b>Total</b>	<b>\$1,422.8</b>	<b>\$1,480.0</b>	<b>\$57.2</b>	<b>4.0%</b>
<b>Local</b>				
Medical	\$183.4	\$192.5	\$9.1	5.0%
Pharmacy	\$35.4	\$39.9	\$4.5	12.7%
Dental	\$1.9	\$1.9	\$0.0	N/A
Admin	\$3.7	\$3.5	(\$0.2)	-4.5%
<b>Total</b>	<b>\$224.4</b>	<b>\$237.8</b>	<b>\$13.4</b>	<b>6.0%</b>
<b>Grand Total</b>	<b>\$1,647.2</b>	<b>\$1,717.8</b>	<b>\$70.6</b>	<b>4.3%</b>

\* Medicare includes HDHP Medicare and Family 1 contracts

- 
1. Overview
  2. Medical Plans
  3. Prescription Drug Plan
  4. Dental Plan
  5. Aggregate Renewal
  - 6. Fund Balance/Reserve**
  7. 2022 Premium Alternatives

# Fund Balance

## State

- The fund balance decreased \$5.3M in 2020 and is projected to decrease by \$4.2M in 2021.

State Health Reserve (in millions)										
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Beg of Year</b>										
Medical	56.8	61.4	66.7	69.4	74.8	76.9	84.7	62.0	73.5	86.3
Pharmacy	103.7	77.9	63.1	30.8	6.7	60.1	121.8	134.7	132.4	100.1
Dental	0.0	0.0	0.0	0.0	0.0	(1.2)	0.2	3.5	5.5	19.6
<b>Total</b>	<b>160.5</b>	<b>139.3</b>	<b>129.8</b>	<b>100.1</b>	<b>81.5</b>	<b>135.8</b>	<b>206.6</b>	<b>200.2</b>	<b>211.4</b>	<b>206.1</b>
<b>Gain/(Loss)</b>										
Medical	4.6	5.3	2.7	5.4	2.1	7.8	(22.7)	11.5	12.9	9.6
Pharmacy	(25.7)	(14.9)	(32.3)	(24.1)	53.4	61.6	13.0	(2.4)	(32.2)	(17.9)
Dental	0.0	0.0	0.0	0.0	(1.2)	1.4	3.3	2.0	14.1	4.1
<b>Total</b>	<b>(21.2)</b>	<b>(9.6)</b>	<b>(29.6)</b>	<b>(18.7)</b>	<b>54.3</b>	<b>70.8</b>	<b>(6.4)</b>	<b>11.1</b>	<b>(5.3)</b>	<b>(4.2)</b>
<b>End of Year</b>										
Medical	61.4	66.7	69.4	74.8	76.9	84.7	62.0	73.5	86.3	95.9
Pharmacy	77.9	63.1	30.8	6.7	60.1	121.8	134.7	132.4	100.1	82.3
Dental	0.0	0.0	0.0	0.0	(1.2)	0.2	3.5	5.5	19.6	23.6
<b>Total</b>	<b>139.3</b>	<b>129.8</b>	<b>100.1</b>	<b>81.5</b>	<b>135.8</b>	<b>206.6</b>	<b>200.2</b>	<b>211.4</b>	<b>206.1</b>	<b>201.8</b>

\* Reserves inclusive of investment income

# Fund Balance

## Local

- The fund balance decreased \$4.3 M in 2020 and is projected to decrease \$0.1M in 2021.

Local Health Reserve (in millions)										
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Beg of Year</b>										
Medical	1.8	1.7	0.6	0.7	0.6	(0.1)	(0.8)	(1.5)	(2.0)	(2.3)
Pharmacy	18.4	17.0	20.5	15.6	8.4	14.3	19.9	23.7	21.0	16.8
Dental	0.0	0.0	0.0	0.0	0.0	(0.1)	(0.2)	(0.2)	(0.2)	0.1
<b>Total</b>	<b>20.1</b>	<b>18.7</b>	<b>21.1</b>	<b>16.3</b>	<b>9.0</b>	<b>14.2</b>	<b>18.9</b>	<b>22.1</b>	<b>18.9</b>	<b>14.6</b>
<b>Gain/(Loss)</b>										
Medical	(0.0)	(1.1)	0.0	(0.0)	(0.7)	(0.8)	(0.7)	(0.5)	(0.3)	0.5
Pharmacy	(1.4)	3.5	(4.9)	(7.2)	5.9	5.6	3.8	(2.7)	(4.2)	(0.6)
Dental	0.0	0.0	0.0	0.0	(0.1)	(0.1)	0.0	0.0	0.3	(0.0)
<b>Total</b>	<b>(1.4)</b>	<b>2.4</b>	<b>(4.9)</b>	<b>(7.2)</b>	<b>5.1</b>	<b>4.7</b>	<b>3.1</b>	<b>(3.2)</b>	<b>(4.2)</b>	<b>(0.1)</b>
<b>End of Year</b>										
Medical	1.7	0.6	0.7	0.6	(0.1)	(0.8)	(1.5)	(2.0)	(2.3)	(1.7)
Pharmacy	17.0	20.5	15.6	8.4	14.3	19.9	23.7	21.0	16.8	16.2
Dental	0.0	0.0	0.0	0.0	(0.1)	(0.2)	(0.2)	(0.2)	0.1	0.1
<b>Total</b>	<b>18.7</b>	<b>21.1</b>	<b>16.3</b>	<b>9.0</b>	<b>14.2</b>	<b>18.9</b>	<b>22.1</b>	<b>18.9</b>	<b>14.6</b>	<b>14.6</b>

\* Reserves inclusive of investment income

# Fund Balance

## State (Projected 12/31/2021)

- Using ETF transactional data through 6/30/2021, Segal projected the ending fund balance.

<b>State Health Reserve (in millions)</b>				
	<b>Medical</b>	<b>Pharmacy</b>	<b>Dental</b>	<b>Total</b>
Balance 1/1/2021	86.3	100.1	19.6	206.1
<b>Revenue</b>				
Premiums	1,171.4	213.2	61.3	1,445.9
EGWP Subsidy		57.4		57.4
Investment Income	6.2	6.2	1.5	13.8
<b>Total Revenue</b>	<b>1,177.6</b>	<b>276.7</b>	<b>62.7</b>	<b>1,517.0</b>
<b>Expenses</b>				
Paid Claims	1,150.1	368.5	57.4	1,576.0
Admin Costs	17.9	9.0	1.2	28.2
Rebates		(82.9)		(82.9)
<b>Total Expenses</b>	<b>1168.0</b>	<b>294.6</b>	<b>58.6</b>	<b>1,521.3</b>
2021 Change in Budget	9.6	(17.9)	4.1	(4.2)
<b>Balance 12/31/2021</b>	<b>95.9</b>	<b>82.3</b>	<b>23.6</b>	<b>201.8</b>
<b>2020 Projection</b>				<b>198.0</b>

A net gain of \$3.8M



# Fund Balance

*Local (Projected 12/31/2021)*

- Using ETF transactional data through 6/30/2021, Segal projected the ending fund balance.

<b>Local Health Reserve (in millions)</b>				
	<b>Medical</b>	<b>Pharmacy</b>	<b>Dental</b>	<b>Total</b>
Balance 1/1/2021	(2.3)	16.8	0.1	14.6
<b>Revenue</b>				
Premiums	183.2	34.4	1.9	219.5
EGWP Subsidy		3.1		3.1
Investment Income	(0.1)	1.1	0.0	1.0
<b>Total Revenue</b>	<b>183.1</b>	<b>38.6</b>	<b>2.0</b>	<b>223.7</b>
<b>Expenses</b>				
Paid Claims	180.4	49.8	2.0	232.2
Admin Costs	2.1	0.9	0.0	3.0
Rebates		(11.4)		(11.4)
<b>Total Expenses</b>	<b>182.6</b>	<b>39.2</b>	<b>2.0</b>	<b>223.7</b>
2021 Change in Budget	0.5	(0.6)	(0.0)	(0.1)
<b>Balance 12/31/2021</b>	<b>(1.7)</b>	<b>16.2</b>	<b>0.1</b>	<b>14.6</b>
<b>2020 Projection</b>				<b>15.3</b>

**A net loss of \$0.7M**

## Gain/(Loss) Summary

- Last's years projections remain on track. Poor pharmacy experience was offset by a gain in investment income and dental experience.

<b>Projected 12/31/2021 Reserve Gain/(Loss) Analysis (in millions)</b>		
	<b>State</b>	<b>Local</b>
2020 Projected	198.0	15.3
2021 Projected	201.8	14.6
<b>Total Reserve Gain</b>	<b>3.8</b>	<b>-0.7</b>
Gain from:		
Investment Income	17.0	1.5
Pharmacy Experience	(17.2)	(2.2)
2020 Dental Covid Exp	4.1	(0.0)

# 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.
- Last year the board, based on the reserve at that time, approved moving to the new policy over the three year period ending in 2023.

# Reserve Surplus Calculation

➤ Based on the mid-point reserve target, the State has a surplus of \$116.4M. Locals also have a surplus of \$1.9M.

	Projected Reserve (in millions)							
	State				Local			
	Medical	Rx	Dental	Total	Medical	Rx	Dental	Total
Projected Fund Balance 12/31/2021	95.9	82.3	23.6	201.8	(1.7)	16.2	0.1	14.6
Projected 2022 Claims (SI)		397.2	59.6	456.8		53.5	2.0	55.5
Projected 2022 Premiums (FI)	1,153.5			1,153.5	192.5			192.5
<b>New Policy Reserve Target</b>								
3% Medical, 8% Rx, 5% Dental	34.6	31.8	3.0	69.4	5.8	4.3	0.1	10.2
5% Medical, 10% Rx, 7% Dental	57.7	39.7	4.2	101.6	9.6	5.3	0.1	15.1
Mid-Point Reserve	46.1	35.8	3.6	85.5	7.7	4.8	0.1	12.6
<b>Surplus New Policy</b>	<b>49.8</b>	<b>46.5</b>	<b>20.1</b>	<b>116.4</b>	<b>(9.4)</b>	<b>11.4</b>	<b>(0.0)</b>	<b>1.9</b>

➤ 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
2024(TBD)								
2023(TBD)								
2022(TBD)								
2021	0.0	10.5	0.0	10.5	0.0	1.7	0.0	1.7
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

The buy-down is applied by taking a % of the Rx premium rates across all groups

# Multi-Year Reserve Draw Strategy – State Option 1

- The table below illustrates targets no overall increase in 2022.
- In 2023, the remaining surplus is applied to get to the target (6.4%).
- No additional draw in 2024 (8.8%).

State Reserve Multi-year Strategy					
	Balance <sup>1</sup>	Target <sup>2</sup>	% of Claims/ FI Premium	Surplus <sup>3</sup>	Draw
<b>2022</b>	\$201.8	\$85.5	5.3%	\$116.4	\$69.4
<b>2023</b>	\$141.7	\$89.7	5.3%	\$52.0	\$53.6
<b>2024</b>	\$94.3	\$94.2	5.3%	\$0.0	\$0.0

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

<sup>2</sup> Reserve Target assumed to increase at 5% per year.

<sup>3</sup> The Surplus refers to the money in the fund that exceeds the Midpoint Target Reserve at beginning of year.

## Multi-Year Reserve Draw Strategy – State Option 2

- The table below targets a 1% increase in 2022.
- In 2023, an equivalent draw amount is used to reduce the rate increase (5.2%).
- In 2024, the remaining surplus is applied to get to the target (7.9%).

State Reserve Multi-year Strategy					
	Balance <sup>1</sup>	Target <sup>2</sup>	% of Claims/ FI Premium	Surplus <sup>3</sup>	Draw
<b>2022</b>	\$201.8	\$85.5	5.3%	\$116.4	\$55.3
<b>2023</b>	\$156.8	\$89.7	5.3%	\$67.0	\$55.3
<b>2024</b>	\$108.6	\$94.2	5.3%	\$14.4	\$14.4

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

<sup>2</sup> Reserve Policy assumed to increase at 5% per year.

<sup>3</sup> The Surplus refers to the money in the fund that exceeds the Midpoint Target Reserve at beginning of year.

## Multi-Year Reserve Draw Strategy – State Option 3

- The table below targets a 2% increase in 2022.
- In 2023 and 2024, a draw was utilized to level the premiums over those years (5%).

<b>State Reserve Multi-year Strategy</b>					
	<b>Balance<sup>1</sup></b>	<b>Target<sup>2</sup></b>	<b>% of Claims/ FI Premium</b>	<b>Surplus<sup>3</sup></b>	<b>Draw</b>
<b>2022</b>	\$201.8	\$85.5	5.3%	\$116.4	\$41.2
<b>2023</b>	\$171.9	\$89.7	5.3%	\$82.1	\$42.6
<b>2024</b>	\$138.3	\$94.2	5.3%	\$44.1	\$44.1

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

<sup>2</sup> Reserve Policy assumed to increase at 5% per year.

<sup>3</sup> The Surplus refers to the money in the fund that exceeds the Midpoint Target Reserve at beginning of year.



## Multi-Year Reserve Draw Strategy – State Option 4

- The table below targets a 3% increase in 2022.
- In 2023 and 2024, a draw was utilized to level the premiums over those years (4%).

<b>State Reserve Multi-year Strategy</b>					
	<b>Balance<sup>1</sup></b>	<b>Target<sup>2</sup></b>	<b>% of Claims/ FI Premium</b>	<b>Surplus<sup>3</sup></b>	<b>Draw</b>
<b>2022</b>	\$201.8	\$85.5	5.3%	\$116.4	\$27.0
<b>2023</b>	\$187.1	\$89.7	5.3%	\$97.3	\$43.0
<b>2024</b>	\$154.1	\$94.2	5.3%	\$59.9	\$59.9

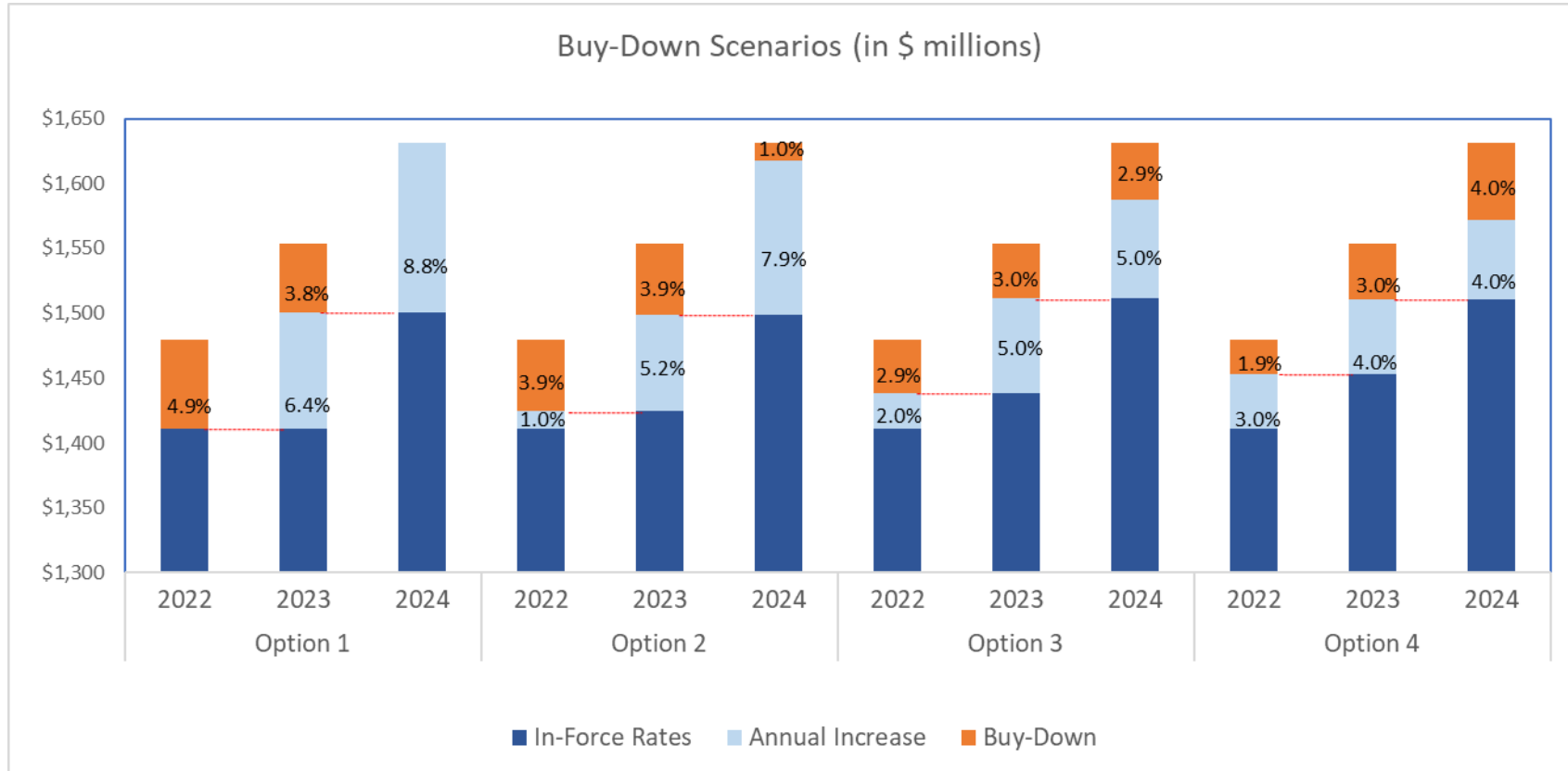
<sup>1</sup> Assumes 7% investment return and no additional gains or losses that would impact the fund balance.

<sup>2</sup> Reserve Policy assumed to increase at 5% per year.

<sup>3</sup> The Surplus refers to the money in the fund that exceeds the Midpoint Target Reserve at beginning of year.

# Projected State Premium Increases – Options 1 through 4

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



- As the Option “number” grows, the increase is greater upfront, with lower increases in subsequent years. For example, Option 4 is the smoothest.
- Each option produces the same 3-year overall increase of 5.0%

# Multi-Year Reserve Draw Strategy – Local Option 1

- The table below illustrates targets a 5.8% increase in 2022.
- In 2023, the remaining surplus is applied to get to the target (6.1%).
- No additional draw in 2024 (5.0%).

Local Reserve Multi-year Strategy					
	Balance <sup>1</sup>	Target <sup>2</sup>	% of Claims/ FI Premium	Surplus <sup>3</sup>	Draw
<b>2022</b>	\$14.6	\$12.6	5.1%	\$1.9	\$2.5
<b>2023</b>	\$13.0	\$13.3	5.1%	-\$0.3	\$0.0
<b>2024</b>	\$13.9	\$13.9	5.1%	\$0.0	\$0.0

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

<sup>2</sup> Reserve Target assumed to increase at 5% per year.

<sup>3</sup> The Surplus refers to the money in the fund that exceeds the Midpoint Target Reserve at beginning of year.

## Multi-Year Reserve Draw Strategy – Local Option 2

- The table below targets a 6.4% increase in 2022.
- In 2023 and 2024, a draw was utilized to level the premiums over those years (5.2%).

Local Reserve Multi-year Strategy					
	Balance <sup>1</sup>	Target <sup>2</sup>	% of Claims/ FI Premium	Surplus <sup>3</sup>	Draw
<b>2022</b>	\$14.6	\$12.6	5.1%	\$1.9	\$1.3
<b>2023</b>	\$14.2	\$13.3	5.1%	\$1.0	\$0.8
<b>2024</b>	\$14.4	\$13.9	5.1%	\$0.4	\$0.4

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

<sup>2</sup> Reserve Policy assumed to increase at 5% per year.

<sup>3</sup> The Surplus refers to the money in the fund that exceeds the Midpoint Target Reserve at beginning of year.

## Multi-Year Reserve Draw Strategy – Local Option 3

- Note the target is lower than previous options – now using the low end of the range rather than the midpoint. This increases the surplus \$2.5M allowing for larger draw.
- The table below targets a 5.8% increase in 2022.
- In 2023 and 2024, a draw was utilized to level the premiums over those years (5.4%).

Local Reserve Multi-year Strategy					
	Balance <sup>1</sup>	Target <sup>2</sup>	% of Claims/ FI Premium	Surplus <sup>3</sup>	Draw
<b>2022</b>	\$14.6	\$10.2	5.1%	\$4.4	\$2.5
<b>2023</b>	\$13.0	\$10.7	5.1%	\$2.3	\$1.7
<b>2024</b>	\$12.1	\$11.2	5.1%	\$0.9	\$0.9

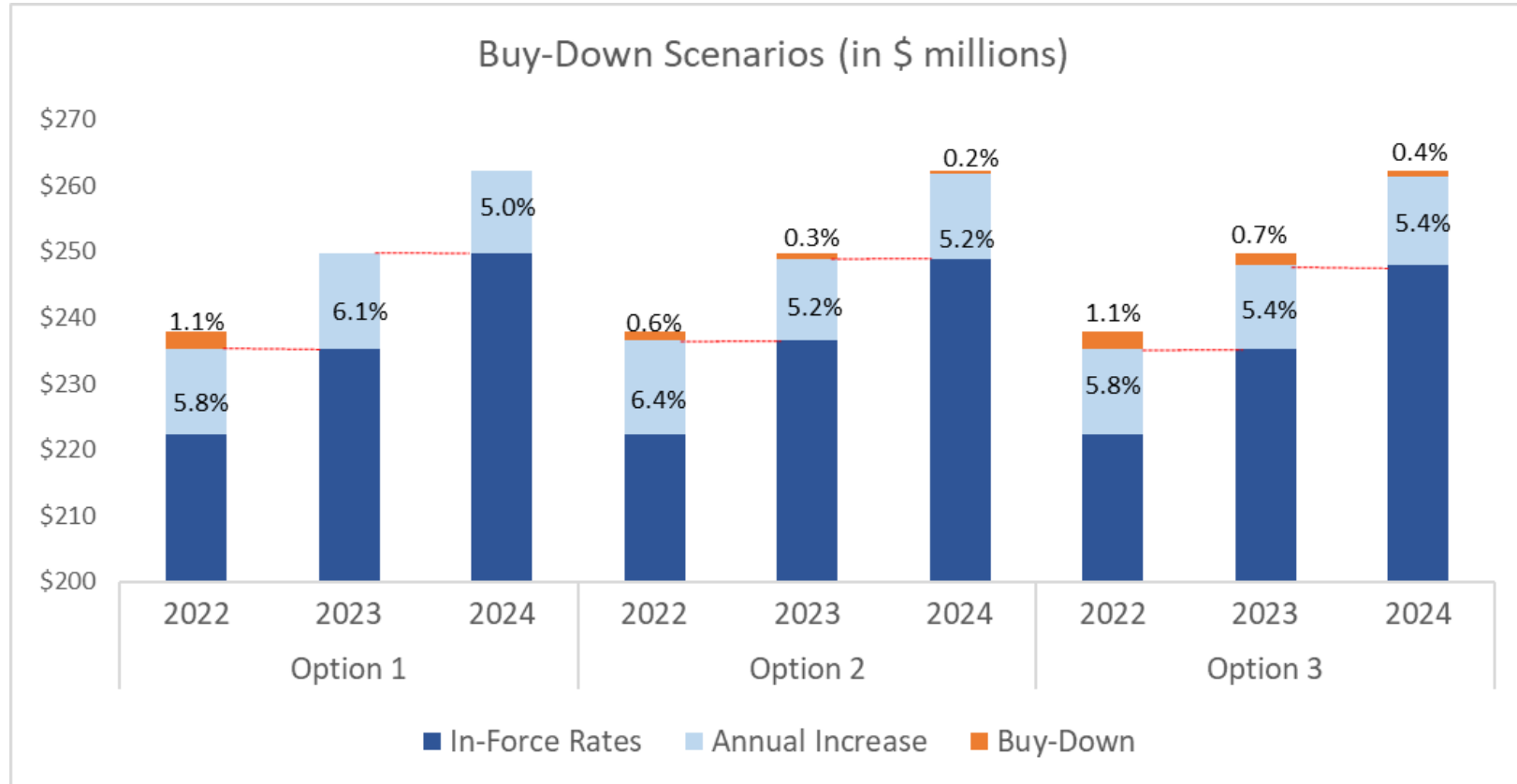
<sup>1</sup> Assumes 7% investment return and no additional gains or losses that would impact the fund balance.

<sup>2</sup> Reserve Policy assumed to increase at 5% per year.

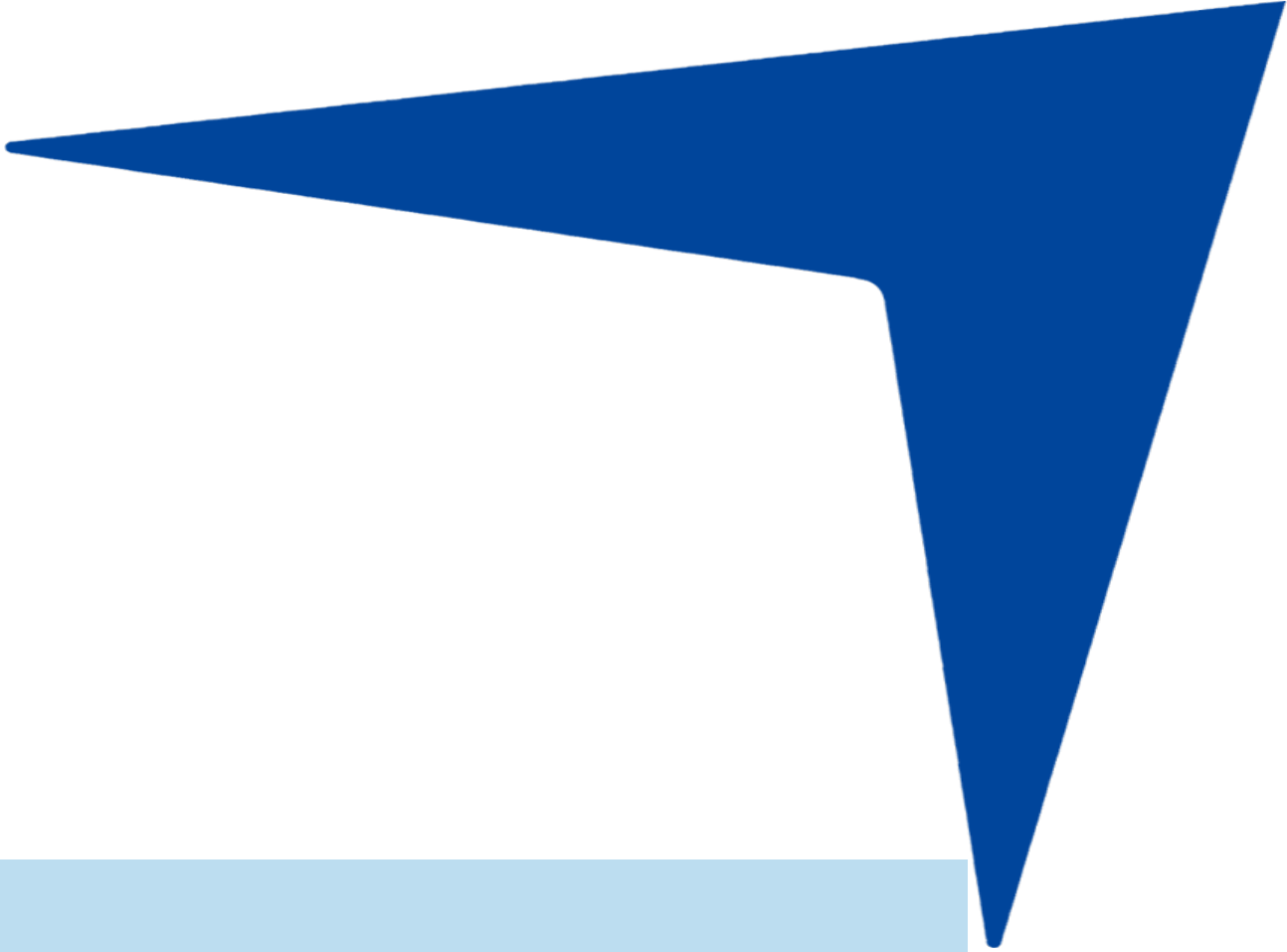
<sup>3</sup> The Surplus refers to the money in the fund that exceeds the Low End of the Target Reserve at beginning of year.

# 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 5.6%

- 
1. Overview
  2. Medical Plans
  3. Prescription Drug Plan
  4. Dental Plan
  5. Aggregate Renewal
  6. Fund Balance/Reserve

## **7. 2022 Premium Alternatives**

## 2022 Premium Rates – With No Reserve Draw

### Total Premium by Group

- The 2021 premiums reflect a \$12.2 million buy-down for State and \$2.0 million for Locals.
- The 2021 inforce after buy-down premiums are expected to increase 4.9% in 2022 before further reserve draw down. Locals increase is 7.0%.
- Premiums include medical, pharmacy, dental, and admin.

	2021 Inforce (Pre BD)	2021 Inforce (Post BD)	2021 BD	2022 Premium (Pre BD)	2022 Need	%
<b>State</b>						
Non-Medicare, Non-Grad	\$1,042.7	\$1,035.1	\$7.5	\$1,089.4	\$54.2	5.2%
Medicare*	\$156.8	\$154.0	\$2.8	\$157.7	\$3.7	2.4%
Grad Assistants	\$55.7	\$55.1	\$0.6	\$58.0	\$2.9	5.2%
HDHP	\$167.6	\$166.3	\$1.3	\$174.8	\$8.5	5.1%
<b>Total</b>	<b>\$1,422.8</b>	<b>\$1,410.6</b>	<b>\$12.2</b>	<b>\$1,480.0</b>	<b>\$69.4</b>	<b>4.9%</b>
<b>Local</b>						
Non-Medicare, Non-Grad	\$208.1	\$206.4	\$1.8	\$220.1	\$13.7	6.6%
Medicare*	\$7.9	\$7.7	\$0.2	\$8.9	\$1.2	15.4%
HDHP	\$8.3	\$8.3	\$0.1	\$8.8	\$0.6	6.8%
<b>Total</b>	<b>\$224.4</b>	<b>\$222.4</b>	<b>\$2.0</b>	<b>\$237.8</b>	<b>\$15.5</b>	<b>7.0%</b>
<b>Grand Total</b>	<b>\$1,647.2</b>	<b>\$1,633.0</b>	<b>\$14.2</b>	<b>\$1,717.8</b>	<b>\$84.8</b>	<b>5.2%</b>

\* Medicare includes Family 1 contracts



## 2022 Premium Rates – With Option 1 Reserve Draw

- Recommending that State draws down the reserve \$69.4. million to reduce the overall increase to 0.0% from 4.9% increase.
- Recommending that Locals draws down the reserve \$2.5 million to reduce the overall increase to 5.8% from 7.0% increase.
- Aggregate increase after buy-down is 0.8%.

	2021 Inforce (Post BD)	2022 Premium (Pre BD)	2022 Buydown	2022 Premium (Post BD)	\$ Change	% Change
<b>State</b>						
Non-Medicare, Non-Grad	\$1,035.1	\$1,089.4	(\$44.6)	\$1,044.8	\$9.6	0.9%
Medicare*	\$154.0	\$157.7	(\$16.2)	\$141.5	(\$12.5)	-8.1%
Grad Assistants	\$55.1	\$58.0	(\$1.6)	\$56.4	\$1.3	2.3%
HDHP	\$166.3	\$174.8	(\$7.0)	\$167.8	\$1.5	0.9%
<b>Total</b>	<b>\$1,410.6</b>	<b>\$1,480.0</b>	<b>(\$69.4)</b>	<b>\$1,410.6</b>	<b>(\$0.0)</b>	<b>0.0%</b>
<b>Local</b>						
Non-Medicare, Non-Grad	\$206.4	\$220.1	(\$2.2)	\$217.9	\$11.5	5.6%
Medicare*	\$7.7	\$8.9	(\$0.2)	\$8.7	\$1.0	12.5%
HDHP	\$8.3	\$8.8	(\$0.1)	\$8.8	\$0.5	5.8%
<b>Total</b>	<b>\$222.4</b>	<b>\$237.8</b>	<b>(\$2.5)</b>	<b>\$235.3</b>	<b>\$13.0</b>	<b>5.8%</b>
<b>Grand Total</b>	<b>\$1,633.0</b>	<b>\$1,717.8</b>	<b>(\$71.9)</b>	<b>\$1,645.9</b>	<b>\$12.9</b>	<b>0.8%</b>

\* Medicare includes Family 1 contracts

## 2022 Premium Rates – With Option 2 Reserve Draw

- Recommending that State draws down the reserve \$55.3 million to reduce the overall increase to 1.0% from 4.9% increase.
- Recommending that Locals draws down the reserve \$1.3 million to reduce the overall increase to 6.4% from 7.0% increase.
- Aggregate increase after buy-down is 1.7%.

	2021 Inforce (Post BD)	2022 Premium (Pre BD)	2022 Buydown	2022 Premium (Post BD)	\$ Change	% Change
<b>State</b>						
Non-Medicare, Non-Grad	\$1,035.1	\$1,089.4	(\$35.5)	\$1,053.9	\$18.7	1.8%
Medicare*	\$154.0	\$157.7	(\$12.9)	\$144.8	(\$9.2)	-6.0%
Grad Assistants	\$55.1	\$58.0	(\$1.3)	\$56.8	\$1.6	2.9%
HDHP	\$166.3	\$174.8	(\$5.6)	\$169.3	\$2.9	1.8%
<b>Total</b>	<b>\$1,410.6</b>	<b>\$1,480.0</b>	<b>(\$55.3)</b>	<b>\$1,424.7</b>	<b>\$14.1</b>	<b>1.0%</b>
<b>Local</b>						
Non-Medicare, Non-Grad	\$206.4	\$220.1	(\$1.1)	\$218.9	\$12.6	6.1%
Medicare*	\$7.7	\$8.9	(\$0.1)	\$8.8	\$1.1	13.9%
HDHP	\$8.3	\$8.8	(\$0.0)	\$8.8	\$0.5	6.3%
<b>Total</b>	<b>\$222.4</b>	<b>\$237.8</b>	<b>(\$1.3)</b>	<b>\$236.5</b>	<b>\$14.2</b>	<b>6.4%</b>
<b>Grand Total</b>	<b>\$1,633.0</b>	<b>\$1,717.8</b>	<b>(\$56.6)</b>	<b>\$1,661.2</b>	<b>\$28.3</b>	<b>1.7%</b>

\* Medicare includes Family 1 contracts

## 2022 Premium Rates – With Option 3 Reserve Draw

- Recommending that State draws down the reserve \$41.2 million to reduce the overall increase to 2.0% from 4.9% increase.
- Recommending that Locals draws down the reserve \$2.5 million to reduce the overall increase to 5.8% from 7.0% increase.
- Aggregate increase after buy-down is 2.5%.

	2021 Inforce (Post BD)	2022 Premium (Pre BD)	2022 Buydown	2022 Premium (Post BD)	\$ Change	% Change
<b>State</b>						
Non-Medicare, Non-Grad	\$1,035.1	\$1,089.4	(\$26.4)	\$1,062.9	\$27.8	2.7%
Medicare*	\$154.0	\$157.7	(\$9.6)	\$148.1	(\$5.9)	-3.8%
Grad Assistants	\$55.1	\$58.0	(\$0.9)	\$57.1	\$1.9	3.5%
HDHP	\$166.3	\$174.8	(\$4.1)	\$170.7	\$4.4	2.6%
<b>Total</b>	<b>\$1,410.6</b>	<b>\$1,480.0</b>	<b>(\$41.2)</b>	<b>\$1,438.8</b>	<b>\$28.2</b>	<b>2.0%</b>
<b>Local</b>						
Non-Medicare, Non-Grad	\$206.4	\$220.1	(\$2.2)	\$217.9	\$11.5	5.6%
Medicare*	\$7.7	\$8.9	(\$0.2)	\$8.7	\$1.0	12.5%
HDHP	\$8.3	\$8.8	(\$0.1)	\$8.8	\$0.5	5.8%
<b>Total</b>	<b>\$222.4</b>	<b>\$237.8</b>	<b>(\$2.5)</b>	<b>\$235.3</b>	<b>\$13.0</b>	<b>5.8%</b>
<b>Grand Total</b>	<b>\$1,633.0</b>	<b>\$1,717.8</b>	<b>(\$43.7)</b>	<b>\$1,674.1</b>	<b>\$41.2</b>	<b>2.5%</b>

\* Medicare includes Family 1 contracts

## 2022 Premium Rates – With Option 4 Reserve Draw

- Recommending that State draws down the reserve \$27.0 million to reduce the overall increase to 3.0% from 4.9% increase.
- Recommending that Locals draws down the reserve \$2.5 million to reduce the overall increase to 5.8% from 7.0% increase (same as Option 3).
- Aggregate increase after buy-down is 3.4%.

	2021 Inforce (Post BD)	2022 Premium (Pre BD)	2022 Buydown	2022 Premium (Post BD)	\$ Change	% Change
<b>State</b>						
Non-Medicare, Non-Grad	\$1,035.1	\$1,089.4	(\$17.4)	\$1,072.0	\$36.9	3.6%
Medicare*	\$154.0	\$157.7	(\$6.3)	\$151.4	(\$2.6)	-1.7%
Grad Assistants	\$55.1	\$58.0	(\$0.6)	\$57.4	\$2.3	4.1%
HDHP	\$166.3	\$174.8	(\$2.7)	\$172.1	\$5.8	3.5%
<b>Total</b>	<b>\$1,410.6</b>	<b>\$1,480.0</b>	<b>(\$27.0)</b>	<b>\$1,452.9</b>	<b>\$42.3</b>	<b>3.0%</b>
<b>Local</b>						
Non-Medicare, Non-Grad	\$206.4	\$220.1	(\$2.2)	\$217.9	\$11.5	5.6%
Medicare*	\$7.7	\$8.9	(\$0.2)	\$8.7	\$1.0	12.5%
HDHP	\$8.3	\$8.8	(\$0.1)	\$8.8	\$0.5	5.8%
<b>Total</b>	<b>\$222.4</b>	<b>\$237.8</b>	<b>(\$2.5)</b>	<b>\$235.3</b>	<b>\$13.0</b>	<b>5.8%</b>
<b>Grand Total</b>	<b>\$1,633.0</b>	<b>\$1,717.8</b>	<b>(\$29.5)</b>	<b>\$1,688.2</b>	<b>\$55.3</b>	<b>3.4%</b>

\* 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**  
Vice President  
Pklein@segalco.com

*Thank you!*



# Action Needed

ETF requests the Board motion to:

1. Approve the reserve spend down amounts for State and Local.
2. Adjust SMP rates for 2022.
3. Approve LAHP rate
4. Approve plan tiering and rates for health insurance, pharmacy, and dental benefits for 2022.



**Questions?**



# Life Insurance Annual Report



## Item 5 - Group Insurance Board

Tom Rasmussen, Life Insurance and Dental Insurance  
Program Manager  
Office of Strategic Health Policy







# Action Needed

- ETF requests the Board accept the 2020 Securian Financial Group Annual Report

# 2020 Policy Year Highlights

## State Plan

- 86,425 covered lives. Increase of 1,059 from 2019
- Total life insurance coverage increased by 4% to more than \$12.5 billion
- Claims higher than targeted due to COVID-19
- Valuation of 96.5%
- 5% premium increase on employee premium
- Board approved a one-time decrease for spouse and dependent premium effective April 1, 2020

# 2020 Policy Year Highlights

## Local Plan

- 123,676 covered lives. Increase of 419 from 2019
- 744 local governments participating
- Total life insurance coverage decreased by 0.2% to 13.0 billion
- Claims higher than expected due to COVID-19
- Valuation of 108%
- No premium change

# State Plan Reserves

1.	Assets	Amount	2.	Liabilities	Amount
a.	Retiree Premium Deposit Fund	\$334,053,582	a.	Post- Age 65 Retirees	\$448,329,384
b.	Active Stabilization Reserve, Available for Post-Retirement Funding	\$57,013,600	b.	Pre-Age 65 Retirees	\$57,708,194
c.	<b>Total</b>	<b>\$391,067,182</b>	c.	Active Employees	(\$100,860,234)
			d.	<b>Total</b>	<b>\$405,177,344</b>
			3.	Underfunded Accrued Liability (2d-1e)	\$14,110,162
			4.	<b>Total Assets as Percent of Total Liabilities</b>	<b>96.5%</b>

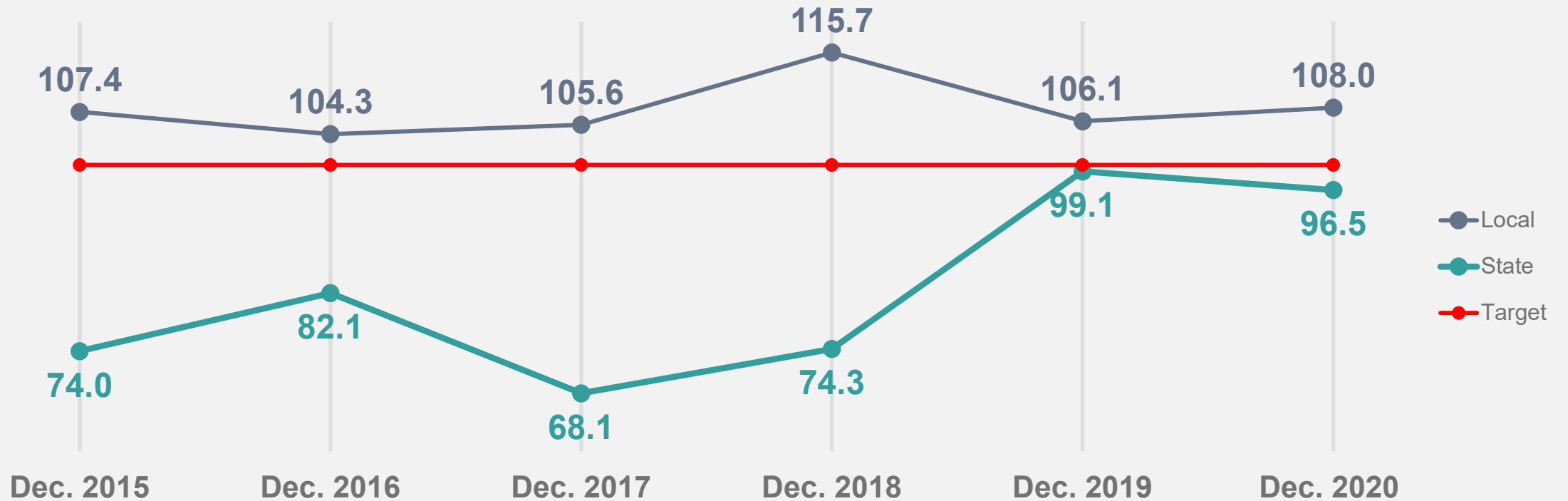
# Local Plan Reserves

1.	Assets	Amount
a.	Retiree Premium Deposit Fund	\$251,515,147
b.	Contingent Liability Reserve	\$0 (closed as per Board's authorization)
c.	Active Stabilization Reserve, available for Post-Retirement Funding	\$75,735,785
<b>d.</b>	<b>Total</b>	<b>\$327,250,932</b>

2.	Liabilities	Amount
a.	Post-Age 65 Retirees	\$274,619,712
b.	Pre-Age 65 Retirees	\$41,328,808
c.	Active Employees	(\$12,966,388)
<b>d.</b>	<b>Total</b>	<b>\$302,982,132</b>
<b>3.</b>	<b>Unfunded Accrued Liability (2d-1e)</b>	<b>(\$24,268,800)</b>
<b>4.</b>	<b>Total Assets as a Percent of Total Liabilities</b>	<b>108.0%</b>

# Plan Valuation

Target Goal of 100%



## State of Wisconsin Valuation Funding Analysis

Assets as a Percentage of Net Liabilities (\$ Millions)

Ref. GIB | 08.18.21 | 5

Group Insurance Board – August 18, 2021

# State Plan Premiums

In 2019, the Board approved 5% annual premium increase to the plan through April 2028

No premium change to Spouse and Dependent premiums

Attained	Employee's Monthly Premium per \$1,000 of Insurance					
	Current (2021)			Effective 4/1/2022		
Age	Basic	Supp	Addl	Basic	Supp	Addl
Under 30	0.05	0.05	0.07	0.05	0.05	0.07
30-34	0.05	0.05	0.07	0.05	0.05	0.07
35-39	0.05	0.05	0.07	0.05	0.05	0.07
40-44	0.07	0.07	0.10	0.07	0.07	0.11
45-49	0.12	0.12	0.17	0.12	0.12	0.18
50-54	0.19	0.19	0.28	0.19	0.19	0.29
55-59	0.25	0.25	0.38	0.27	0.27	0.40
60-64	0.35	0.35	0.52	0.36	0.36	0.55
65-69	0.45	0.45	0.66	0.47	0.47	0.69

# Local Plan Premium

No recommended premium action for active employees

Spouse and Dependent premium reduced from \$1.75 to \$1.60 included in RFP

	Employee's Monthly Premium per \$1,000 of Insurance		
Attained	Current		
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 99.93%
- Achieved 93% satisfaction score on biennial employer survey

# COVID-19 Impact

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

As of July 27 reporting, there has been 297 COVID-19 related deaths with \$7.3 million in claims

Due to the stop-loss safeguard, the short-term impact to the plan is limited and the existing reserves are sufficient to absorb the impact in 2021

# Securian's Presentation

Susan Munson-Regala, Vice-President and Actuary of Group Insurance

Hans Larsen, Actuarial Senior Consultant




# Action Needed

- ETF requests the Board accept the 2020 Securian Financial Group Annual Report



**Questions?**



The background of the slide is a photograph of the Wisconsin State Capitol building in Madison, Wisconsin. The building is a grand, classical-style structure with a prominent central dome topped by a golden statue. The facade is light-colored stone with many windows and columns. The sky is a clear, bright blue. The text is overlaid on the left side of the image.

# Report to the Group Insurance Board of the State of Wisconsin

**Securian Financial**

**Susan Munson-Regala**

Vice President and Actuary

**Hans Larsen**

Actuary

August 18<sup>th</sup>, 2021

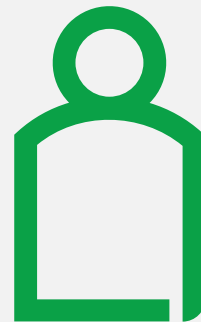


# Group Life Insurance

## State Plan and Local Government Plan Components Program



**Active  
Employees**



**Retirees**



**Spouse &  
Dependents**



# 2020 Policy Year Report Highlights

## State Plan

### Employees

- 2020 Claims higher than target due to COVID-19
- Recent three years' experience better than target

### Spouse & Dependent

- 2020 Claims Higher than target due to COVID-19
- Recent three years' experience at target
- Pricing anticipates using reserves to cover excess claims

### Aviation AD Benefit

- Work-related accidental deaths
- No claims in 2020





# 2020 Policy Year Report Highlights

## State Plan

### Plan Growth

- Insurance in force increased 4% to \$12.5 billion
- More than 85,000 active retired insured lives

### Other Benefits

- Conversion of post retirement life insurance
- Pay health insurance or long-term care premiums
- 295 retirees utilized

### Reserve Funds

- Earned 2.80%
- Funding of future benefits is at 96.5%
- Incorporates schedule of future premium rate increases approved in 2019



# 2020 Policy Year Report Highlights

## Local Government Plan

### Employees

- 2020 Claims higher than previous years due to COVID-19
- 2020 experience better than target

### Spouse & Dependents

- Claims higher than target
- Pricing anticipates using reserves to cover excess claims
- Premium rate will be reduced to further draw down reserve



# 2020 Policy Year Report Highlights

## Local Government Plan

### Plan Growth

- 744 local governments participate
- Insurance in force decreased less than 1% to \$13.0 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 2.8%
- Funding of future benefits is at 108.0%

# COVID Financial Impact



- COVID share of total claims for Wisconsin's plan was lower than the share for Securian's total block
- Impact of COVID on post-65 retiree funding not large enough to recommend a change to funding strategy

# \* Report to the Group Insurance Board

## State Plan



### Employee Life Insurance

2020 claims higher than target level; 2018-2020 results better than target level

Continued low interest rate environment places pressure on post-retirement funding

- Premium rates will increase according to schedule approved in 2019

# \* Report to the Group Insurance Board

## State Plan



### Spouse and Dependents

2020 claims were higher than target, driven by COVID-19

Recent years' experience at target

Priced to gradually draw down stabilization reserve

# ❁ Report to the Group Insurance Board

## Local Government Plan



### Employee Life Insurance

2020 results and 2018-2020 results better than target level

Prudent to hold premium rates at current levels

- Continued low interest rate environment placed pressure on post retirement funding

No change to premium rates in 2022

# Report to the Group Insurance Board

## Local Government Plan



### Spouse and Dependents

Plan has a large stabilization reserve

2020 claims were higher than expected

Reserve remains higher than target

- Premium rate will reduce from \$1.75 per unit to \$1.60
- Consistent with 2022 contract renewal



# Rate Changes for 2022



Group Insurance Board – August 16, 2021

## State Plan

- Continue the premium rate increase scheduled approved in 2019
- Stop-loss rate change consistent with 2022 contract renewal, adding protection for the plan

## Local Plan

- Spouse and dependent premium rate reduction from \$1.75 per unit to \$1.60 consistent with 2022 contract renewal
- Stop-loss rate change consistent with 2022 contract renewal, adding protection for the plan



**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](http://securian.com)

400 Robert Street North, St. Paul, MN 55101-2098  
©2018 Securian Financial Group, Inc. All rights reserved.

F00000 Rev 0-2016 DOFU 0-2018  
000000



# Well Wisconsin Return on Investment and Request for Information Results

## Item 6 - Group Insurance Board

Molly Heisterkamp, Wellness & Disease Management Program Manager

Tricia Sieg, Pharmacy Benefits Program Manager

Beth Bucaida, Contracts Specialist





# Action Needed

The Department of Employee Trust Funds (ETF) recommends the Group Insurance Board (Board) authorize staff to prepare and release a Request for Proposals (RFP) to select an administrator for the Well Wisconsin program, effective for the 2024 program year.

(Ref. GIB | 8.18.21 | 6, Page 1)

Group Insurance Board – August 18, 2021

# Well Wisconsin Administration

**2014 – 2016:**  
Health plans

**2017 – 2020:**  
StayWell

**2021 – 2023:**  
WebMD

(Ref. GIB | 8.18.21 | 6, Page 1)

Group Insurance Board – August 18, 2021

# Program Offerings

\$150  
incentive  
program

Health  
coaching

Disease  
management

Biometric  
screenings

Flu vaccines

Online  
portal/app

# Impacts on Health

- From 2017 to 2019, participants had:
  - 19% lower rate of increase in relative risk scores
  - Significantly better healthcare utilization rates
- Year-over-year health improvements as measured by the health assessment and biometric screenings for repeat participants.

(Ref. GIB | 8.18.21 | 6, Page 1 - 2)

Group Insurance Board – August 18, 2021



# Impacts on Quality and Costs

- Over 90% of participants continue to be satisfied with most program services
- In 2019, participants had greater savings when evaluating expected versus actual medical and pharmacy costs:
  - 19.5% greater savings for active employee participants
  - 77.9% savings for retiree participants

(Ref. GIB | 8.18.21 | 6, Page 2)

Group Insurance Board – August 18, 2021

# 2021 Engagement

Activity Type	7/12/2021	7/13/2020	7/14/2019
Health Assessment	29,130	23,377	31,757
Health Check	24,533	12,080	23,381
Employer-Sponsored Activity	2,898	275	NA
Health Coaching: 3 Calls	2,267	662	1,206
Well Wisconsin Radio: Time 1	10,673	2,666	NA
Well Wisconsin Incentive Earned	19,017	9,724	19,465

(Ref. GIB | 8.18.21 | 6, Page 2, Table 1)

Group Insurance Board – August 18, 2021

# Return on Investment (ROI)

ROI is a ratio of savings to costs

It can take two to nine years to achieve a savings of \$1.5 - \$3 for every dollar spent (U.S. Chamber of Commerce, 2016)

Well Wisconsin ROI analysis was for three years, 2017 to 2019

(Ref. GIB | 8.18.21 | 6, Page 3)

Group Insurance Board – August 18, 2021

# ROI Results

	2017	2018	2019	3-Year Total
ROI (excluding paid incentives)	-2.26	2.57	0.08	0.21
ROI (overall)	-1.27	1.40	0.04	0.12

(Ref. GIB | 8.18.21 | 6, Page 3, Table 2)

Group Insurance Board – August 18, 2021

# Administration Fees

Currently less than \$5 per employee per month (PEPM)

“Reasonable and within acceptable ranges” (Segal)

\$3.5 to \$7 PEPM (Aldana, 2020)

(Ref. GIB | 8.18.21 | 6, Page 4)

Group Insurance Board – August 18, 2021

# Incentives

Current incentive = \$150

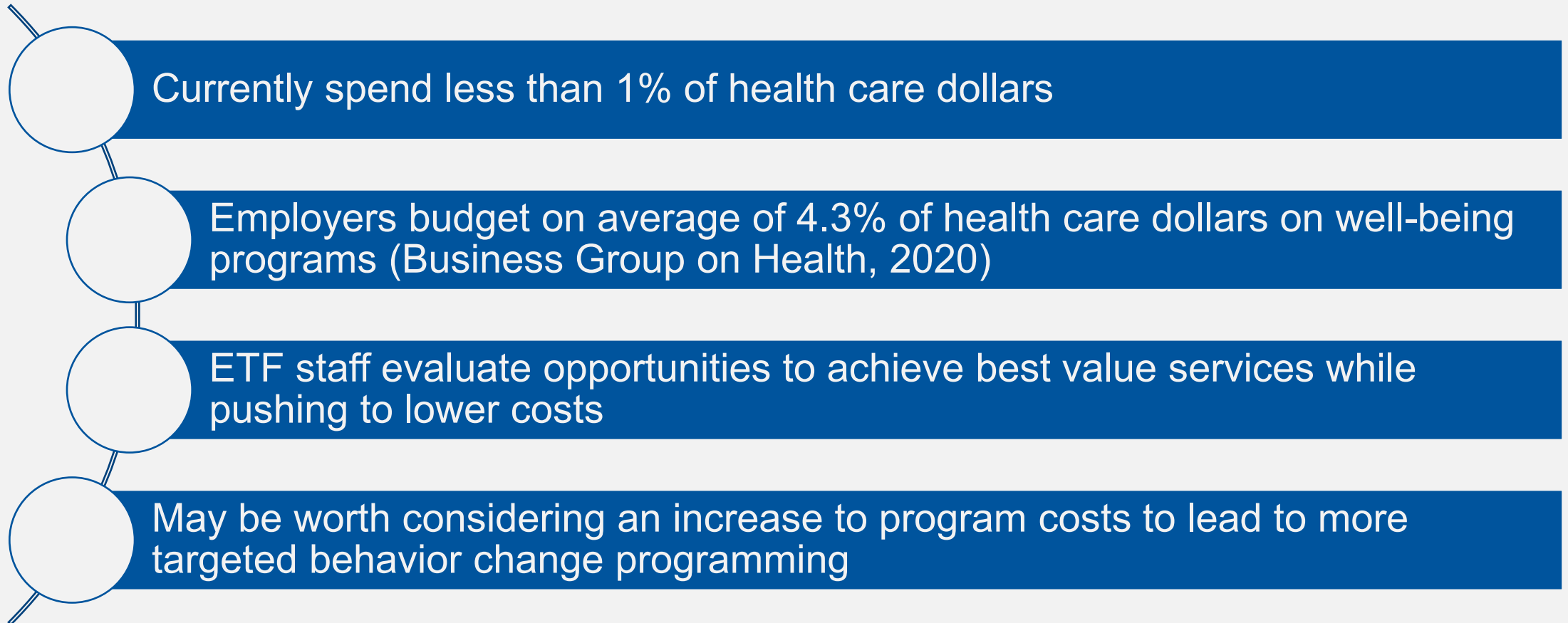
Median is \$300 in government; \$450 across all business sectors with 20,000+ employees (Mercer, 2019)

Successful ROI-based programs have \$400+ (WebMD)

(Ref. GIB | 8.18.21 | 6, Page 4)

Group Insurance Board – August 18, 2021

# Overall Program Costs



(Ref. GIB | 8.18.21 | 6, Page 4)

# Program Savings

## Disease management

- Currently focus outreach to those who self-identify as having a chronic condition on the health assessment
- Future:
  - Strengthen partnerships between GHIP vendors
  - Use other data to target participants for engagement
- Performance standard for health risk reduction for disease management participants added to contract



# Program Savings

---

Support deeper levels of participant engagement in lifestyle management and behavior change programs

---

WebMD recommends transitioning incentive strategy to a points-based program and increase the incentive value

(Ref. GIB | 8.18.21 | 6, Pages 5 - 6)

Group Insurance Board – August 18, 2021

# Looking Beyond ROI

---

Programs can and do result in “increased job performance, overall well-being and happy and thriving employees to contribute to business and community success” (U.S. Chamber of Commerce, 2016)

---

Expanding measures to value on investment and value of caring and quality of life through creating a positive culture, with wellness being more of a common value (DHS, 2018).

(Ref. GIB | 8.18.21 | 6, Page 6)

Group Insurance Board – August 18, 2021

# Supportive Workplace Cultures



Well Wisconsin can assist with dedicated well-being staff

- Creating tools and resources for employers
- Supporting individual participants



“Culture of Health” survey scores improved 13% from 2017 to 2020 for state agencies

(Ref. GIB | 8.18.21 | 6, Page 6)

Group Insurance Board – August 18, 2021

# Request For Information

## Purpose

- Solicit information from other potential wellness and disease management vendors
- Ask vendors to identify unique programs and benefits
- Get input on our current program
- Assist staff in the development of the planned RFP

(Ref. GIB | 8.18.21 | 6, Page 7)

Group Insurance Board – August 18, 2021

# Request For Information

Company  
Information

Market Trends  
and Experience

Program Design  
and Offerings

Fees and  
Contracting

(Ref. GIB | 8.18.21 | 6, Pages 8 - 10)

Group Insurance Board – August 18, 2021

# Request For Information

- Pleased with the number of responses
- RFP will need to address
  - Program designs and offerings that are best suited for GHIP members while still controlling costs
  - An incentive strategy that can further drive member engagement
  - The future of wellness/disease management and what changes may be coming
  - Innovative contract and fee structures



# Board Discussion and Input

What thoughts and considerations do you have on restructuring the incentive design to weigh behavior change programs more heavily and increasing the incentive value?

(Ref. GIB | 8.18.21 | 6, Page 10)

Group Insurance Board – August 18, 2021

# Conclusion

- ETF staff recommend:
  - Continuing the program and the evaluation of its impact on the Healthcare Triple Aim.
  - Proceeding with the preparation and distribution of an RFP.
- Contract will be for a three-year period, January 1, 2024 through December 31, 2026, with additional two, two-year extensions permitted

(Ref. GIB | 8.18.21 | 6, Page 10)

Group Insurance Board – August 18, 2021





# Action Needed

The Department of Employee Trust Funds (ETF) recommends the Group Insurance Board (Board) authorize staff to prepare and release a Request for Proposals (RFP) to select an administrator for the Well Wisconsin program, effective for the 2024 program year.

(Ref. GIB | 8.18.21 | 6, Page 1)

Group Insurance Board – August 18, 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?**

# Section 125 Cafeteria Plan Document



## Item 7 - Group Insurance Board

Xiong Vang, HSA & ERA Accounts Program Manager

Office of Strategic Health Policy





# Action Needed

The Department of Employee Trust Funds (ETF) requests the Group Insurance Board (Board) to approve the Health Savings Account (HSA) contribution limit increase to \$3,650 for the individual plan and \$7,300 for the family plan within IRC Section 125 Cafeteria Plan effective January 1, 2022.

# Background

- The Internal Revenue Service (IRS) requires a Section 125 Plan Document to be established to document how a cafeteria plan works
- The Board has oversight authority for the Section 125 Cafeteria Plan
- ETF and Optum Financial (formerly ConnectYourCare) maintain the Plan Document to ensure compliance with applicable state and federal law

# 2022 Proposed HSA Contribution Limit Increase

**2021**

Individual  
**\$3,600**

---

Family  
**\$7,200**

**2022**

Individual  
**\$3,650**

---

Family  
**\$7,300**

# 2022 Flexible Spending Accounts

## 2021

Annual Contribution  
**\$2,750**

---

Carryover Limit  
**\$1,000**

## 2022

Annual Contribution  
**\$2,750**

---

Carryover Limit  
**\$550**

# 2022 Dependent Day Care Account

## 2021

Annual Contribution  
**\$10,500**

---

Carryover Limit  
**\$2,500**

## 2022

Annual Contribution  
**\$5,000**

---

Carryover Limit  
**\$0**



# Next Step



Optum Financial will provide communications to participating members regarding the provision changes during the 2022 Its Your Choice Open Enrollment period



Plan Document revisions will be provided to the Board for approval effective January 1, 2022



# Action Needed

The Department of Employee Trust Funds (ETF) requests the Group Insurance Board (Board) to approve the Health Savings Account (HSA) contribution limit increase to \$3,650 for the individual plan and \$7,300 for the family plan within IRC Section 125 Cafeteria Plan effective January 1, 2022.

The background is a dark blue gradient with numerous bokeh light effects in shades of blue and purple, scattered across the frame. The text is centered at the bottom.

**Questions?**

# Ombudsperson Services

## Item 8 - Group Insurance Board

Dan Hayes, Attorney

Liz Doss-Anderson, Ombudsperson

Mary Richardson, Ombudsperson



# Ombudsperson Services

Established in 1992 and moved to the Office of Legal Services in 2011

ETF Ombudspersons serve as a resource and help members as they attempt to resolve issues that involve Wisconsin Retirement System benefit programs prior to using the administrative review process

Ombudspersons work to ensure the quality delivery of ETF services and benefits by representing participants' interests relating to the insurance and retirement programs

# Principal Goals

- 1** Resolve issues at the health plan level, prior to grievance, when possible
- 2** Assist members in navigating resolution processes
- 3** Reduce the number of written complaints that are filed with ETF
- 4** Reduce the number of complaints that require a department determination and that go before the Group Insurance Board
- 5** Provide member education and outreach

# Role as Policy Advisors

Ombudspersons provide feedback from WRS members, health plans and others to ETF staff and managers and the Group Insurance Board to assist in the development and improvement of ETF policies



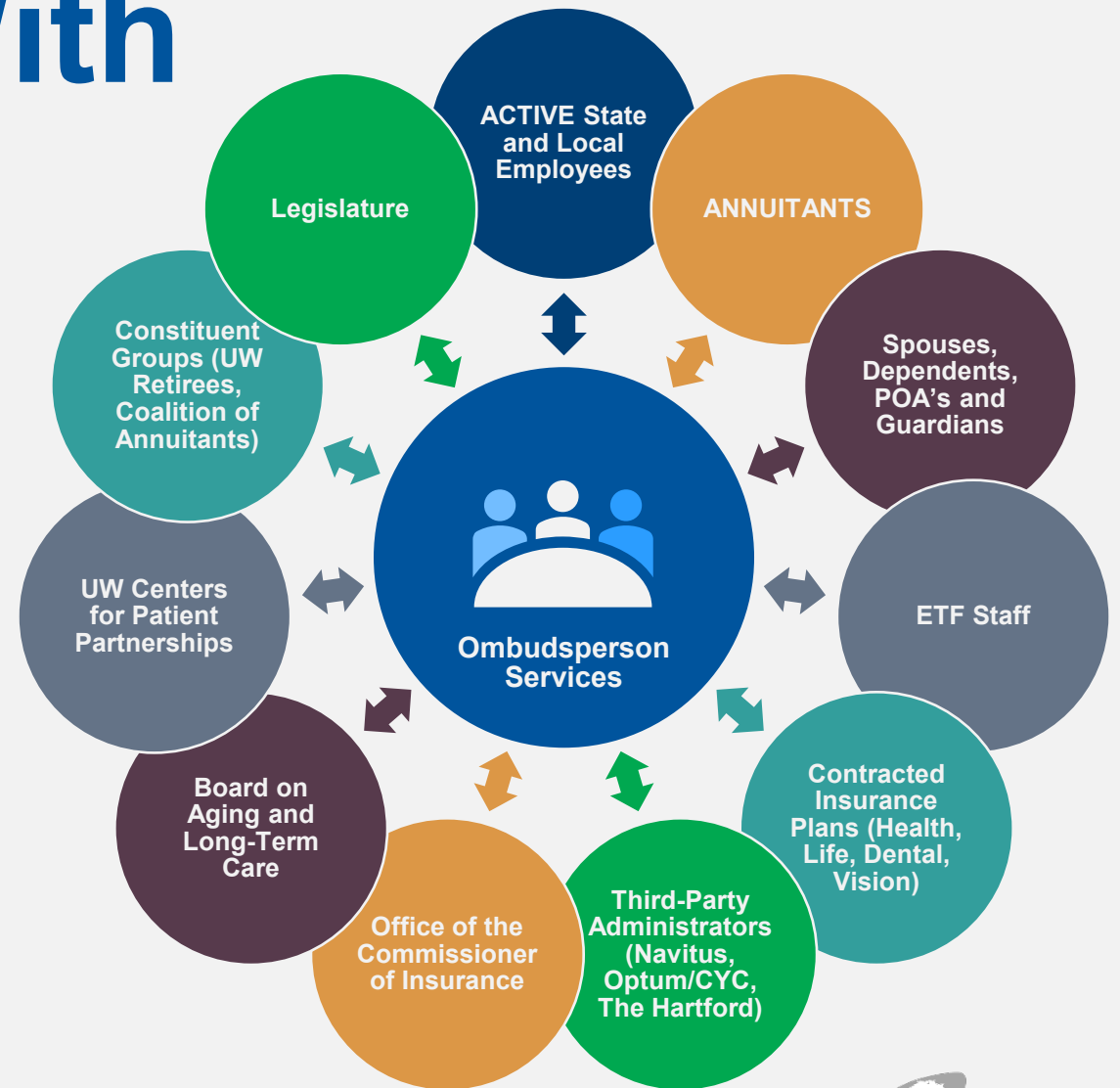
Participate in committees and workgroups



Provide written reports to the GIB

# Who We Work With

Ombudsperson Services works with all types of groups and individuals to resolve issues and advocate for improvements







**Questions?**

# Operational Updates

Item 9A – 9H Memos Only



# Future Items for Discussion

Item 10 – Memo Only

Eileen Mallow

Office of Strategic Health Policy



# Adjournment



Item 11 – No Memo



---

# Thank you

---



[wi\\_etf](#)



[etf.wi.gov](#)



ETF E-mail Updates



608-266-3285  
1-877-533-5020