

State of Wisconsin Group Health Benefits Annual Report 2022

APRIL 27, 2023

Wisconsin Department of Employee Trust Funds



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Introduction

Following two years of pandemic upheaval, the Group Health Insurance Program began to see the same return to normal benefits use that other employer groups experienced in 2022. However, mid-year, the Department of Employee Trust Funds was notified by its third largest health insurance plan, WEA Trust, that they were exiting the health insurance market. This resulted in ETF assisting over 50,000 members in finding a new health insurance plan at open enrollment for the following year, as well as working with health plans to fill access and benefit plan gaps that would be left by WEA's departure.

ETF and the Board also continued working through the Board's Initiatives, presenting updates on mental health service parity and access and the high deductible health plan. ETF also finalized the Specialty Drug & Site of Care project proposal to begin a clear-bagging pilot program for specialty drugs, readying that program for implementation the following year.

Despite the disruption in health plan availability in 2022, the Group Health Insurance Program ended the year with strong provider access and manageable rate increases. ETF ensured coverage standards were maintained while WEA finished its tenure in the program. ETF also expanded access to providers and plans, particularly for members in south-eastern Wisconsin.

2022 Program Highlights

Well Wisconsin Distributed Grants, Supported Champions

In 2022, Well Wisconsin issued \$93,976 in wellness grants to 14 state agencies, 11 UW institutions, and eight local employers. Well Wisconsin also sponsored attendance for 51 wellness champions at the Wellness Council of Wisconsin (WCWI) 2022 annual conference and 21 WCWI memberships.

Diabetes Prevention Program

Diabetes is an ongoing area of concern for the Group Health Insurance Program and its members. The cost of managing diabetes continues to be the highest area of opportunity for the GHIP. The Centers for Disease Control and Prevention (CDC) has released the Diabetes Prevention Program (DPP), an evidence-based program geared toward adults with pre-diabetes, which aims to prevent the onset of diabetes.

The Department of Health Services has helped support WebMD staff with DPP facilitator training so they can offer the program curriculum to GHIP members as part of the Well Wisconsin program offerings. The first cohort began with the Department of Corrections in early 2022, with a second cohort beginning in September with Department of Administration employees. WebMD will continue to pilot the program as it seeks full CDC recognition status as a DPP provider.

Dental Coverage for Fillings Added

Prior to 2022, only front teeth were covered for composite/resin fillings at 100%, while back teeth with composite fillings were reimbursed only at the amalgam rate. This left members responsible for paying the difference.

In 2022, new coverage was added for composite/resin (white) fillings for both anterior and posterior teeth. This came as a result of both an increase in the number of dentists who were no longer offering amalgam fillings, and an increase of requests by members

for composite fillings, who cited concerns about the trace amounts of mercury found in amalgam fillings.

Aspirus Joins the Program

Aspirus Health Plan joined the Group Health Insurance Program effective January 1, 2022. Counties where Aspirus offers coverage overlap with counties that the GHIP has historically had a difficult time gaining qualified, Tier 1 plan offerings, therefore requiring the State Maintenance Plan (SMP) primarily for local Government Employers. With this addition to the GHIP, members now have better options for healthcare access.

Medicare Advantage Premiums Decrease and Healthy at Home

In 2022, Medicare Advantage had an overall premium decrease of 17.8%. Additionally, newly allowed by Medicare in 2022 in supplemental benefits is the “Healthy at Home” program which offers transportation, meals at home, and some in-home care including activities of daily living (ADLs) for about 30 days after discharge from inpatient treatments. This all comes at no additional cost to the plan.

meQuilibrium Supports Members’ Mental Health

WebMD began piloting meQuilibrium, a stress management, resilience-building program in late 2021 and continuing into 2022 to increase mental health support via Well Wisconsin. It is available to GHIP subscribers from select state agencies. Upon the completion of the first full program year, participants report improvements in their stress management, emotion control, and work-life balance. They also report significant reductions in their anxiety, depression, and burnout risk. The pilot program continues to be available, and communications and promotions are planned to help increase awareness and participant enrollment.

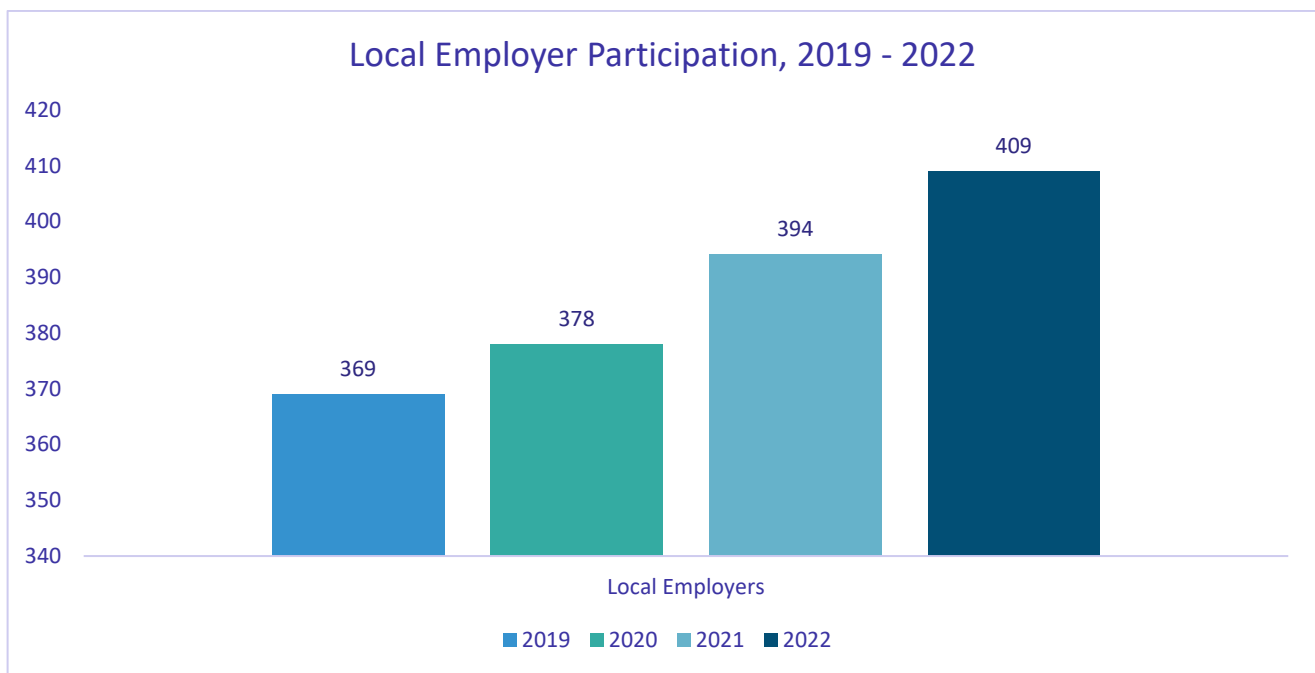
Medical Benefits

Health Insurance for Active Employees & Early Retirees

The GHIP provides high-quality health benefits to employees and their dependents. Many of those employees can opt to continue those benefits when they retire, even if they aren't yet Medicare-eligible. Benefits are provided by 10 fully insured health plans; nine are Health Maintenance Organizations, which provide in-network benefits only. One plan offers a Preferred Provider Organization plan, which means that in-network benefits are favored, but there are some limited out-of-network benefits available. All plans in the GHIP must offer the same service coverage under the Board's Uniform Benefits.

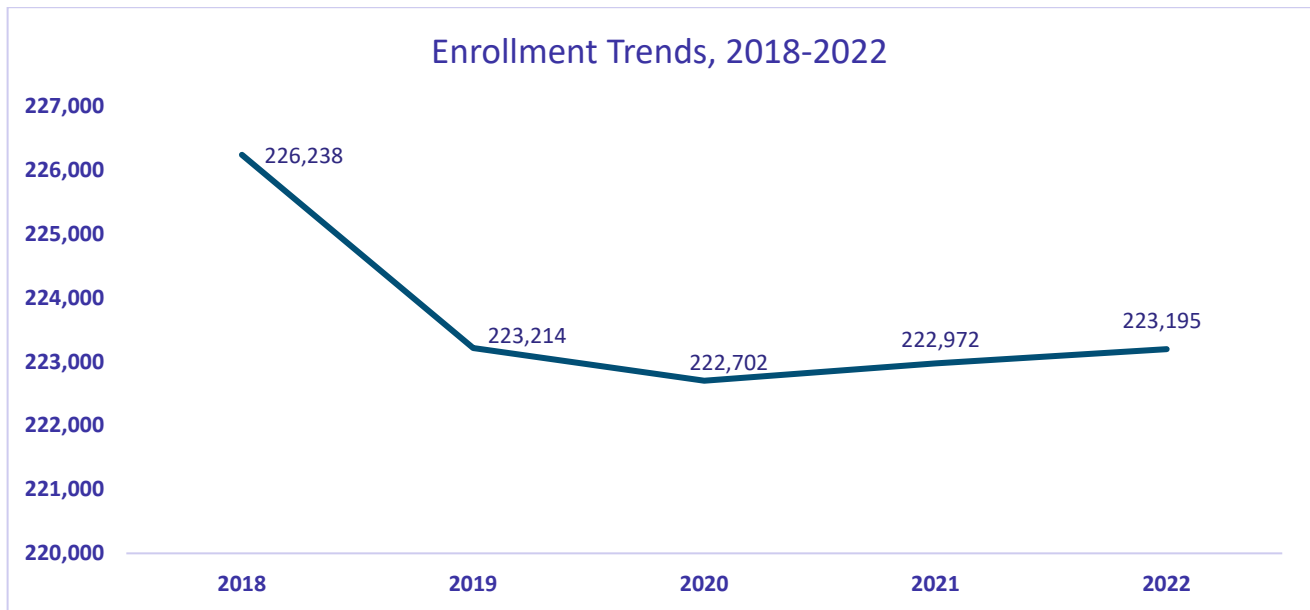
Employers

ETF is the administrator for GHIP benefits on behalf of state agencies, the University of Wisconsin System, UW Hospitals and Clinics, and participating local employers. In total, ETF served nine different payroll and benefits administrators at the state and university level, as well as 409 local employers in 2022. Enrollment in the local government employer portion of the program increased 3.81% from 2021 to 2022.



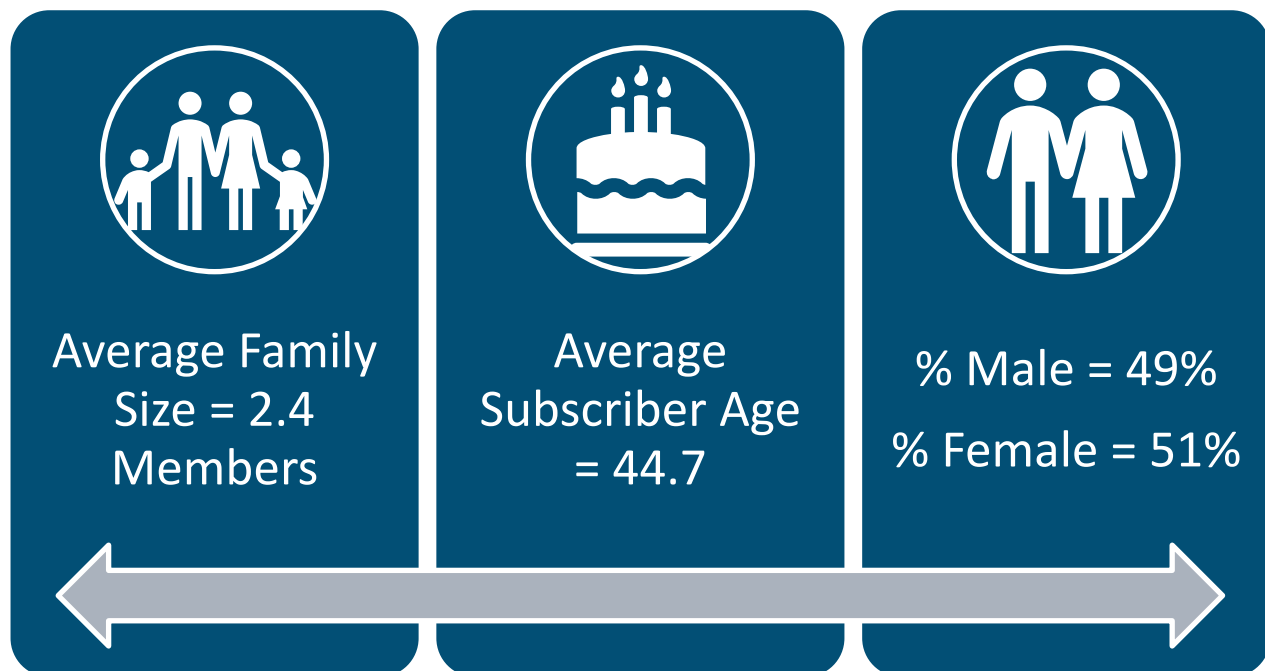
Enrollment

Participation in the GHIP increased slightly in 2022, up 0.10% from 2021. In 2022, 223,195 active employees, non-Medicare retirees, and their dependents were enrolled in the benefit. Service utilization slightly decreased, from 87.05% in 2021 to 85.09% in 2022.



Demographics

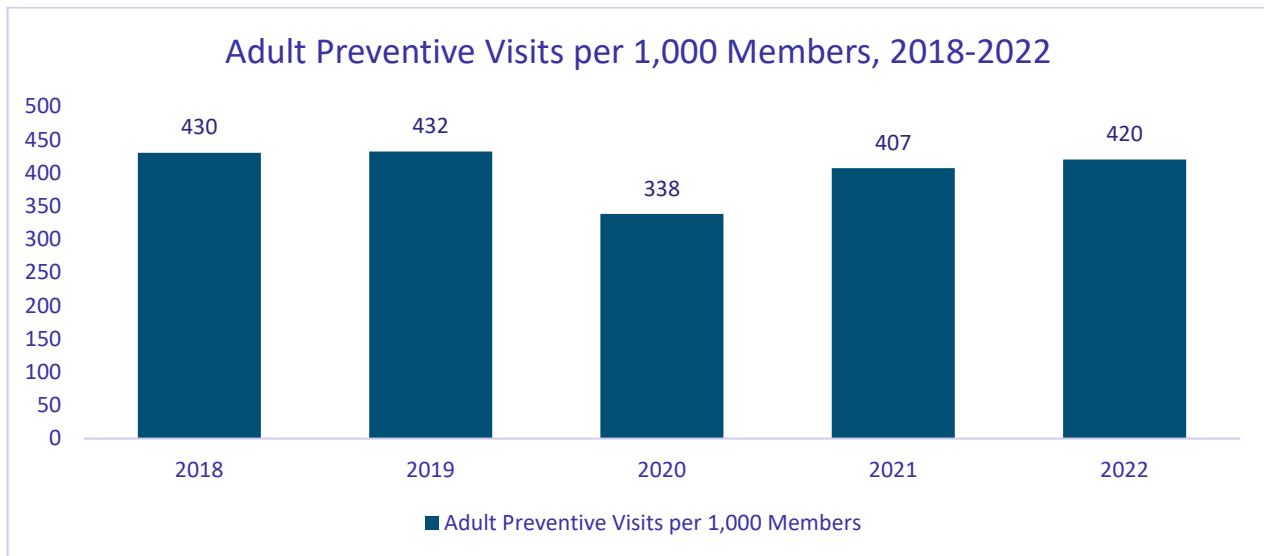
The demographics of the GHIP stayed the same in 2022:



Utilization & Cost Trends

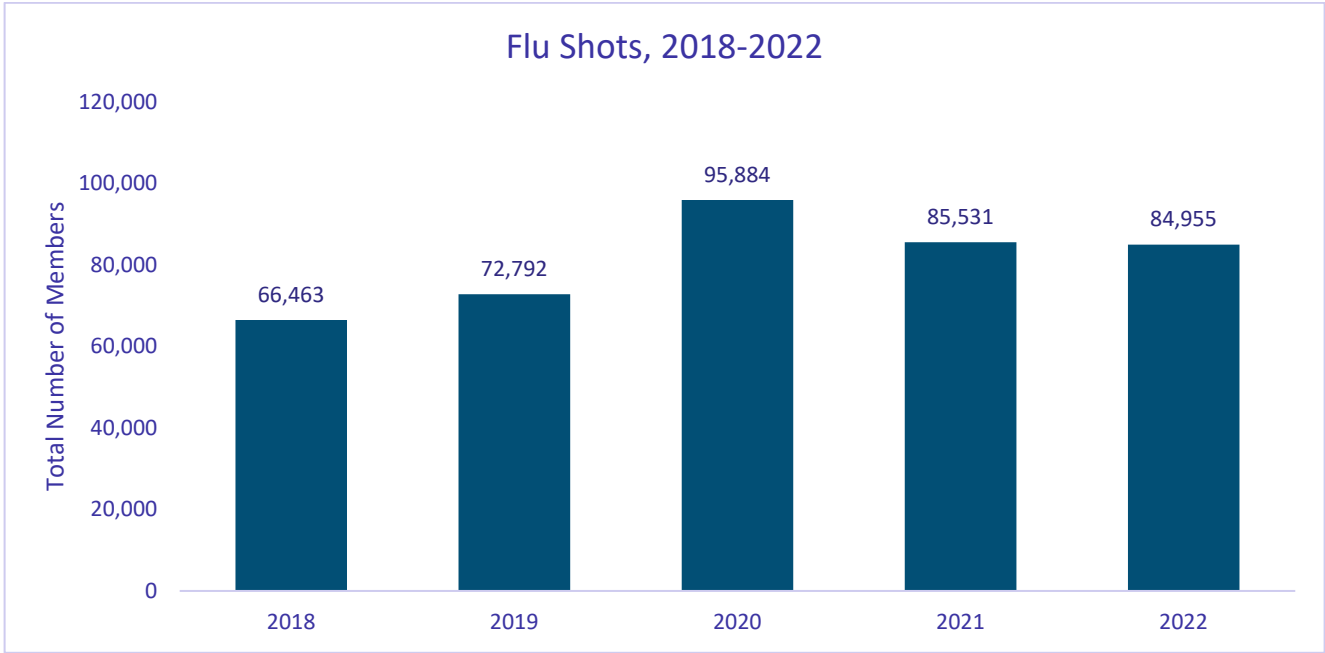
Using ETF's data warehouse, DAISI, ETF can track trends in how members use their benefits and identify opportunities.

People who receive regular preventive care have better long-term health outcomes on average. Preventive care use increased 3.17% from 2021 to 2022, and now four out of every 10 GHIP members receives a primary care appointment, versus three in 10 in 2020. That said, utilization is still slightly lower than pre-pandemic levels.

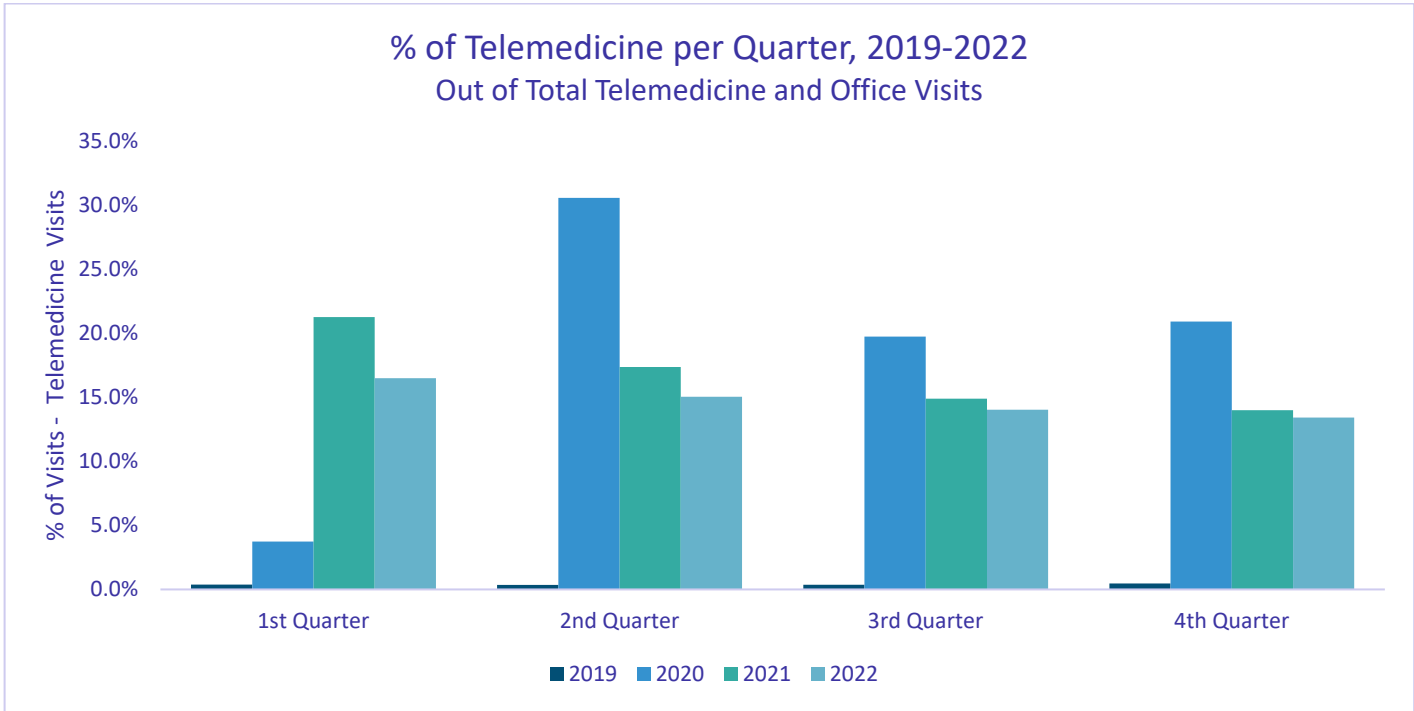


ETF will continue to work with employers, health plans, and the wellness vendor to promote preventive care use.

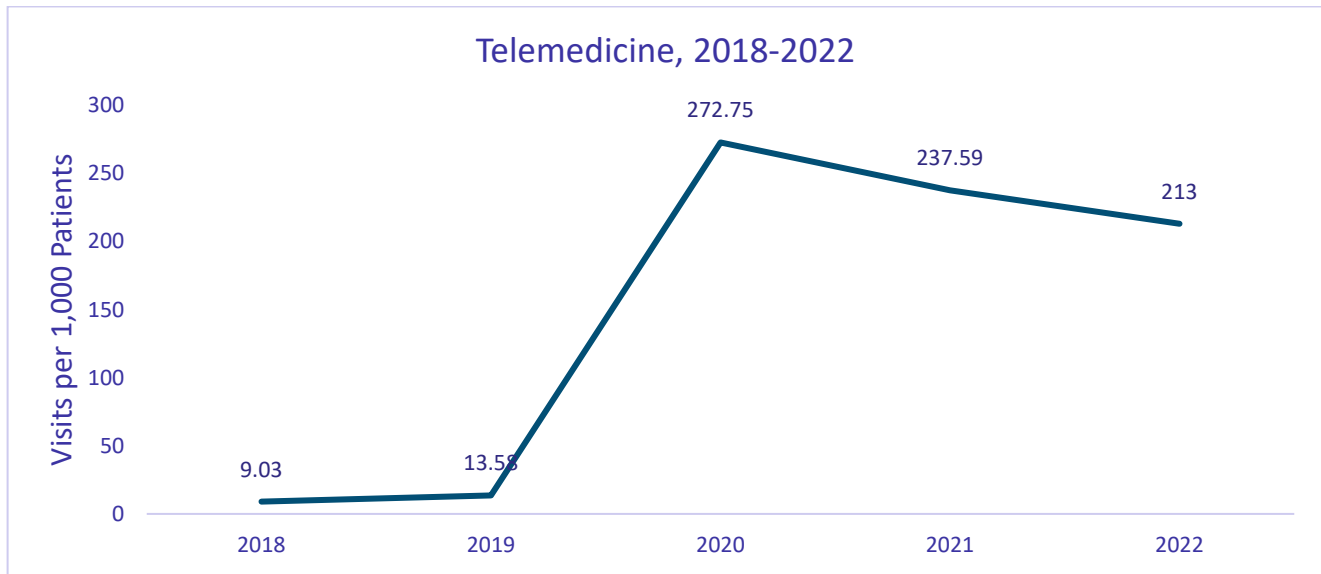
Flu vaccines were another area called out as having potential for improvement in prior years, and in 2020 members increased their influenza vaccination rates. Since 2020, influenza vaccination rates continue to decline, however, rates are above pre-pandemic rates by about 12,000 shots (not including employer-sponsored events).



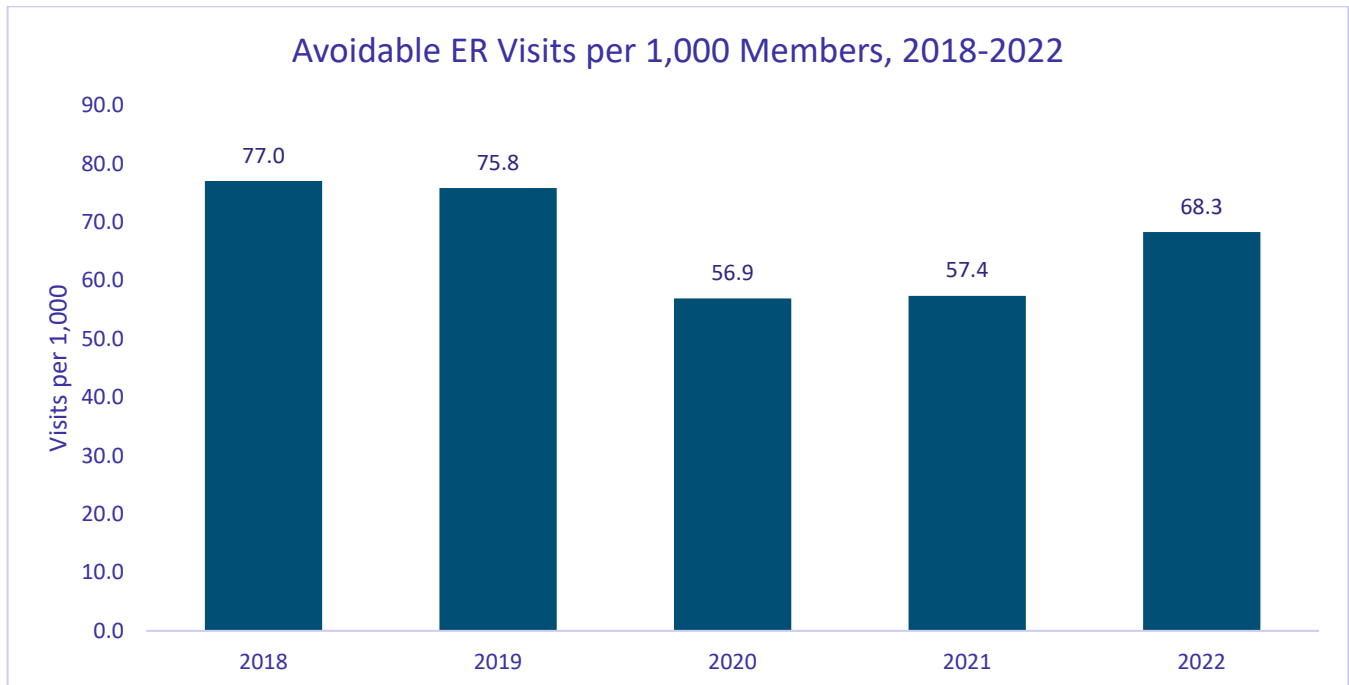
Telemedicine became available to GHIP members in 2018 and was added formally as a benefit with specific cost sharing in 2019. Telemedicine use decreased in 2021, likely related to the return of many patients to in person care. However, rates continued to be above those seen pre-pandemic. The rates of telemedicine use for people seeking behavioral health care decreased slightly by less than 1% in 2022.



The following chart shows the year over year trend in the telehealth visits per thousand in 2018, 2019, 2020, 2021 and 2022.

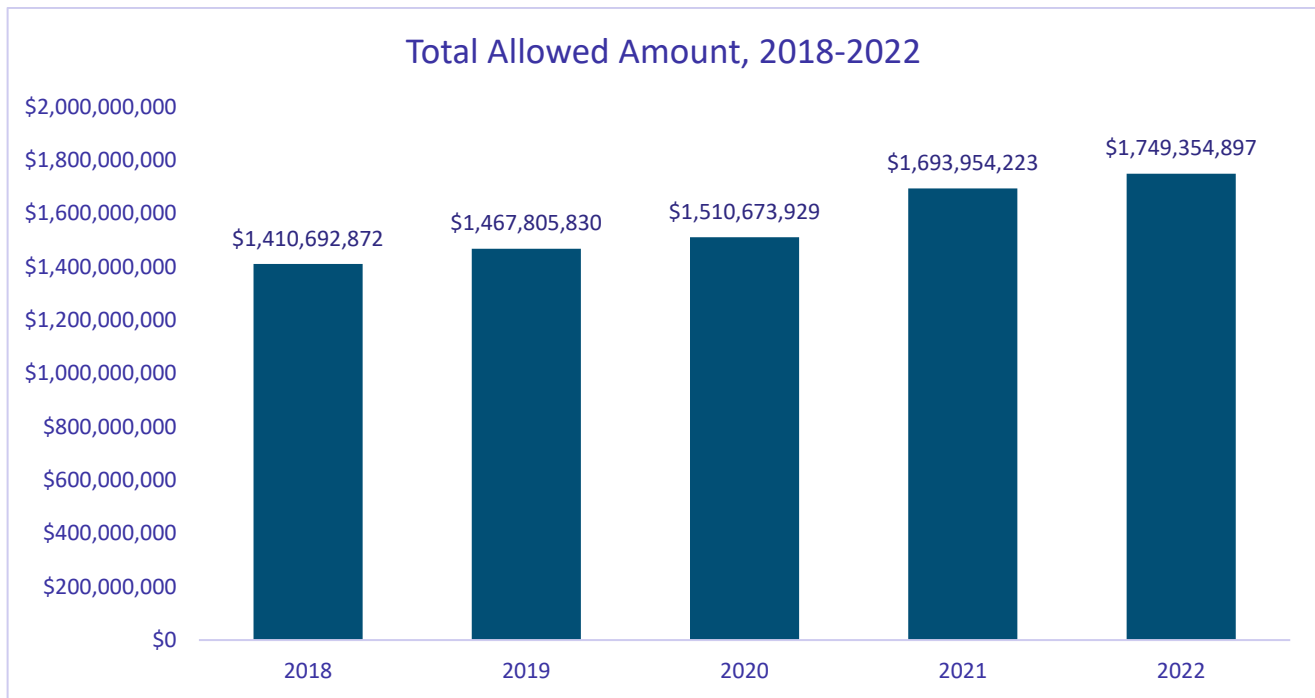


ETF continues to monitor emergency room (ER) utilization as a part of the Board’s initiative to reduce avoidable ER visits and help members find more appropriate and affordable sites of care.



There was an increase in avoidable ER visits in 2022, but visits are still lower than rates pre-pandemic. The rate of visits per thousand in this report differs from the 2019 report — this is due to a change in the definitions used by IBM Watson Health (the Board’s data warehouse vendor) to classify avoidable visits. However, the same trends appear between years reported. There is a notable reduction in avoidable ER visits between 2019 and 2020; some of this is likely due in part to the pandemic and individuals reducing all in-person health care visits.

Allowed amounts also increased in 2022, approximately 3.27% over 2021¹. The 3.7% trend reflects healthcare cost inflation and other cost drivers, and this is more typical than the 12.9% trend from 2020 compared to 2021. The trend from 2020 to 2021 was driven largely by the disruption in services due to the pandemic in 2020 and the resulting pent-up demand for services in 2021.



¹ Note: Numbers for 2018 and 2019 are different than those first appearing in the 2019 Annual Report; this is due to a change in the reporting time of the report and the resultant change in the paid claims reported to the DAISI Data Warehouse.

Retirees with Medicare

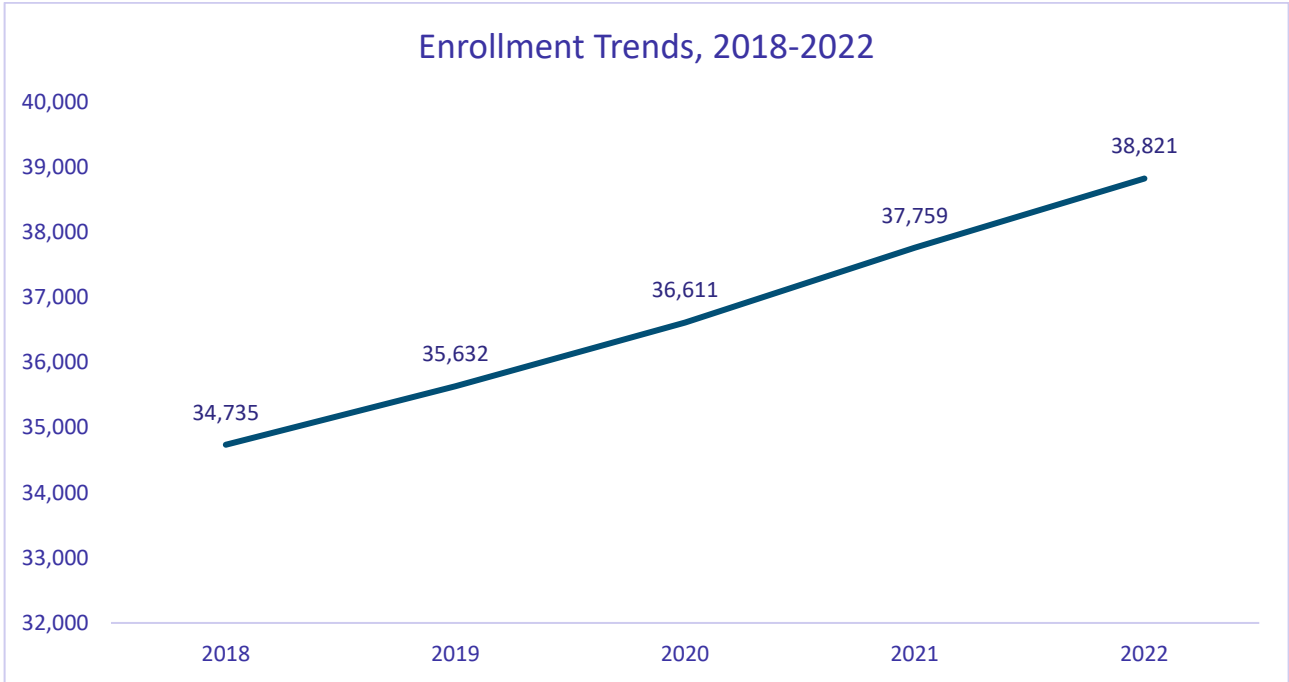
Retirees who continue their health insurance coverage into retirement are required to sign up for Medicare Parts A and B when they become eligible. Many Medicare-eligible retirees experience an increase in their benefits and a decrease of their premium, since Medicare picks up most of the cost of medical services, and the GHIP picks up Medicare deductibles and other out-of-pocket costs.

Retirees with Medicare can choose to continue their existing health plan or select from two additional benefit designs.


1. Medicare Plus is a Medicare Supplement plan that pays the additional out-of-pocket costs of any medical services after Medicare covers the base cost. It also offers worldwide coverage for retirees who live overseas.
2. The Board also offers a Medicare Advantage plan to retirees. This plan offers Uniform Benefits, and some additional benefits permitted by Medicare for Medicare Advantage plans. The Medicare Advantage plan offers coverage nationwide and in the U.S. territories.

Enrollment & Demographics


The Medicare-age retiree population in the GHIP is smaller than the active and early retiree but still a substantial number. In 2022, there were 38,821 members, an increase of 2.81% over the prior year. Medicare members maintained their benefits use in 2022; 95.95% accessed benefits in 2022, down slightly from 2021.




Demographics for Medicare retirees are a little different, as expected in the Medicare age group. Fewer Medicare retirees have dependents on their plans other than a spouse, which contributes to the smaller average family size. Average family size stayed the same in 2022, though member age increased slightly from 74.6 to 74.7. The percentage of male members stayed the same at 44%.




**Average Family
Size = 1.4
Members**



**Average
Subscriber Age =
74.7**



**% Male = 44%
% Female = 56%**



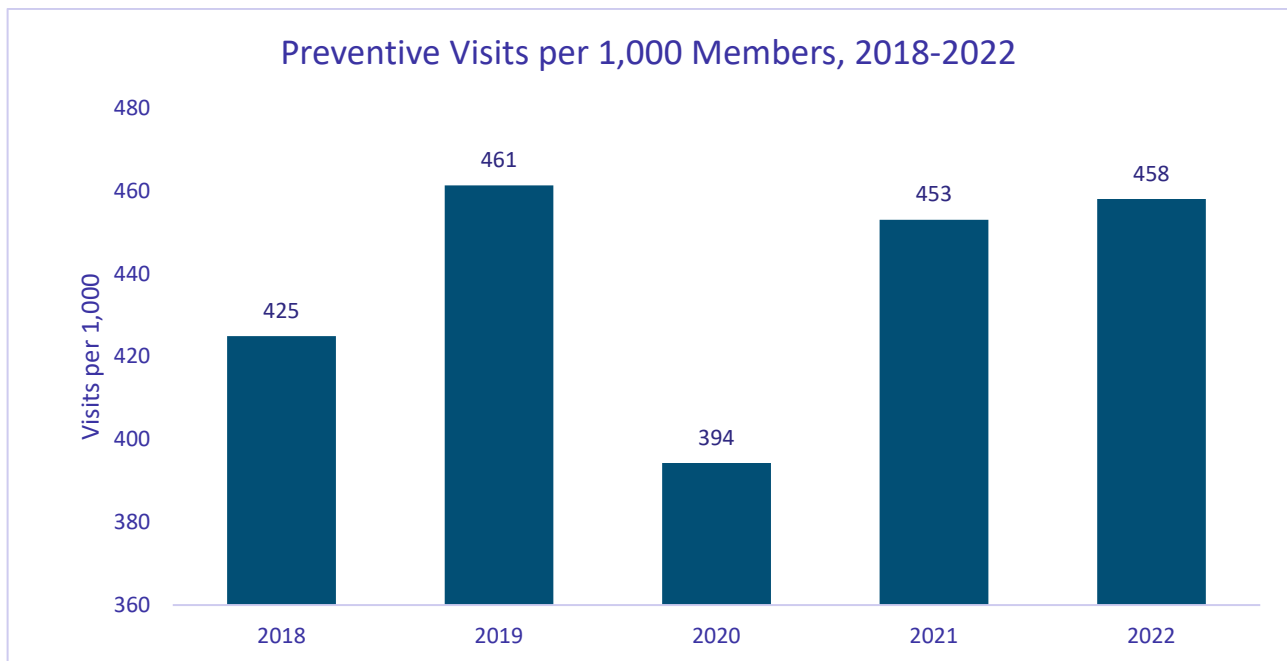
Benefits

Retirees in the GHIP who have Medicare can keep the same health plan they had when they were state employees and reduce their medical out-of-pocket costs. All of the health plans who offer benefits for GHIP members offer a coordinated Medicare plan where they pay all Uniform Benefit services that Medicare doesn't pay, as well as Medicare deductibles and out-of-pocket costs.

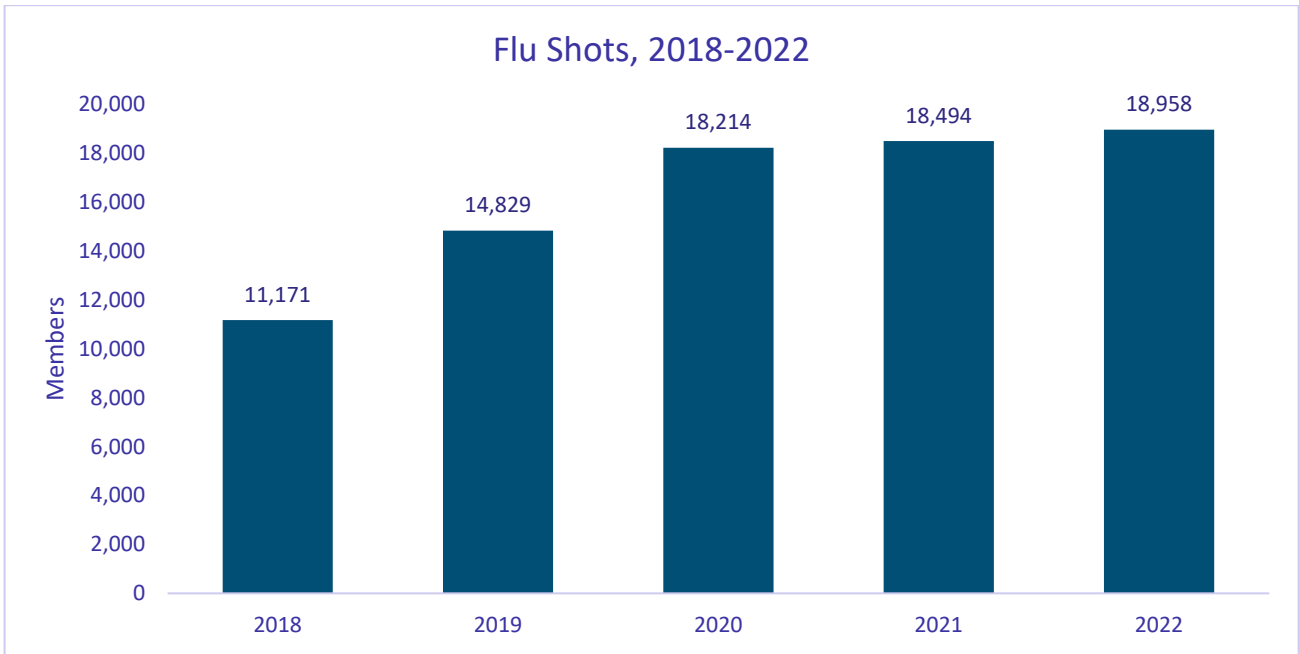
Utilization & Cost Trends

The Medicare-coordinated, Medicare Plus, and Medicare Advantage plans benefit from being able to share claim costs with Medicare to lower premiums and out-of-pocket expenses for retirees.

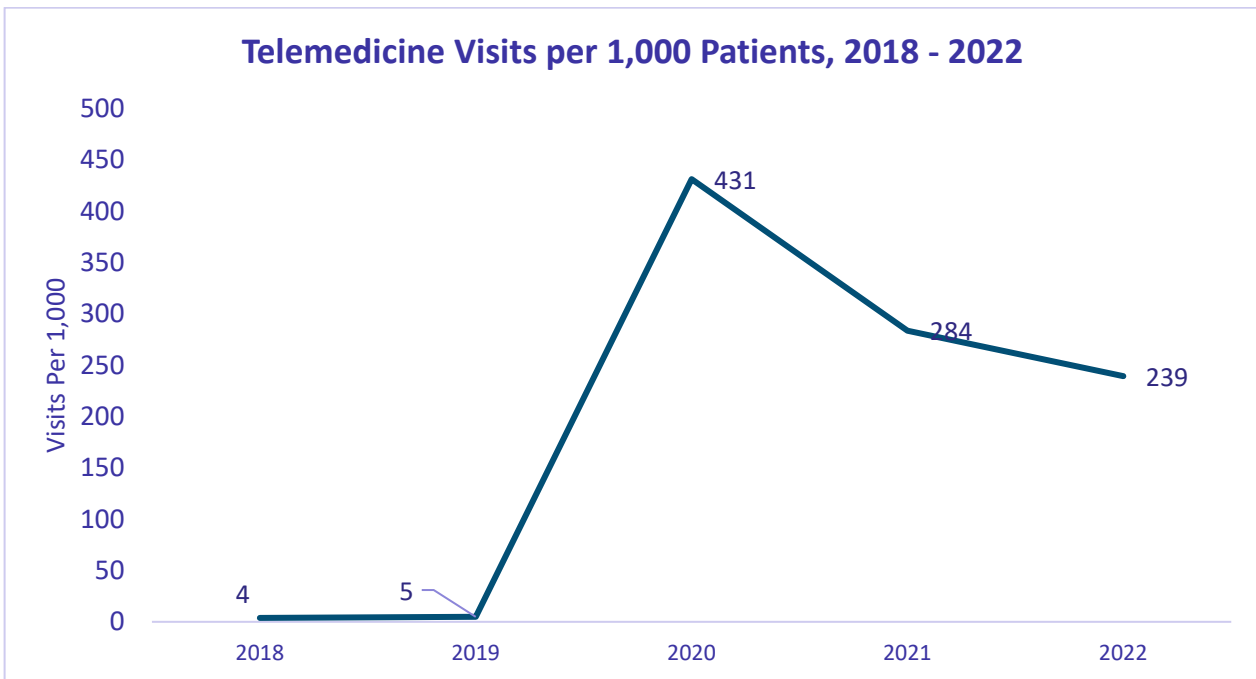
ETF tracks similar utilization patterns in preventive care, immunization, telehealth, and ER use for the Medicare population. Below are charts showing use per 1,000 members for 2018 to 2022.



Preventive visits in 2022 remained below pre-pandemic levels but did rebound and are nearing pre-pandemic levels. Preventive visit use increased by 1.18% in 2022. In flu vaccines, Medicare retirees showed an increase in use between 2021 and 2022. This represented an increase of 2.51% over the prior year.

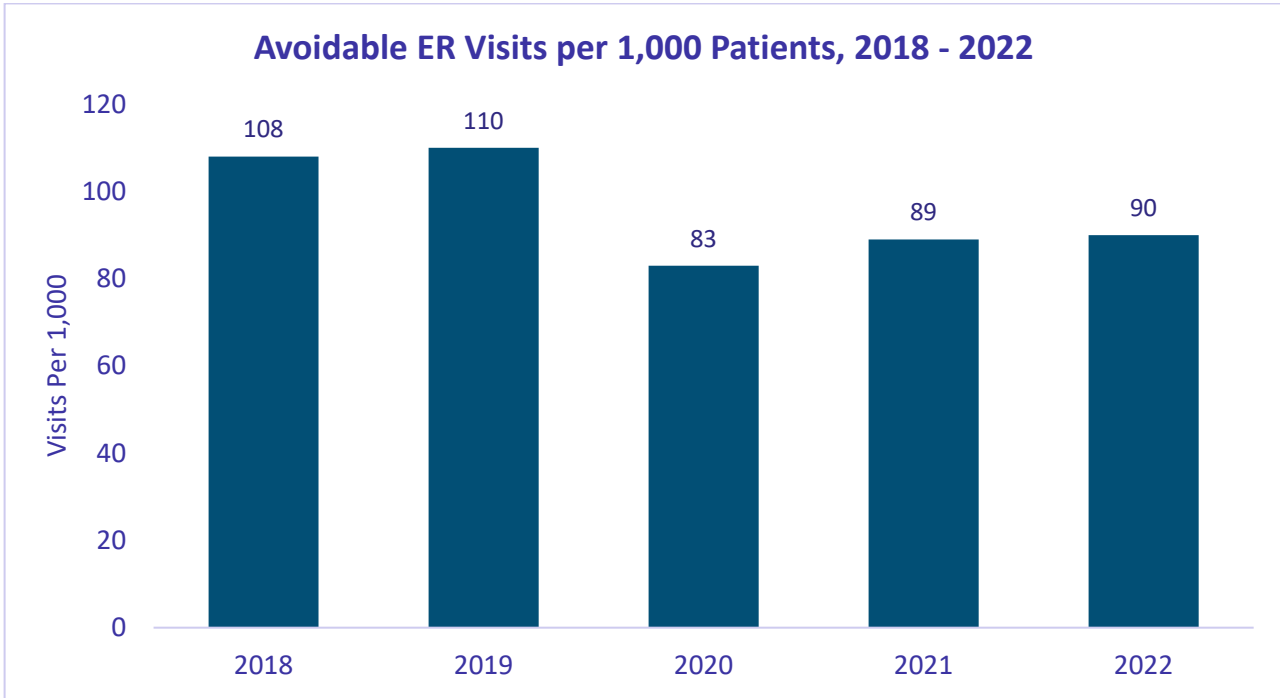


Medicare retirees also saw a reduction in telehealth use; down 15.61% in 2022 from 2021. However, their rates also remain above pre-pandemic levels.

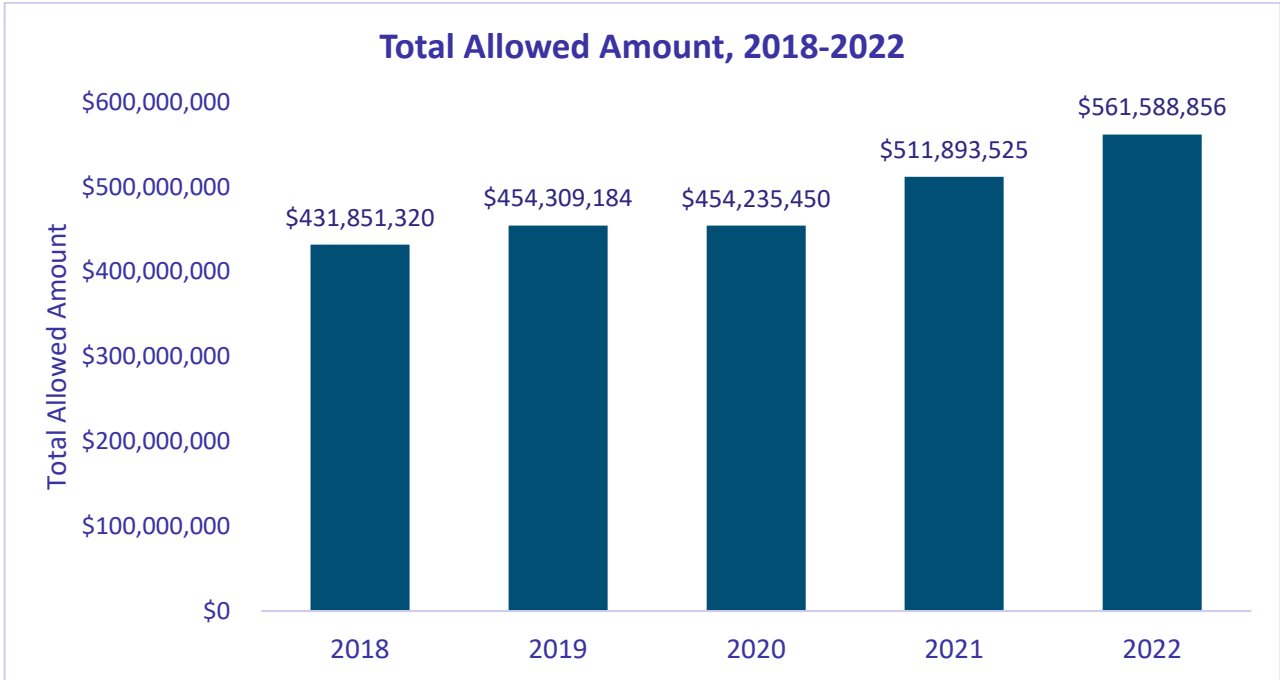


Lastly in ER use, the same change in classification of what is considered an avoidable visit affects the Medicare retiree group too, and in this case causes there to be a slight

increase in avoidable ER visits from 2018 to 2019. Similar to the non-Medicare group, there was a slight increase (+1.88%) in avoidable ER visits from 2021 to 2022 but rates still remain below pre-COVID rates.



The total allowed amount spent for Medicare retirees increased 9.71% in 2022. This is a little less than double the increase seen between 2018 and 2019 and follows a year of essentially no growth between 2019 and 2020. While some of this may be related to rebounding care patterns, there were also increases in prices associated with pharmacy and outpatient services that contributed to the large growth in cost over the past year.



Changes in 2022

The most significant change for retirees in 2022 involved the departure of WEA Trust, specifically for retirees enrolled in the Medicare Plus plan. Medicare Plus is the Board’s long-standing Medicare supplement plan, which had been the lowest cost Medicare option prior to the addition of Medicare Advantage in 2019. Approximately 6,000 retirees continued to elect Medicare Plus even after Medicare Advantage became available. ETF held multiple open enrollment sessions at the end of 2022 to assist with member transitions to their new plans for the next year.

Pharmacy Benefits

The Board's Pharmacy Benefit program helps members save on a variety of generic and specialty prescription drugs. Prescriptions are grouped into four different member cost tiers. The benefit includes coverage for members with and without Medicare.

Pharmacy benefits are administered by Navitus Health Solutions (Navitus), a separate vendor from the medical benefits, but are closely coordinated to ensure members receive the best care at the best price. The Pharmacy Benefit program not only provides coverage to members at a retail pharmacy, but also provides access to a mail order pharmacy service that sends medications directly to members at home.

Participation

All GHIP members are automatically enrolled in the pharmacy benefit. Participants who do not yet have Medicare (active employees, early retirees, and their dependents) are enrolled in the Commercial product. Retirees with Medicare are enrolled in an Employer Group Waiver Plan (EGWP) which is a member's Medicare Part D coverage. The benefits of the Commercial plan and the EGWP are similar.

There was a 1.6% decrease in the total number of eligible commercial members in 2022 from 2021 but a 1.8% increase in commercial members that used the pharmacy benefit over that same time. The EGWP benefit saw a 3.3% increase in members from 2021 to 2022 and a 2.7% increase in total scripts filled.

The total cost of medications provided through the pharmacy benefit increased by 12.1% between 2021 and 2022. This increase can be attributed in part to an increase in level 4 specialty drugs in 2022. In the commercial plan level 4 drugs made up 62.8% of total drug spending; an increase of 6.5% over 2021. In EGWP level 4 drugs made up 57.2% of total drug spending; an increase of 8.8% over 2021.

Plan Type:	Commercial	Medicare	Total
Number of Eligible Participants*:	201,269	35,531	236,800
Participants Who Used the Pharmacy Benefit:	167,244	35,770	203,014
Total Prescriptions Filled:	1,945,118	935,025	2,880,143
Total Cost (plan & participant):	\$242,355,975	\$133,007,503	\$375,363,478

**The number of eligible participants is an average over the year, while the number of participants using the benefit is a total.*

Here are the 2022 top five non-specialty drug categories by script count for the commercial and EGWP benefit along with the amount the plan paid for each drug category.

Commercial

Rank	Drug Category	Script Count	Plan Paid Amount
1	Antidepressants	246,045	\$2,457,996
2	Vaccines	102,371	\$4,451,526
3	Antihypertensives	94,972	\$712,906
4	ADHD/Anti-Narcolepsy/Aorexians	92,739	\$6,144,618
5	Antidiabetics	92,341	\$18,730,210

EGWP

Rank	Drug Category	Script Count	Plan Paid Amount
1	Antihyperlipidemics	92,212	\$2,104,489
2	Antihypertensives	68,687	\$894,340
3	Antidepressants	58,523	\$1,207,302
4	Antidiabetics	50,436	\$12,546.219
5	Beta Blockers	46,421	\$631,133

Where Participants Get Prescriptions

Participants have several options for filling their prescriptions. The most common is filling a 30-day supply at a retail pharmacy, but they can also fill maintenance medications for 90 days at a retail pharmacy or take advantage of Navitus' mail order prescription service, ServeYouRx.

Members who take specialty drugs (sometimes called biologics) receive their medication through specialty pharmacies. Most use either Lumicera or UW Specialty Pharmacy to receive those drugs. Both deliver directly to members' homes, and UW Specialty Pharmacy offers in-pharmacy pickup for members who prefer to go to a retail location.

Below is a breakdown of where participants filled their prescriptions in 2022:

	Mail-Order	Standard Retail	90-Day Retail	Specialty Pharmacy
Utilizing Members	5,775	192,925	110,723	2,490
Percentage of Total Utilizing Members	2.84%	85.28%	57.39%	2.25%
Total Plan Cost of RX Filled	\$11,834,813	\$244,602,199	\$77,876,325	\$143,596,759
Percentage of Total Cost	2.48%	51.18%	16.3%	30.05%

Cost Trends

The 2022 plan paid per member per month cost increased by \$6.06 over 2021, or an increase of 7.2%, for the commercial program. This was mostly driven by price inflation. Only 1.8% of the increase was driven by increased utilization by members.

For members enrolled in Medicare, the 2022 plan paid per member per month cost increased by approximately \$13.01 per month, or an increase of 4.7%. This increase could be contributed to the 8.8% increase in specialty drug totals paid by the plan.

Changes in 2022

Prior to 2022, Continuous Glucose Monitoring devices (CGMs) were only covered under the medical benefit. Starting in 2022 CGMs were covered under both the

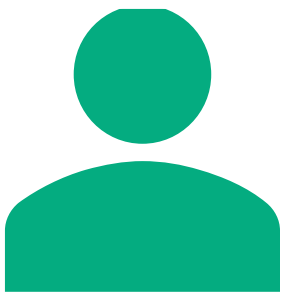
medical and pharmacy benefit. In 2022, 25% of all CGMs covered in the GHIP were paid for by the pharmacy benefit.

Dental Benefits

The Uniform Dental Benefit (UDB) provides basic dental coverage to employees and retirees who enroll in the GHIP. UDB covers diagnostic services like x-rays, preventive cleanings and exams, and basic fillings. It also provides some coverage for children’s orthodontic services. The UDB is administered by a single vendor, Delta Dental of Wisconsin (Delta) for all members who enroll in the plan.

Participants

Participants who have the plan offered to state and UW employees and retirees can choose whether to add the low-cost UDB to their health insurance premiums. Local government employees and retirees whose employer chooses to offer UDB can opt in as well. Below is the total enrollment for the Uniform Dental Plan in 2022:



Primary Subscribers

94,406



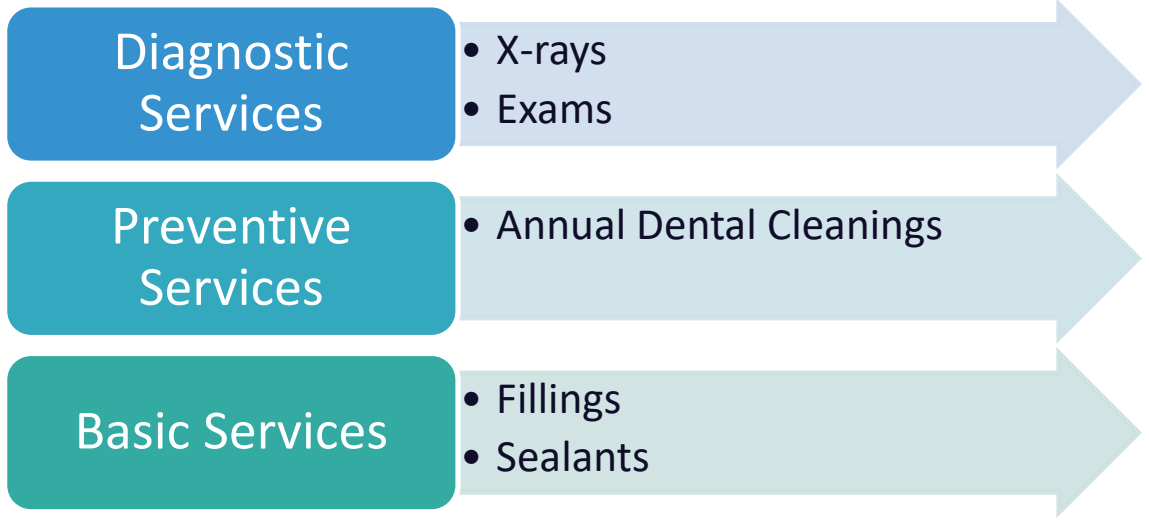
Total Membership

203,580

Enrollment was nearly the same between 2021 and 2022. Subscribers increased slightly, while the total members enrolled decreased slightly.

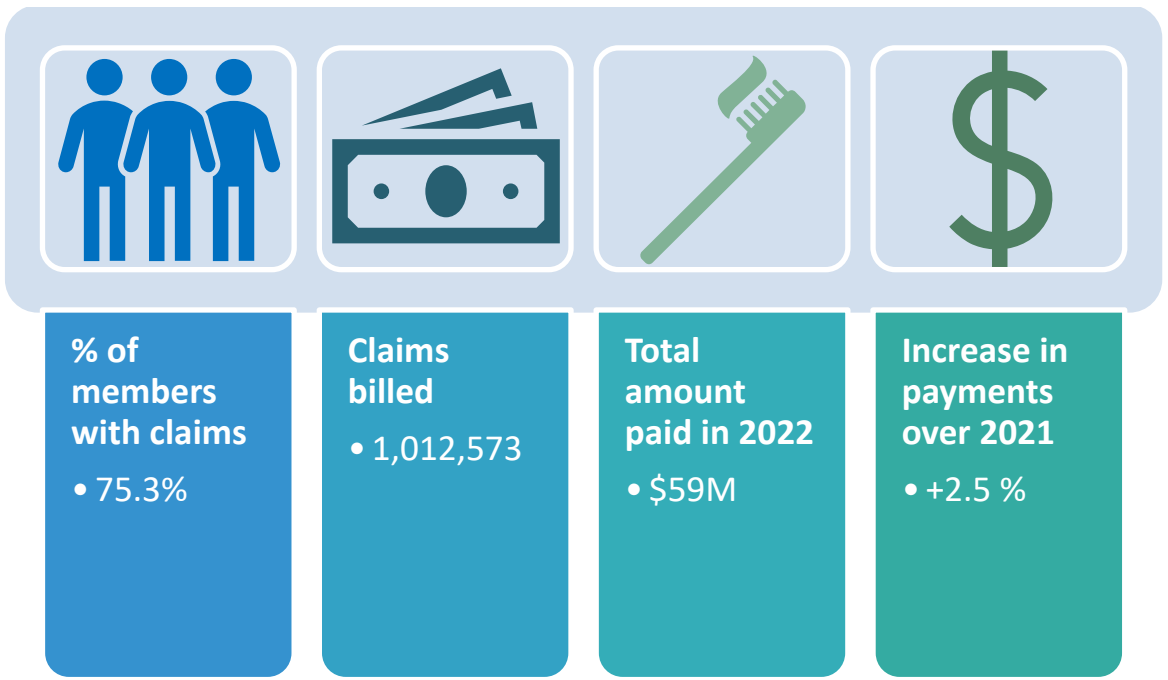
Features

The UDB covers diagnostic, preventive, and basic services for all members. It also covers orthodontic services for children under 19 years of age. The coverage has no deductible or waiting period, and it has an annual benefit maximum of \$1,000 per person. Orthodontics coverage has an additional \$1,500 lifetime maximum benefit with 50% coverage.



Visits & Services

75.3% of participants had at least one claim for dental services in 2022, up from 74.3% in 2021:



Well Wisconsin

Well Wisconsin is designed to improve the health and well-being of employees, retirees, and their spouses through education and activities that support a healthy lifestyle. Participants can earn a \$150 incentive each year by completing a health check, a health assessment questionnaire, and a well-being activity.

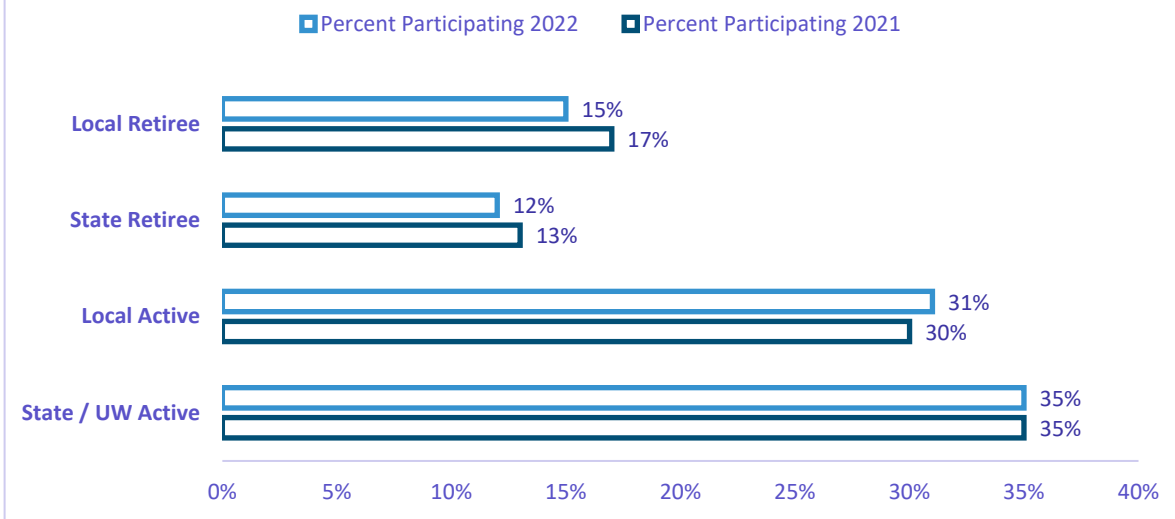
The Well Wisconsin Program is administered by a single wellness vendor for all participants. 2022 was the second year WebMD administered the program, providing access to health coaching, chronic condition management, flu shot clinics, an online portal, and educational materials, as well as communications and customer service support.

A total of 103,092 State and UW active employees and their spouses were eligible for the Well Wisconsin program in 2022; 17,623 active local employees and spouses were eligible. 42,308 state retirees and their spouses and 2,834 local retirees and their spouses were eligible in 2022. Following federal law, Well Wisconsin does not include dependent children as eligible for the incentive program.

Incentive Participation

WebMD's goal for overall participation in 2022 was 50,000 eligible participants (30%) achieving the \$150 incentive payment; 47,725 people (29%) actually participated, which is about the same as 2021. Participation varied by group.

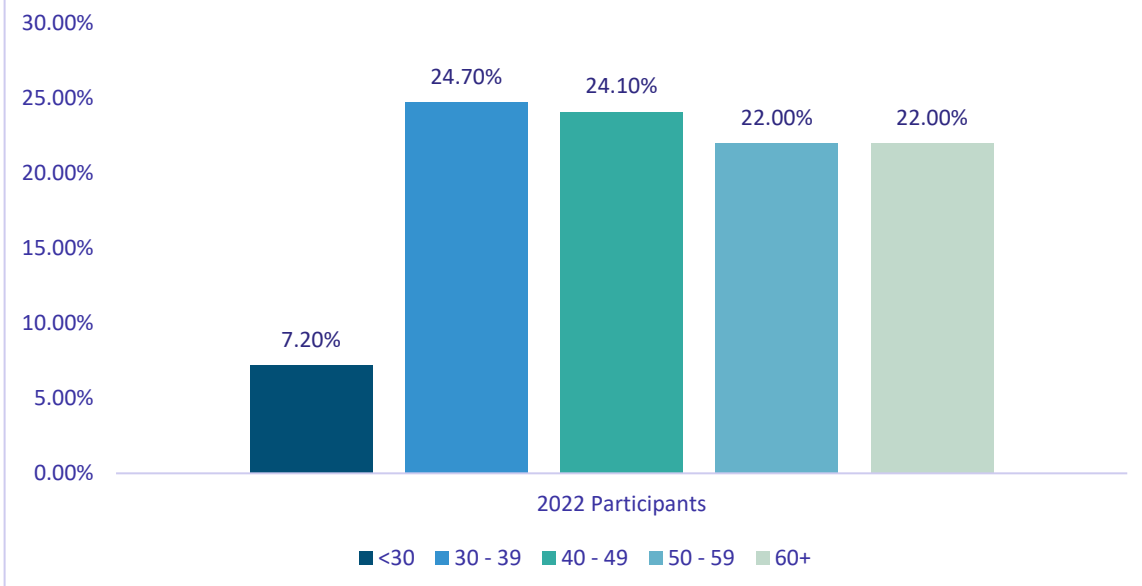
Percent Participating in 2021, 2022 by Type



Demographics

Well Wisconsin participation is spread somewhat evenly among age bands; the largest group of participants is 30 to 39 years old, closely followed by participants 40 to 49 years old. All age ranges except those under 30 are fairly equally represented. This is consistent with the overall demographics of state workers, where a relatively small number of employees are under 30 years of age.

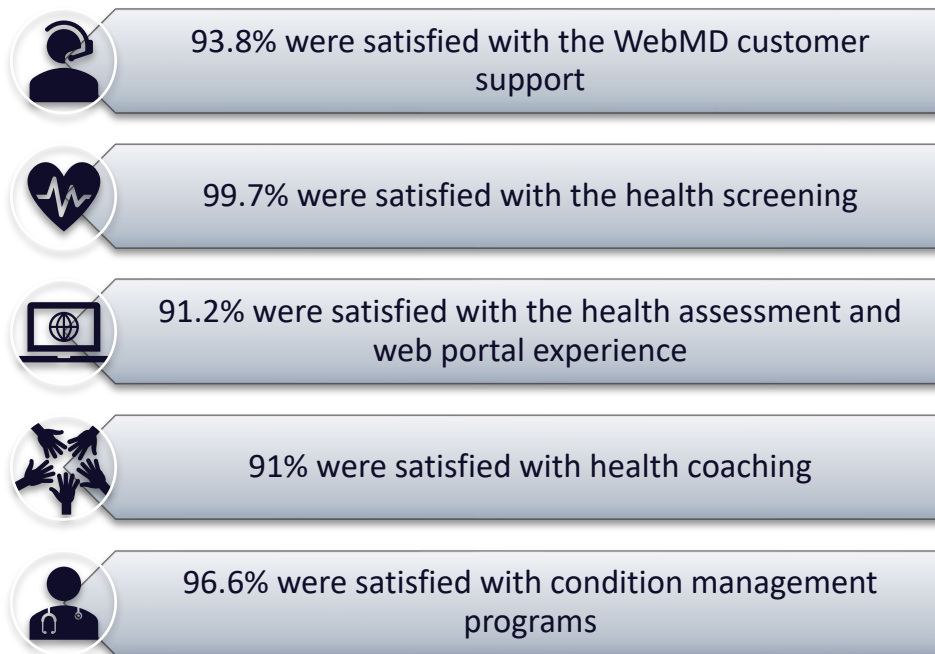
Well Wisconsin Participants by Age Group



Participants in Well Wisconsin are slightly more female than the overall GHIP population; 60% of Well Wisconsin participants were female, 39% were male, 0.3% were non-binary, and .6% declined to answer.

Program Satisfaction

The Well Wisconsin program continues to report high levels of satisfaction among those who participate in the program. The 2022 program goal was to reach and maintain a satisfaction rate of 90% in nearly all measured categories.



There was a slight increase in member satisfaction with the WebMD customer support and condition management programs, up approximately 1% points from 2021. There was also a slight decrease in satisfaction scores of around 2% points for health coaching and the health assessment and portal. However, in 2022, the program met its metrics in all areas measured.

Health Outcomes and Risks

Using the health assessment as the measurement tool, WebMD reported changes in aggregate health risks for participants who completed the assessment in 2021 and again in 2022. Out of 26,517 participants, there was a 7.4% improvement in health risks. There was a 10.4% improvement in health risks for the 2,118 subscribers who

also participated in health coaching. There was a 12.2% improvement in health risks for the 423 subscribers who completed a condition management program.

Culture of Wellness

Employers are given an opportunity to create a culture of wellness in the workplace that can help to support employees to maintain and/or improve their health. ETF assists employers by providing technical support, training, and grant funding.

In 2022 WebMD completed 262 wellness champion meeting interactions/consultations, and ETF sponsored the fourth annual employer Well Wisconsin Awards and Kick-off Celebration.

ETF and WebMD will continue to leverage existing channels to communicate with all employers throughout the year regarding wellness opportunities and will design wellness resources that are easy to implement at employer sites.

Supplemental Benefits

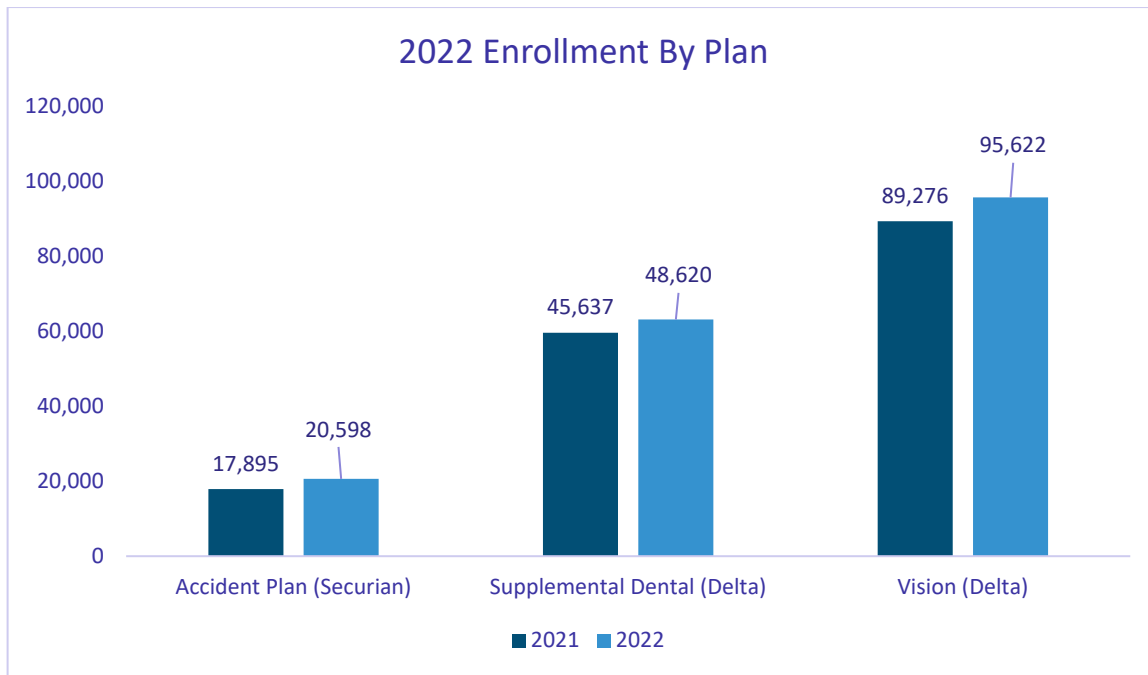
The supplemental benefit programs discussed in this section include those benefit programs whereby the premiums are paid for in full by the employees and retirees who elect to participate.

Participation

Supplemental plans in 2022 were offered by three vendors:

- Securian: Accident Plan
- Delta Dental of Wisconsin (Delta): Supplemental Dental & Vision
- Mutual of Omaha/HealthChoice: Long-Term Care (LTC)

The chart below shows the enrollment in each plan in 2021 and 2022 for subscribers and dependents. Enrollment in each benefit plan was relatively stable year over year.



Supplemental Dental enrollment numbers from 2022 were revised to reflect corrected totals.

Dental Plans

Supplemental dental plans continued to be popular among employees in 2022. In total, members paid \$21,482,477 in premiums in 2022 for all three plans. Utilization also increased in 2022 from 2021.

Supplemental Dental Claims		
	2021	2022
Number of Claims Paid	187,427	194,259
Dollar Amount Paid	\$19,611,509	\$19,843,725
Premium	\$16,788,784	\$21,482,477

Vision Plan

The supplemental vision insurance offered by DeltaVision includes allowances for yearly exams, as well as frames, lenses, and contacts for members who need vision correction. There are additional exams allowed for diabetic eye care. The DeltaVision policy also offers discounts on laser vision correction, sunglasses, and lens enhancements. DeltaVision’s provider network is provided in partnership with EyeMed.

Supplemental Vision Claims		
	2021	2022
Number of Claims Paid	49,737	54,770
Dollar Amount Paid	\$5,019,843	\$5,120,579
Premium	\$5,661,264	\$6,063,385

Accident Plan

Accident insurance provides a lump-sum cash payment directly to the employee regardless of income, expenses occurred, or other insurance coverage when injured in a covered accident. The plan is open to active employees, but retired or former employees can convert to a plan with Securian if they choose. The plan has experienced continuous growth since replacing a standard AD&D plan in 2020.

Supplemental Accident Claims		
	2021	2022
Number of Claims Paid	456	368
Dollar Amount Paid	\$464,477	\$451,450
Premium	\$1,632,761	\$1,895,815

Long-Term Care Insurance

Long-term care (LTC) insurance was provided by Mutual of Omaha through a local broker, HealthChoice. Coverage was available to state active employees, retirees, their spouses, and the parents of members and spouses. Enrollees must also live in the state of Wisconsin. LTC insurance is the only employee-pay-all offering that has premiums based on a person's age, gender, and health at the time of enrollment. LTC insurance policies offered in this program are individual policies, rather than group policies.

Life Insurance

The Board has offered life insurance since 1958, making it the longest-running benefit program offered to employees and retirees. Program participants can choose from a variety of affordable coverage options to provide peace of mind. Benefits are administered by Securian Financial Group.

The Group Life Insurance Program offers four different term life policies:

- Basic Plan: pays out an employee's prior year earnings rounded to the highest \$1,000.
- Supplemental Plan: pays an additional year of earnings at the same rate as the initial year.
- Additional Plan: coverage in addition to the Basic Plan at up to three times the prior year's earnings.
- Spouse & Dependent Plan: participants may choose from two levels of coverage with fixed dollar values.

Participants can keep the Basic Plan into retirement; the Supplemental and Additional plans end when a retiree turns 65.

Enrollment

Enrollment changes across plan options were mixed again in 2022:

Basic Plan

- State = 86,088, +0.5% from 2021
- Local = 125,281, +0.5% from 2021

Supplemental Plan

- State = 37,621 Members, -2.01% change from 2021
- Local = 28,534 Members, -0.7% from 2021

Additional Plan

- State = 26,134 Members, -2.1% from 2021
- Local = 32,808 Members, -1.6% from 2021

Spouse & Dependent Plan

- State = 22,810, -1.2% from 2021
- Local = 30,677, -2.0% from 2021

Claims Costs in 2022

2,848 claims were paid in 2022. The total amount paid out by the life insurance benefit in 2022 was \$80,497,537. 99.4% of claims were paid within 10 calendar days of receiving the claim.

Demographics in 2022

The average member age in 2022 was 49.9 among state participants and 47.7 among local participants, which was very similar to 2021.

Average Age of Death

- State = 79
- Local = 80

Gender Mix of Members

- State M(F) = 50%(50%)
- Local M(F) = 53%(47%)

Gender Mix of Claims Paid

- State M(F) = 63%(37%)
- Local M(F) = 52%(48%)

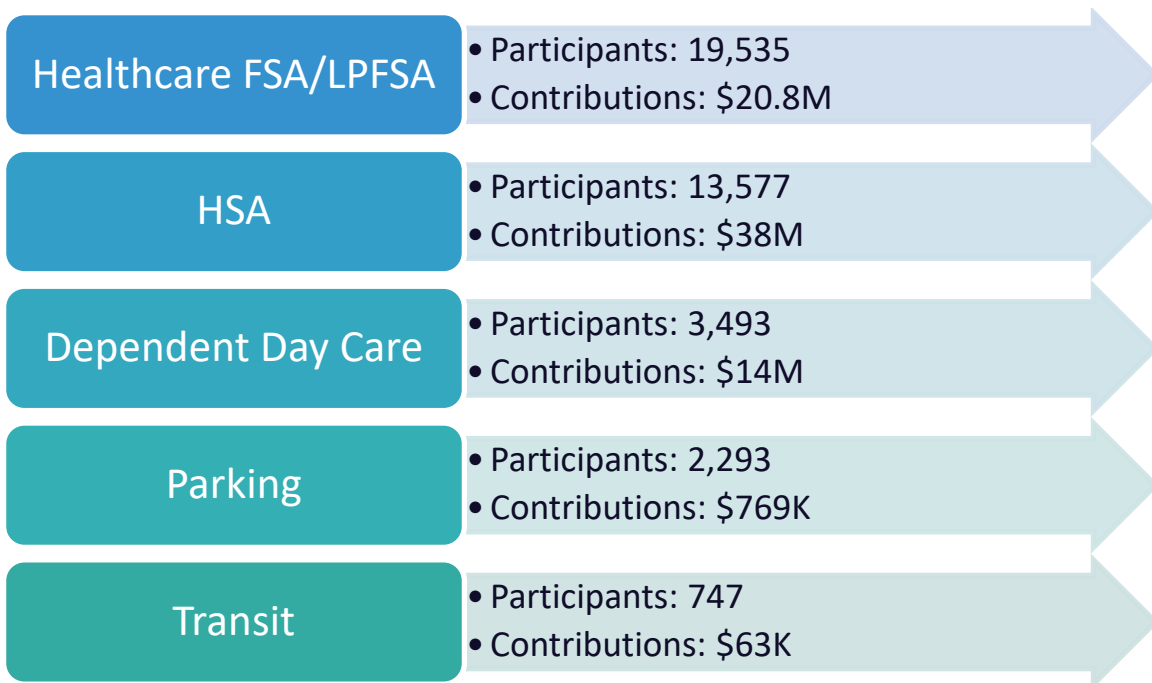
Health Savings & Employee Reimbursement Accounts

The pre-tax savings account programs offered by the Board help members grow their savings while paying less for medical and everyday expenses. The Health Savings Account (HSA) is offered in conjunction with the Board’s qualified high-deductible health plan (HDHP) product. Employee reimbursement accounts (ERA) include health care flexible spending accounts (FSA), limited-purpose flexible spending accounts (LPFSA), parking & transit accounts, and dependent daycare accounts.

In 2022, ETF continues to see growth and utilization of the pre-tax savings account programs, administered by Optum Financial (Optum). The beginning of 2022 had some hiccups related to customer service, but by the third quarter, Optum’s service level was aligned back to where it was prior to the pandemic. Quarterly call performance metrics were met.

Participation & Contributions

Participation in the HSA and ERA accounts increased in 2022. The table below shows the participation, as well as contributions as of the fourth quarter of 2022:

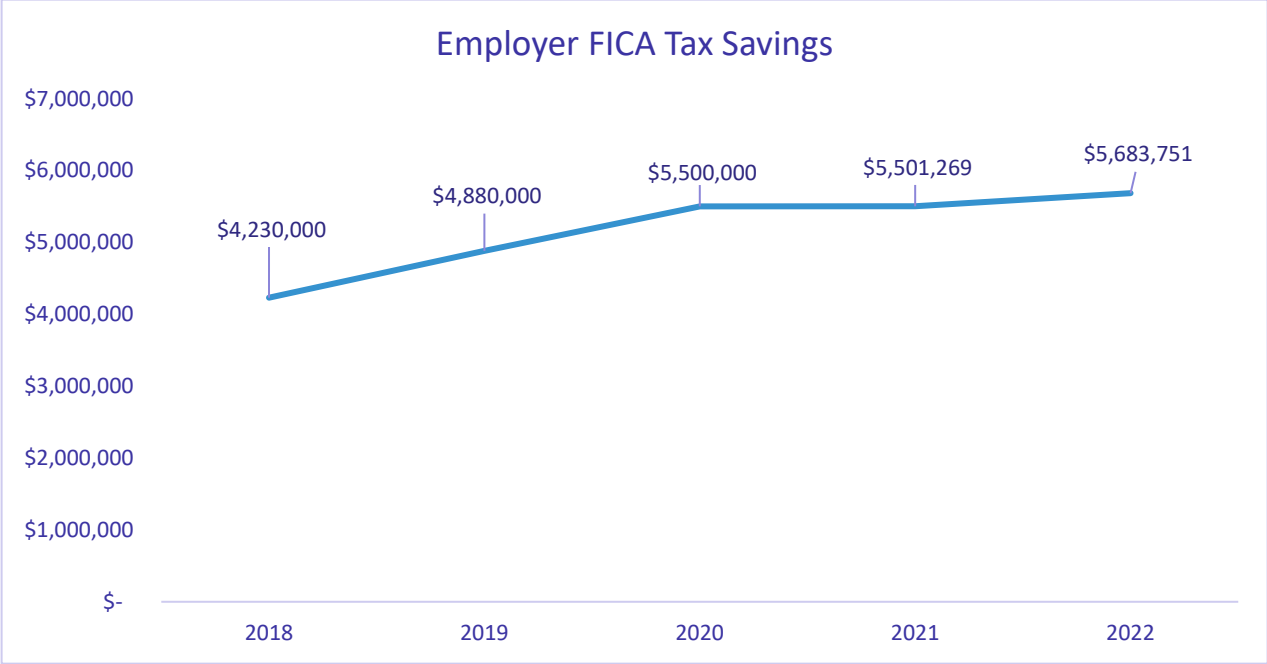


Overall enrollment in the HSA and ERA programs increased 8%, and contributions increased 3% in 2022. This is the first time that the total participation has reached over 40,000 accounts. While there was a decline in the Dependent Day Care Account contributions, the HSA, Health Care FSA, Limited Purpose, Transit Account, and Parking Account benefits increased in contributions overall totaling 74.2M dollars. The HSAs enrollment increased 18% to 13,577 participants. Members are getting back to utilizing the pre-tax savings account even while employees are working from home or have a flexible hybrid work schedule.

Employer Tax Savings

An important savings element for the employers who offer the HSA and ERA programs is in the payroll taxes that employers themselves pay since these contributions are pre-tax. FICA tax savings are calculated at an estimated rate of 7.65% of the total annual contributions.

The chart below shows employer tax savings over the past three years.



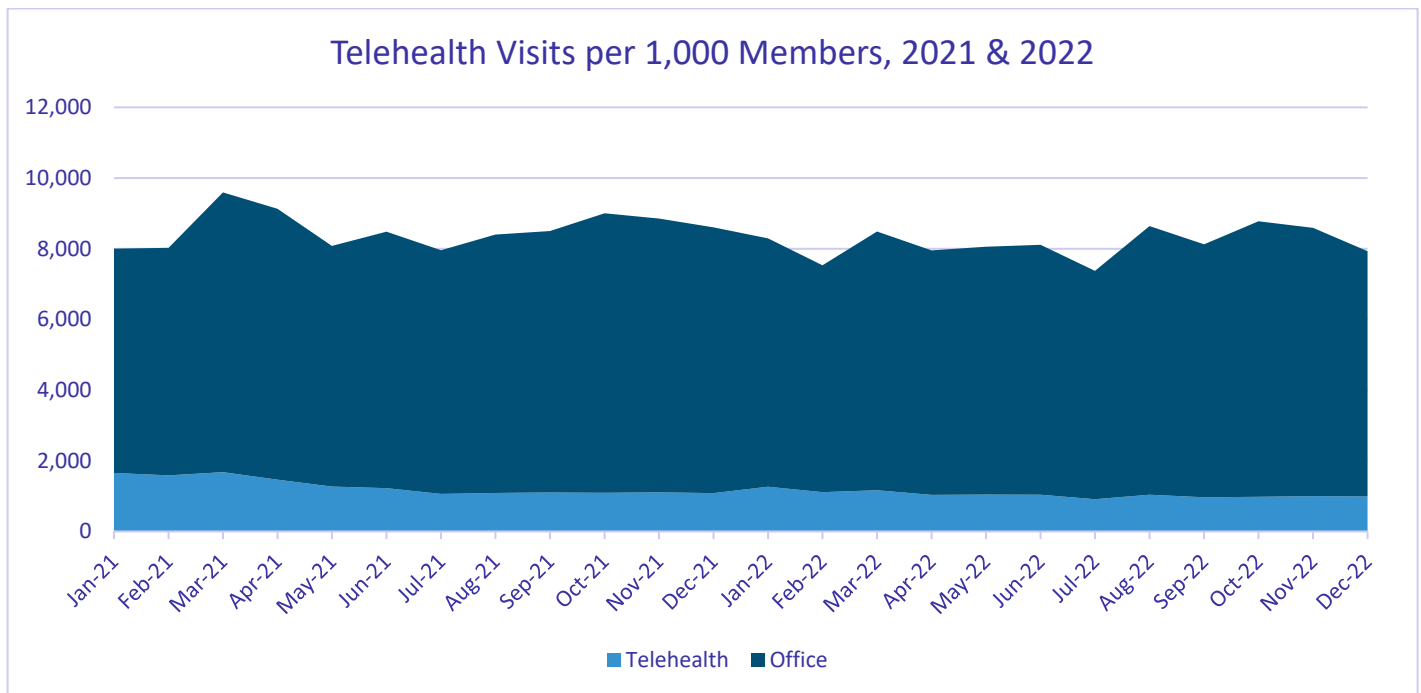
At the beginning of 2022, ETF expected programs to achieve \$23.3M total in tax savings for both employers and employees enrolled in the programs; the actual estimated increase in savings was \$28M, mostly due to the increase in participation and contributions.²

² Estimated Employee Tax Savings is based on average of 30% of the total contributions

In Depth: Telehealth

Telehealth Changes in 2022

Telehealth continues to account for a larger share of provider visits than it did pre-pandemic. While the rate of use is lower than its peak in 2020, with visits trending downward slightly since that time, telehealth visits are about one in ten of all provider office visits. Some provider types, particularly behavioral health providers, have found telehealth to be an effective way to expand services to people who may have had other limitations in coming to care before.



Continuing use of telehealth raised many questions from providers, plans, and members about what was covered in a telehealth setting, particularly as members began returning to in-person care, and pandemic-era flexibilities changed. Because of this, the Board implemented expanded guidelines for telehealth coverage in an attempt to standardize that coverage. The Board included definitions for different types of telehealth, clarification around what is allowable over the phone only versus what requires video consult too, and how plans should pay for remote patient monitoring.

In Depth: Board Initiatives

In November of 2019, the Board approved using the Healthcare Triple Aim — improving health, improving quality, and decreasing costs — as their guidepost for evaluating new programs and changes. The Board also approved a series of initiatives to further push programs toward the Triple Aim. ETF made progress on several of these initiatives during 2022, summarized below.

Mental Health Parity & Access

Initiative Goal: Improve access to mental health and substance use disorder services for GHIP members, help them better understand their benefits and coverage, and reduce stigma.

Mental health and substance use disorders have long been a significant challenge for the Board’s members. In February of 2021, ETF provided the first review of issues and possible approaches to improve the experience of members who need mental health or substance use disorder support, with additional recommendations made to the Board in 2022.

ETF worked with Health Plans to gauge current mental health efforts, and confirmed common practices on mental health education and awareness to identify opportunities for enhancements. Many things were taken into consideration to enhance this program, including a new ETF webpage on mental health to help:

- Reduce stigma
- Provide education and resources related to the GHIP-covered benefits
- Refer subscribers to employer employee assistance programs

Other efforts include an increased focus on mental health via Well Wisconsin, with the development and release of the Mental Health Services Request for Proposal **(ETB0048)**, the creation of ETF’s own Mental Health Continuum (in 2022) that was included in the 2023 Health Benefits Decision Guide to help people understand and manage their mental health, and the meQuilibrium program pilot.

Specialty Drugs & Site of Care

Initiative Goal: Reduce the costs of specialty prescription drugs by looking at options for members to access these drugs through lower cost sites of care.

The cost of specialty drugs to the GHIP continues to grow; in 2021, ETF provided a series of options for the Board to consider regarding accessing those drugs for lower prices.

In May 2022, the Board approved going live on January 1, 2023, with a clear bagging program. Under the 2023 clear bagging program non-Medicare members with Quartz medical insurance who received certain non-oncology drug infusions within the UW Health System will get their drug infusion medications from the UW Specialty Pharmacy and be billed for the drug through their pharmacy benefit. With this change of drug coverage from the medical benefit to the pharmacy benefit the Board receives all drug rebate money with no member interruption of treatment.

Conclusion & 2023 Preview

The GHIP continued to support members in 2022 to live healthier lives. The Board and ETF look forward to continuing to maintain quality and services that support public employees.

Looking ahead to 2023, ETF will be able to share more information on:

- Clear bagging initiative implementation
- Bariatric surgery and other benefit change outcomes

Questions regarding this report can be sent to: ETFSMInsuranceSubmit@etf.wi.gov

Sources

Health and claims related data: DAISI Data Warehouse and Analytics Tool administered by Merative

Vendor information provided by: Navitus Health Solutions, WebMD Health Services Group, Inc., Delta Dental of Wisconsin, and Securian Financial Group, Inc.

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Appendix A: Our Programs

The State of Wisconsin Group Health Insurance Program (GHIP) benefits are governed by federal and state law. Programs are overseen by the Group Insurance Board (Board) and administered by the Department of Employee Trust Funds (ETF).

The GHIP is available to employees and retirees of:

- State agencies and authorities (State)
- The University of Wisconsin System (UW)
- The University of Wisconsin Hospitals & Clinics (UWHC)
- Local government employers who are part of the Wisconsin Retirement System and choose to participate.

The GHIP's medical benefits offer four different plan designs to State, UW, and UWHC employees. Employees in these programs can pick any of the following options:

IYC Health Plan	<ul style="list-style-type: none">• Local coverage• 2nd lowest premium• Lower cost when visiting providers
High Deductible Health Plan (HDHP)	<ul style="list-style-type: none">• Local coverage• Lowest premium• Higher cost when visiting providers
Access Health Plan	<ul style="list-style-type: none">• Nationwide coverage• Out-of-network benefits• Highest premium
Access HDHP	<ul style="list-style-type: none">• Nationwide coverage• Out-of-network benefits• 3rd highest premium

For local government employers, the GHIP offers four different program options, with varying levels of out-of-pocket costs for employees. Each program has both a local coverage version as well as an Access Plan option with nationwide coverage.

Local Traditional Plan	<ul style="list-style-type: none"> •No deductible •Few copays •Highest premiums
Local Deductible Plan	<ul style="list-style-type: none"> •\$500 deductible per person •Few copays •Third highest premiums
Local Health Plan	<ul style="list-style-type: none"> •Similar benefits to state employee IYC Health Plan •Second highest premiums
Local HDHP	<ul style="list-style-type: none"> •Similar benefits to the state employee IYC HDHP •Lowest premiums

Local government employers pick a program option from the list above; their employees can choose either the local coverage plan or the Access Plan version of those program options.

When a State, UW, or UWHC employee retires, the employee can continue health insurance coverage. When the retiree turns 65, they are required to enroll in Medicare Parts A and B. With Medicare, the retiree can choose to keep their existing health plan and the same benefits they had while employed, or they can choose one of two other plans:

- Medicare Plus**
- Medicare Supplemental plan
 - Covers the out-of-pocket costs not covered by Medicare
 - Does not cover services not covered by Medicare
 - Worldwide coverage

- Medicare Advantage**
- "Part C" plan
 - Covers Uniform Benefits as well as some additional benefits
 - Coverage nationwide and in the US Territories

Some local government employers may also offer health benefits in retirement; employees should check with their employers before retiring.

All employees and retirees have the same Uniform Pharmacy Benefit coverage, which offers a four-tier pharmacy benefit:



Employees and retirees can also elect basic dental benefits coverage with their health insurance through the Uniform Dental Benefit.

All employees, retirees, and their spouses have access to a uniform wellness program benefit, Well Wisconsin, that is administered through a single vendor. As a part of this program, participants can complete activities to receive a \$150 incentive, as well as participate in disease management and lifestyle coaching to help with healthy habits that contribute to their overall wellbeing.