

# Welcome to the Group Insurance Board

May 17, 2023

Meeting will begin at: 8:30 a.m.



WIFI

**WI-GUEST**

No Password is needed



**Please Sign In**

- Who? All meeting attendees
- Sheet available at the door



**Meeting Materials**

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



**Please Silence your  
Cell Phone and Mute  
your Microphone**

# Announcements

## Item 1 – No Memo

Eileen Mallow, Director

Office of Strategic Health Policy



# Consideration of:

Open and Closed Minutes of February 22, 2023

Open and Closed Minutes of April 17, 2023



Items 2A-2E – Memos Only





# Action Needed

- Motion needed to accept the Open and Closed Minutes of the February 22, 2023, and Open and Closed Minutes of April 17, 2023, Meetings as presented by the Board Liaison.

# 2022 Health Plan Performance Report

Item 3A – Group Insurance Board

Korbey White, Health Program Manager

Mee Wartgow, Communications Specialist/Technical Writer

Office of Strategic Health Policy



# Informational Item

- No Board action is required

# Overview

- 2022 Performance Summary
- Additional Key Performance Measures
- Performance Standards Survey

# 2022 Performance Summary

**All Met or Exceeded**



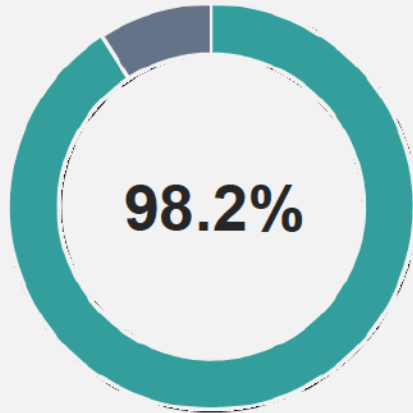
- Claims Processing Accuracy
- Claims Processing Time
- Written Inquiry Response
- Open Call Resolution Turn-Around Time
- Call Abandonment Rate



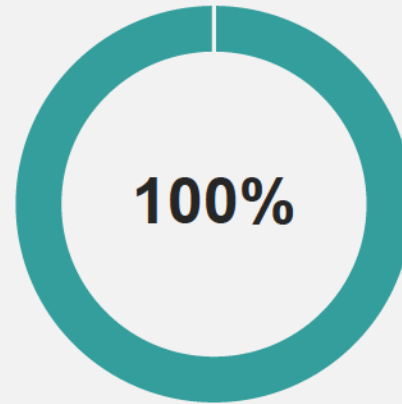
# 2022 Performance Summary

- Most health plans met or exceeded most of the other measurement targets on a regular basis
  - One health plan failed to meet the 2022 target metric for Call Answer Timeliness
- Health plans consistently submitted quarterly performance reports
- Health plans provided sufficient details in the event of a performance exception

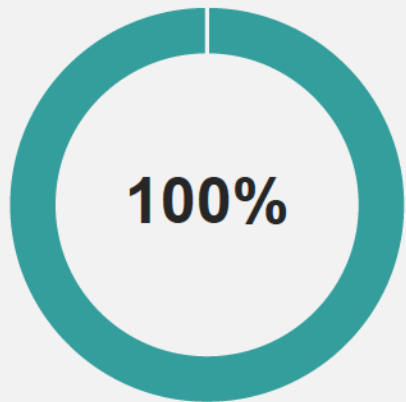
# Additional Key Performance Measures - Enrollment



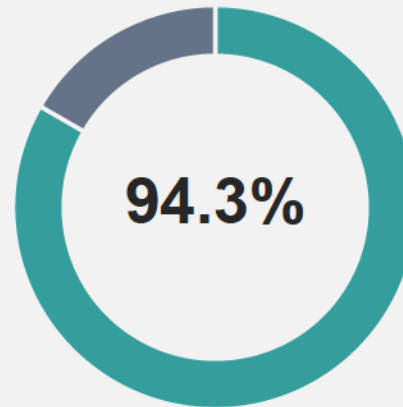
of daily 834 files  
accepted and processed



of database discrepancies  
resolved within 1 day of  
notification



of exception report  
corrections completed  
within 5 days of notification



of identification cards  
issued within 5 days

# Performance Standards Survey

- Survey Issued by ETF to the Group Insurance Board
- Purpose of the survey
  - Verify the information provided in Plan Performance Reports is adequate
  - Determine if quarterly reports could be abbreviated
- Deadline for the survey
  - May 24, 2023

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**Questions?**

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# Thank you

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# 2024 Preliminary Reserve Estimates

3B – Group Insurance Board

Eileen Mallow, Director, Office of Strategic Health Policy

Kenneth Vieira, Senior Vice President, Segal

Patrick Klein, Vice President, Segal



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

## Reserve Update

May 2023/ Ken Vieira and Patrick Klein

# Experience Highlights

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- State 2022 YE fund balance \$122.9M versus the \$169.7M projected at August GIB - \$46.7M Loss
  - Loss driven by Investment Income, Pharmacy claims, and fewer than projected rebates
  - Medical and Dental projections materialized as expected
- Local 2022 YE fund balance \$11.4M versus the \$18.1M projected at August GIB - \$6.7M Loss
  - Similar drivers as State. Losses from Investment Income, Pharmacy claims, and fewer than projected rebates
- The losses above will likely drop both funds below the target and require increases that exceed the schedule presented in Option 2 at the Aug. GIB
- The stock market has realized small gains thus far in 2023 but still below assumed rates
  - 1.9% 2023 YTD (Dow Jones as of 4/12/2023)
- Future projections will assume an investment return of 6.7% instead of 7.0%
  - Based on the Core Trust Fund annualized return expectation of 6.7% obtained from SWIB



# Board Approved 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: 5% to 7% 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 2021, based on the reserve at that time, the Board approved moving to the new policy over the 3-year period ending in 2024
- Last year, based on the reserve at that time and renewal results, the Board approved using the remaining surplus to hold down the rate increase for 2023

# Reserve Surplus Calculation – August 2022

- Based on the mid-point reserve target, the State has a surplus of \$76.7M
- Locals also have a surplus of \$4.3M

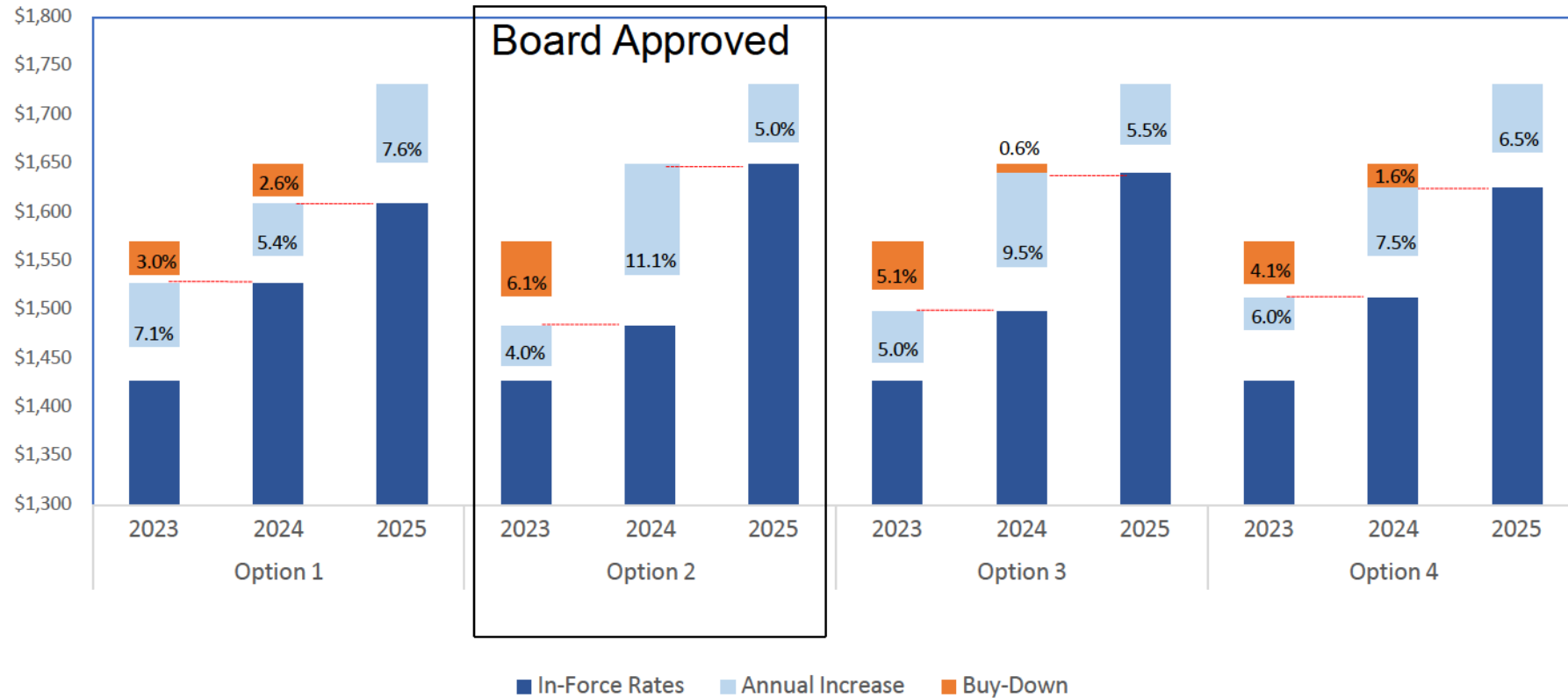
	Projected Reserve (in millions)							
	State				Local			
	Medical	Rx	Dental	Total	Medical	Rx	Dental	Total
Projected Fund Balance 12/31/2022	97.1	48.9	23.8	169.7	(3.2)	21.2	0.1	18.1
Projected 2023 Claims (SI)		449.5	61.4	511.0		61.0	2.2	63.2
Projected 2023 Premiums (FI)	1,222.7			1,222.7	203.6			203.6
<b>New Policy Reserve Target</b>								
3% Medical, 8% Rx, 5% Dental	36.7	36.0	3.1	75.7	6.1	4.9	0.1	11.1
5% Medical, 10% Rx, 7% Dental	61.1	45.0	4.3	110.4	10.2	6.1	0.2	16.4
Mid-Point Reserve	48.9	40.5	3.7	93.1	8.1	5.5	0.1	13.8
<b>Surplus New Policy</b>	<b>48.2</b>	<b>8.4</b>	<b>20.1</b>	<b>76.7</b>	<b>(11.4)</b>	<b>15.7</b>	<b>(0.1)</b>	<b>4.3</b>

- Segal recommends the State and Local plans utilize a portion of the surplus to buy down premiums
- Also note there is \$17.4M for State and \$2.7M for Locals to move to the lower end of the range

# August 2022 GIB Meeting: 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

Buy-Down Scenarios (in \$ millions)



- Each option produces the same 3-year overall increase of 5.0%

# Board Approved Multi-Year Reserve Draw Strategy – Option 2

- After 6 years of buy-downs, the option approved, with recent experience, is resulting in no additional reserve surplus expected for 2024. The loss is approximately 3% of premium.

## State Reserve Multi-year Strategy

	Balance <sup>1</sup>	Target <sup>2</sup>	% of Claims/ FI Premium	Surplus <sup>3</sup>	Draw
<b>2023</b>	<del>\$169.7</del> <b>122.9</b>	\$93.1	5.4%	\$76.7	\$86.5
<b>2024</b>	\$89.1	\$97.7	5.4%	-\$8.7	\$0.0
<b>2025</b>	\$95.3	\$102.6	5.4%	-\$7.3	\$0.0

Projected  
Balance

Updated  
Balance

## Local Reserve Multi-year Strategy

	Balance <sup>1</sup>	Target <sup>2</sup>	% of Claims/ FI Premium	Surplus <sup>3</sup>	Draw
<b>2023</b>	<del>\$18.1</del> <b>\$11.4</b>	\$13.8	5.2%	\$4.3	\$4.1
<b>2024</b>	\$15.1	\$14.5	5.2%	\$0.6	\$0.0
<b>2025</b>	\$16.1	\$15.2	5.2%	\$1.0	\$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 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 (State) or Low End (Local).

# Fund Balance – Projected

## *State, as of 6/30/2022*

- Using ETF transactional data through 6/30/2022, Segal projected the December ending fund balance.

### State Health Reserve (in millions)

	Medical	Pharmacy	Dental	Total
Balance 1/1/2022	96.5	90.1	23.7	210.3
<b>Revenue</b>				
Premiums	1,184.1	216.1	60.7	1,461.0
EGWP Subsidy		55.1		55.1
Investment Income	0.6	0.4	0.1	1.1
<b>Total Revenue</b>	<b>1,184.7</b>	<b>271.7</b>	<b>60.9</b>	<b>1,517.2</b>
<b>Expenses</b>				
Paid Claims	1,164.6	409.4	59.6	1,633.5
Admin Costs	19.6	9.4	1.2	30.2
Rebates		(105.9)		(105.9)
<b>Total Expenses</b>	<b>1,184.1</b>	<b>312.9</b>	<b>60.8</b>	<b>1,557.8</b>
Net Income /(Deficit)	0.6	(41.2)	0.1	(40.5)
<b>Balance 12/31/2022</b>	<b>97.1</b>	<b>48.9</b>	<b>23.8</b>	<b>169.7</b>

# Fund Balance – Preliminary

## State, through 12/31/2022

- Below are the preliminary State health insurance plan results for the period ending December 31, 2022.

### State Health Reserve (in millions)

	Medical	Pharmacy	Dental	Total
Balance 1/1/2022	96.5	90.1	23.7	210.3
<b>Revenue</b>				
Premiums	1,181.6	216.1	59.0	1,456.7
EGWP Subsidy		56.9		56.9
Investment Income	(6.6)	(14.5)	(1.7)	(22.8)
<b>Total Revenue</b>	<b>1,175.0</b>	<b>258.5</b>	<b>57.3</b>	<b>1,490.8</b>
<b>Expenses</b>				
Paid Claims	1,162.8	419.2	57.1	1,639.1
Admin Costs	21.8	10.6	1.1	33.5
Rebates*		(94.3)		(94.3)
<b>Total Expenses</b>	<b>1,184.6</b>	<b>335.5</b>	<b>58.2</b>	<b>1,578.3</b>
Net Income /(Deficit)	(9.6)	(77.0)	(0.9)	(87.5)
<b>Balance 12/31/2022</b>	<b>86.9</b>	<b>13.1</b>	<b>22.8</b>	<b>122.9</b>

\*Rebate amount is based on estimated accruals that used prior year Navitus Data.

# Fund Balance – Gain/Loss

## State

- Below is the Gain/Loss for State health insurance plan for the period ended December 31, 2022.

### State Health Reserve (in millions)

	Medical	Pharmacy	Dental	Total
<b>Revenue</b>				
Premiums	(2.5)	(0.1)	(1.7)	(4.3)
EGWP Subsidy		1.8		1.8
Investment Income	(7.2)	(14.9)	(1.8)	(23.9)
<b>Total Revenue</b>	<b>(9.7)</b>	<b>(13.2)</b>	<b>(3.5)</b>	<b>(26.4)</b>
<b>Expenses</b>				
Paid Claims	1.9	(9.8)	2.5	(5.4)
Admin Costs	(2.2)	(1.1)	0.1	(3.3)
Rebates		(11.6)		(11.6)
<b>Total Expenses</b>	<b>(0.4)</b>	<b>(22.5)</b>	<b>2.6</b>	<b>(20.3)</b>
<b>Gain/(Loss)</b>	<b>(10.0)</b>	<b>(35.7)</b>	<b>(1.0)</b>	<b>(46.7)</b>

- 2022 loss driven by investment income (\$23.9M) and losses on the pharmacy program (\$22.5M less \$1.8M = \$20.7M).

# Fund Balance – Projected

## *Local, as of 6/30/2022*

- Using ETF transactional data through 6/30/2022, Segal projected the December ending fund balance.

### Local Health Reserve (in millions)

	Medical	Pharmacy	Dental	Total
Balance 1/1/2022	(3.3)	20.4	0.1	17.2
<b>Revenue</b>				
Premiums	185.6	38.1	2.1	225.8
EGWP Subsidy		3.5		3.5
Investment Income	(0.0)	0.1	0.0	0.1
<b>Total Revenue</b>	<b>185.6</b>	<b>41.8</b>	<b>2.1</b>	<b>229.5</b>
<b>Expenses</b>				
Paid Claims	183.1	55.6	2.1	240.8
Admin Costs	2.5	0.9	0.0	3.4
Rebates		(15.5)		(15.5)
<b>Total Expenses</b>	<b>185.6</b>	<b>40.9</b>	<b>2.1</b>	<b>228.6</b>
Net Income /(Deficit)	0.0	0.8	(0.1)	0.8
<b>Balance 12/31/2022</b>	<b>(3.2)</b>	<b>21.2</b>	<b>0.1</b>	<b>18.1</b>



# Fund Balance – Preliminary

## *Local, through 12/31/2022*

- Below are the preliminary Local health insurance plan results for the period ending December 31, 2022.

### Local Health Reserve (in millions)

	Medical	Pharmacy	Dental	Total
Balance 1/1/2022	(3.3)	20.4	0.1	17.2
<b>Revenue</b>				
Premiums	185.3	38.1	2.0	225.4
EGWP Subsidy		3.4		3.4
Investment Income	1.0	(3.2)	0.0	(2.2)
<b>Total Revenue</b>	<b>186.3</b>	<b>38.3</b>	<b>2.0</b>	<b>226.6</b>
<b>Expenses</b>				
Paid Claims	182.9	57.4	2.0	242.3
Admin Costs	2.8	1.0	0.0	3.8
Rebates*		(13.8)		(13.8)
<b>Total Expenses</b>	<b>185.7</b>	<b>44.6</b>	<b>2.0</b>	<b>232.3</b>
Net Income /(Deficit)	0.6	(6.3)	0.0	(5.7)
<b>Balance 12/31/2022</b>	<b>(2.7)</b>	<b>14.1</b>	<b>0.1</b>	<b>11.4</b>

\*Rebate amount is based on estimated accruals that used prior year Navitus Data.

# Fund Balance – Gain/Loss

## Local

- Below is the Gain/Loss for Local health insurance plan for the period ended December 31, 2022.

### Local Health Reserve (in millions)

	Medical	Pharmacy	Dental	Total
<b>Revenue</b>				
Premiums	(0.3)	(0.0)	(0.1)	(0.3)
EGWP Subsidy	0.0	(0.1)	0.0	(0.1)
Investment Income	1.1	(3.3)	(0.0)	(2.3)
<b>Total Revenue</b>	<b>0.8</b>	<b>(3.5)</b>	<b>(0.1)</b>	<b>(2.8)</b>
<b>Expenses</b>				
Paid Claims	0.2	(1.9)	0.1	(1.7)
Admin Costs	(0.4)	(0.1)	0.0	(0.5)
Rebates	0.0	(1.7)	0.0	(1.7)
<b>Total Expenses</b>	<b>(0.2)</b>	<b>(3.7)</b>	<b>0.1</b>	<b>(3.9)</b>
<b>Gain/(Loss)</b>	<b>0.6</b>	<b>(7.2)</b>	<b>(0.1)</b>	<b>(6.7)</b>

- Like State, 2022 loss was driven by investment income and the pharmacy program.

# Thank You

**Kenneth Vieira, FSA, FCA, MAAA**

Senior Vice President

East Region Public Sector Market Leader

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678.306.3154

**Patrick Klein, FSA, MAAA**

Vice President

[pklein@segalco.com](mailto:pklein@segalco.com)

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**Questions?**

# 2024 Program Agreement and Benefit Changes

## Item 3C – Group Insurance Board

Korbey White, Health Program Manager

Luis Caracas, Health Plan Policy Advisor

Molly Dunks, Disease Management and Wellness Program Manager

Tricia Sieg, Pharmacy Benefits Program Manager

Office of Strategic Health Policy





# Action Needed

- ETF requests the Board approve the modifications to the Program Agreement (PA), Uniform Benefits (UB) Certificates of Coverage (CoCs), and the Uniform Pharmacy Benefits (UPB).

# Background

Initial change concepts for program year 2024 were presented at the February 2023 Board meeting

ETF reviewed potential changes with employer groups, health plans, and Segal (Board's actuary) and identified a final set of proposed benefit changes

# Health Program Agreement Changes

Memo Pages 1-3



# Program Agreement Changes Recommended

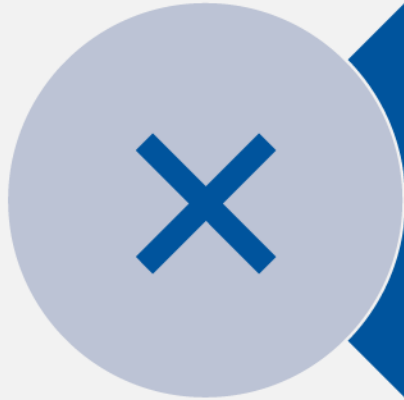
## Updates to Department Initiatives:

- Remove all except care coordination
- Add collaboration on population health management initiatives

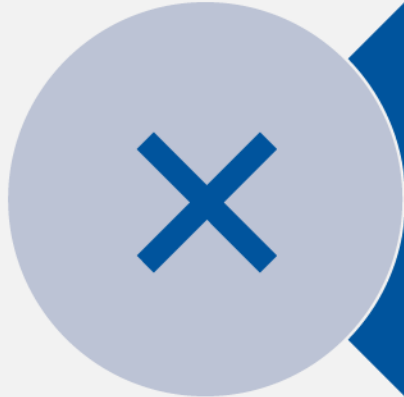
## Data Collection Requirements

## Performance Standards and Penalties

# Program Agreement Changes Not Recommended



Confidentiality, Privacy  
and HIPAA Business  
Associate Agreement



Data & Information  
Security

# Health Benefit Changes

Memo Pages 3-6

# Health Benefits Change Recommendations

Adding Clarity to Hospice Care Section and Further Defining Palliative Care

Removing Infusion Pump Rental Requirement in Durable Diabetic Equipment and Related Supplies

Clarifying Hospital Services and Inpatient Confinements

Removing Requirement Language in Physical, Speech, and Occupational Therapy

Adding Flexibility Around Prior Authorization

Clarifying Exclusion to Vision Correction

# Health Benefits Change Not Recommended



Full Coverage for Vasectomies in Reproductive Services and Contraceptives



Fertility Coverage



Dietitian and Nutritional Counseling Coverage for Weight Loss

# Pharmacy Program & Benefit Changes

Memo Pages 7-10

# Pharmacy Benefit Change Recommendations

## Access Guidance Service Program

For background, see previous presentation on pharmacy benefit manager payment models [here](#).

# Standard Benefit vs. Proposed Benefit Design

	<i>Standard Benefit</i>		<i>Proposed Benefit Design</i>	
	<i>Member Pay</i>	<i>Board Pay</i>	<i>Member Pay (amount before copay assistance)</i>	<i>Board Pay</i>
<b>January</b>	\$50	\$4,950	\$0 (\$1,500)	\$3,500
<b>February</b>	\$50	\$4,950	\$0 (\$1,500)	\$3,500
<b>March</b>	\$50	\$4,950	\$0 (\$1,500)	\$3,500
<b>April</b>	\$50	\$4,950	\$0 (\$1,500)	\$3,500
<b>May</b>	\$50	\$4,950	\$0 (\$1,500)	\$3,500
<b>June</b>	\$50	\$4,950	\$0 (\$1,500)	\$3,500
<b>July</b>	\$50	\$4,950	\$0 (\$1,500)	\$3,500
<b>August</b>	\$50	\$4,950	\$0 (\$1,500)	\$3,500
<b>September</b>	\$50	\$4,950	\$0 (\$1,500)	\$3,500
<b>October</b>	\$50	\$4,950	\$0 (\$1,500)	\$3,500
<b>November</b>	\$50	\$4,950	\$0 (\$1,500)	\$3,500
<b>December</b>	\$50	\$4,950	\$0 (\$1,500)	\$3,500
<b>Total Paid</b>	<b>\$600</b>	<b>\$59,400</b>	<b>\$0 (\$18,000)</b>	<b>\$42,000</b>



# Pharmacy Benefit Changes Not Recommended



Permitting home infusions through the pharmacy benefit



Adding weight loss drugs to the non-Medicare pharmacy formulary



Covering Continuous Glucose Monitoring (CGM) devices under only the pharmacy benefit



# Action Needed

- ETF requests the Board approve the modifications to the Program Agreement (PA), Uniform Benefits (UB) Certificates of Coverage (CoCs), and the Uniform Pharmacy Benefits (UPB).

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**Questions?**

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# Thank you

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# Pilot Programs Report and 2024 Recommendations



Item 3D – Group Insurance Board

Molly Dunks, Disease Management and Wellness Program Manager

Tricia Sieg, Pharmacy Benefits Program Manager

Office of Strategic Health Policy





# Action Needed

- ETF requests the Board approve the following pilot programs for 2024:
  - It's Your Health Diabetes via Navitus/WebMD
  - Acupuncture benefits via Dean Health Plan
  - Diabetes management programs via Quartz and Security Health Plan
  - Doula services via Quartz
  - Therapy360 via Quartz

# Background

Innovative programs not currently included in the Group Health Insurance Program (GHIP)

Differ from uniform benefits for health plans

Not originally included in non-health plan vendor contracts

# Current Pilot Programs

Vendor	Program	Years Implemented
Dean Health Plan	Living Healthy Plus (diabetes management, reducing cost sharing for related medical services)	2019 – 2023
Dean Health Plan	Acupuncture benefit	2020 – 2023
Network Health	Acupuncture benefit	2021 – 2023
WebMD & Navitus	It's Your Health: Diabetes (reduced cost sharing for diabetes-related pharmaceuticals)	2019 – 2023
WebMD	meQuilibrium (stress management and resilience building program)	2022 – 2023



# Dean Health Plan Pilots

## Living Healthy Plus

- Low participation
- Merative identified preliminary positive findings
- Dean *discontinuing* program

## Acupuncture Benefit

- Low utilization
- Challenges with contracting providers
- Recommend continuing pilot

# Network Health Acupuncture

Discontinuing program due to provider contracting challenges

# WebMD/Navitus

## It's Your Health: Diabetes

Participation increasing each year

Total savings of \$1.17M for members since 2019

Some evidence of better healthcare engagement

Higher trend in participant medical costs; higher use of preventive services

Participants maintain or improve disease stage at higher rate than non-participants

Recommendation to continue program

# WebMD meQuilibrium

Participation increasing

Improvements in stress management, emotion control, and work-life balance

Reductions in anxiety, depression, and burnout

WebMD including in 2024 contract for all Well Wisconsin participants

# Quartz

## Recommended 2024 pilot:

- Obesity and Type 2 Diabetes Reversal Treatment, powered by Virta Health
- AbleTo Therapy 360
- Doula services

## Not recommended, or not a pilot:

- Pharmacist Diabetes Care Management Program
- Food as Medicine
- AbleTo Coaching+

# Security Health Plan

## Recommended 2024 pilot:

- Omada, diabetes management

## Not considered a pilot:

- Freespira, panic disorder, panic attacks, and post-traumatic stress disorder



# Action Needed

- ETF requests the Board approve the following pilot programs for 2024:
  - It's Your Health Diabetes via Navitus/WebMD
  - Acupuncture benefits via Dean Health Plan
  - Diabetes management programs via Quartz and Security Health Plan
  - Doula services via Quartz
  - Therapy360 via Quartz

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**Questions?**



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# Thank you

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# Supplemental Dental Plan Recommendations



## Item 4 – Group Insurance Board

Tom Rasmussen, Life Insurance and Dental Program

Manager

Office of Strategic Health Policy





# Action Needed

- ETF recommends the Board contract with Delta Dental of Wisconsin (Delta) to administer the three Supplemental Dental plans, beginning January 1, 2024, through December 31, 2026.

# Plan Overview

Supplemental dental is an employee pay all program

Offered to:

- All State active employees
- All retirees (State and Local)
- Local employers have option to offer

Enrollment continues to increase

# Plan Designs

Benefit	Preventive Plan	Select Plan	Select Plus Plan
Annual deductible	None	\$100/person	\$25/person
Annual benefit maximum	\$1,000/person	\$1,000/person	\$2,500/person
Waiting period	None	None	None
Routine evaluations ,cleanings, sealants, bitewing and panoramic x-rays, fluoride treatments, pulp vitality tests	100%	No coverage	No coverage
Fillings (Amalgam)	100%	No coverage	No coverage
Anesthesia (general)	80%	50%	80%
Emergency pain relief	80%	No coverage	No coverage
Periodontal maintenance	100%	No coverage	No coverage
Crowns, bridges, dentures, implants	No coverage	50%	80%
Surgical extractions, root canals, periodontics, oral surgery	No coverage	50%	80%
Non-surgical extractions	90%	No coverage	No coverage
Orthodontics coverage	50% (Under age 19)	No coverage	50% (Any age)
Orthodontics lifetime maximum	\$1,500	No coverage	\$1,500

# Proposal Timeline

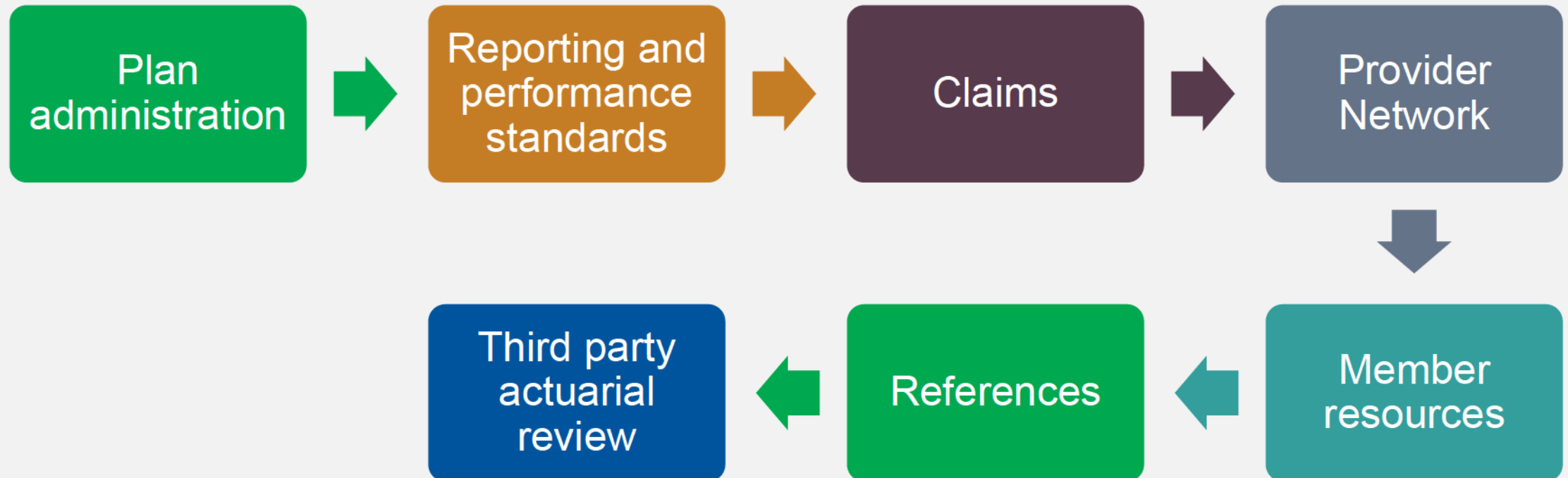


# Evaluation Committee

## 6-member Evaluation Committee

- 4 ETF Staff
- STAR Employer Representative
- UW System Representative
- 3 new members this year
- Representative from ETF Bureau of Budget, Contract Administration and Procurement (Non-voting member)

# Evaluation Process





# Proposal Received

- ETF received one proposal
- Unanimous decision



# Evaluation

## Delta

- Dedicated customer service and call center
- Dedicated web site
- Large provider network
- Premiums
- Past performance

# Premiums

Members	Preventive Current	Preventive Proposed	Preventive Change	Select Current	Select Proposed	Select Change	Select Plus Current	Select Plus Proposed	Select Plus Change
Actives EE	\$34.72	\$36.10	3.97%	\$9.76	\$9.08	-6.96%	\$20.98	\$21.60	2.95%
Actives EE+SP	N/A	N/A	N/A	\$19.52	\$18.16	-6.96%	\$41.96	\$43.22	3.00%
Actives EE+CH	N/A	N/A	N/A	\$13.16	\$12.24	-6.99%	\$38.96	\$40.12	2.97%
Actives Family	\$86.80	\$90.28	4.01%	\$23.40	\$21.76	-7.00%	\$64.28	\$66.20	2.98%
Retirees EE	\$34.72	\$36.10	3.97%	\$16.22	\$15.08	-7.02%	\$31.12	\$32.06	3.02%
Retirees EE+SP	N/A	N/A	N/A	\$32.96	\$30.66	-6.97%	\$62.24	\$64.10	2.98%
Retirees EE+CH	N/A	N/A	N/A	\$22.26	\$20.70	-7.00%	\$57.58	\$59.30	2.98%
Retirees Family	\$86.80	\$90.28	4.01%	\$39.56	\$36.80	-6.97%	\$94.94	\$97.78	2.99%

# Contract Negotiations

A contract will be completed as soon as possible following the Board's approval



# Action Needed

- ETF recommends the Board contract with Delta Dental of Wisconsin (Delta) to administer the three Supplemental Dental plans, beginning January 1, 2024, through December 31, 2026.

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?**

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# Thank you

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ETF E-mail Updates



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

# Pre-Tax Savings Account Programs Update

Item 5 – Group Insurance Board

Xiong Vang, HSA & ERA Accounts Program Manager

Office of Strategic Health Policy





# Informational Item Only

- No Board action is required

# Pre-tax Savings Account Programs

## Background

### Health Savings Account

HSA

### Employee Reimbursement Account (ERA)

Health Care FSA

Limited Purpose FSA

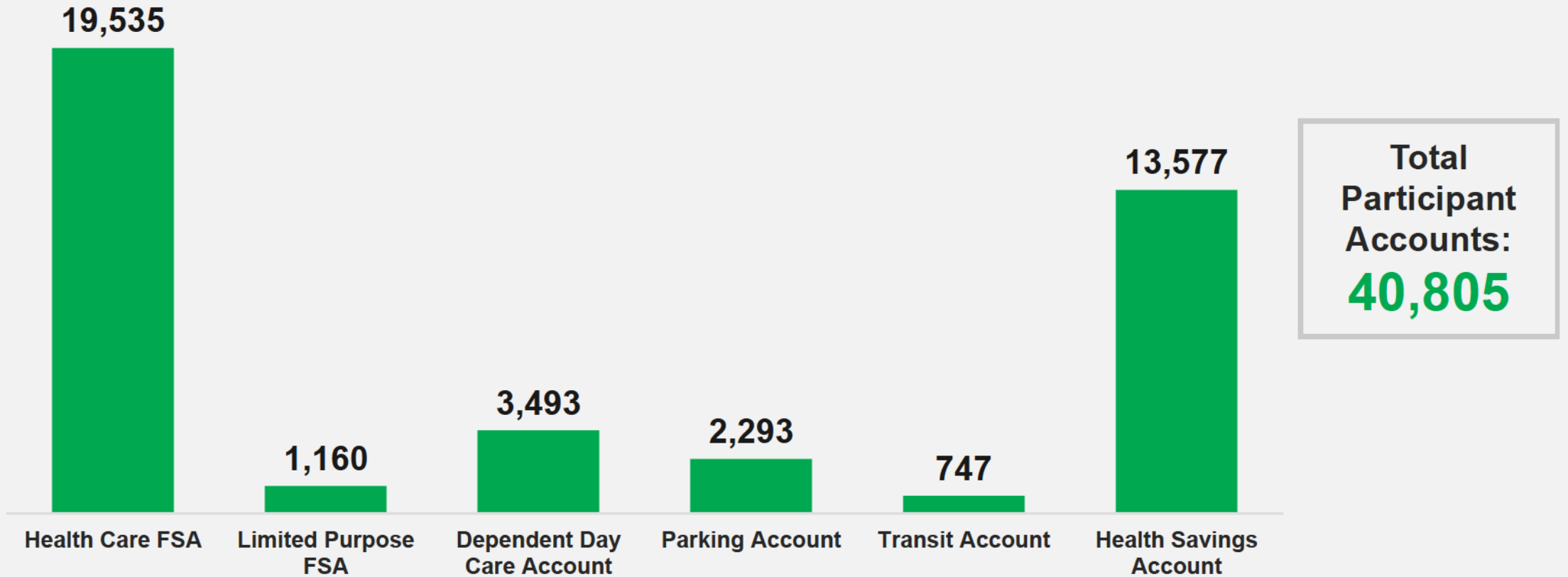
Dependent Day Care Account

### Commuter Benefits (CB)

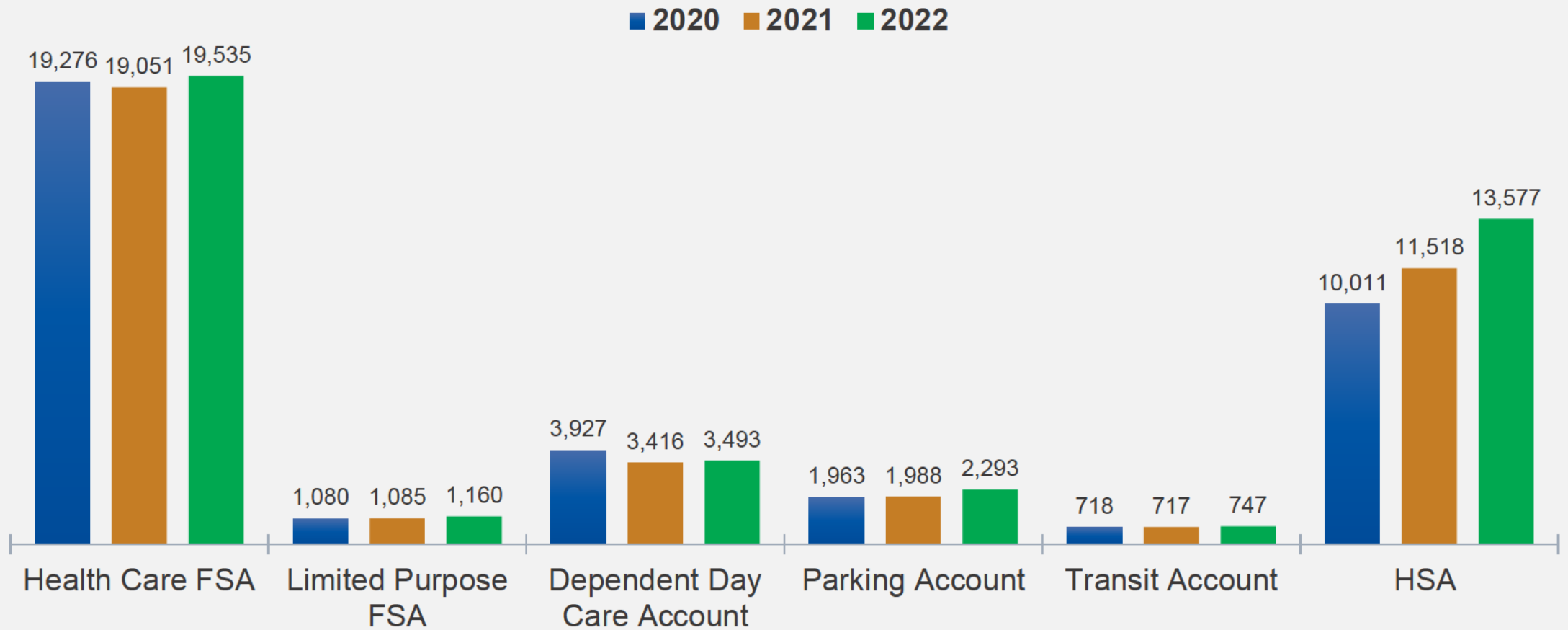
Parking Account

Transit Account

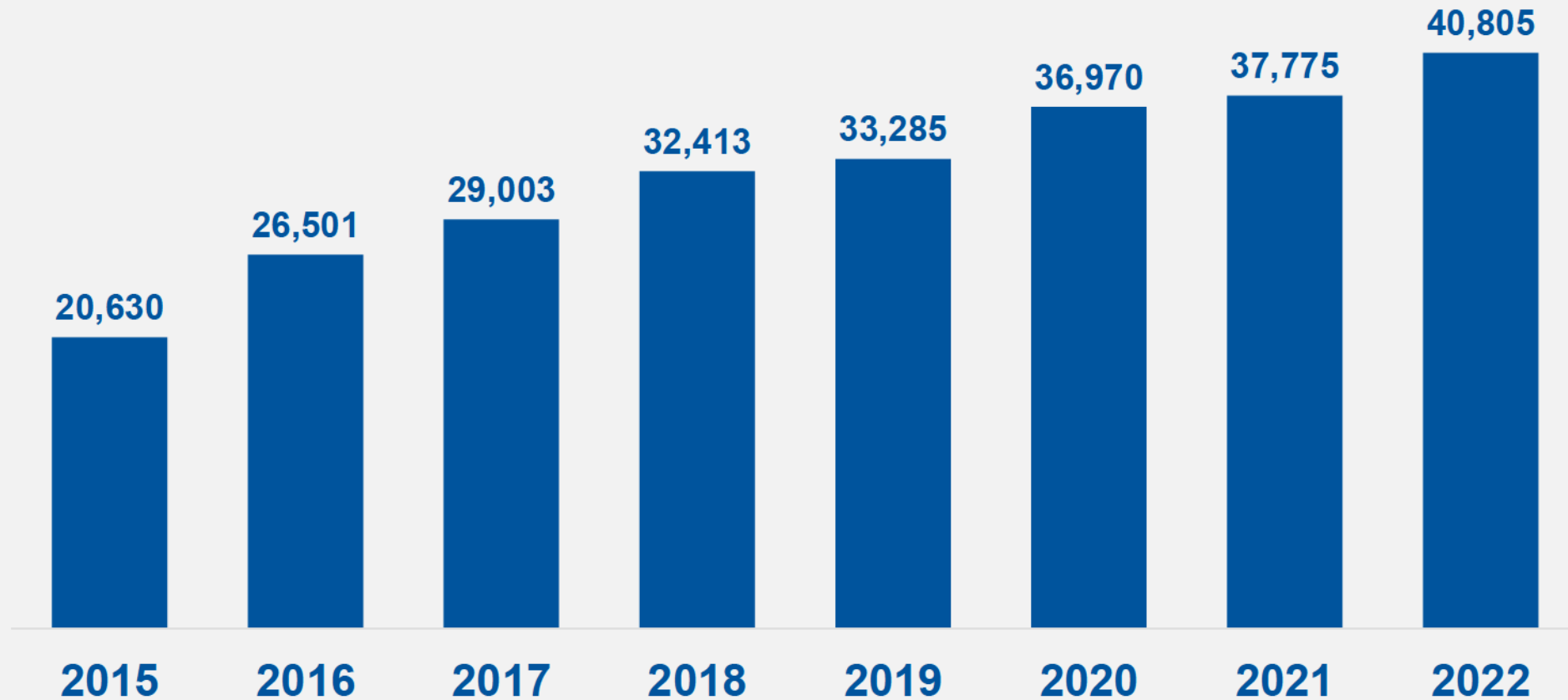
# 2022 Participant Accounts



# 2020-2022 Participant Accounts



# Overall Participation Accounts



*HSA, ERA, and Commuter Fringe Benefit Enrollments*

# 2022 Contributions and Savings

**Total Amount  
Contributed**

**\$74.2M**

**Estimated  
Employee Savings**

**\$22.2M**

**Estimated  
Employer FICA  
Savings**

**\$5.6M**

# Performance Standards Guarantees

Claims  
Process

Customer  
Service

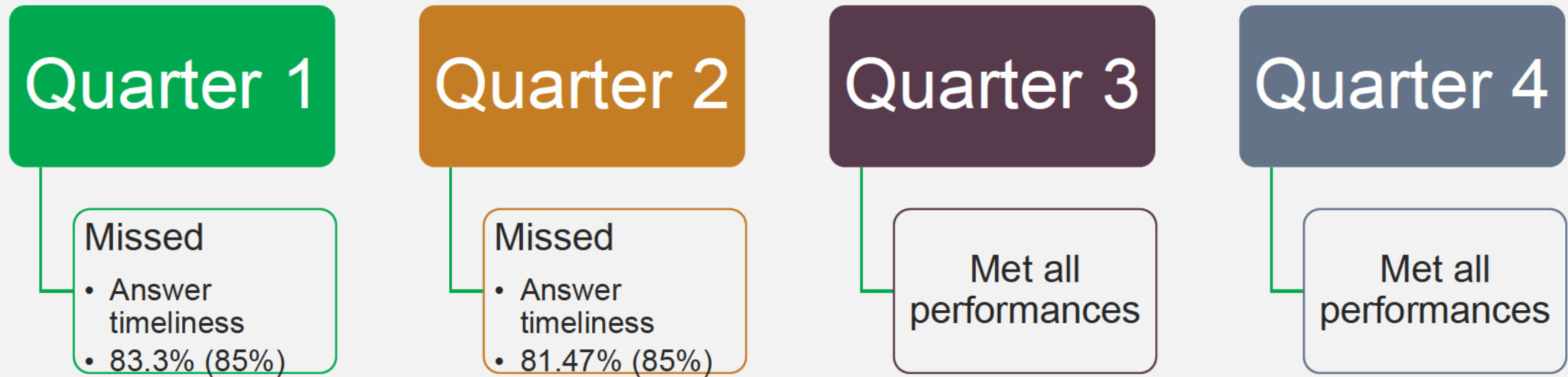
Data  
Management

Enrollment  
Files

Reporting  
Requirements

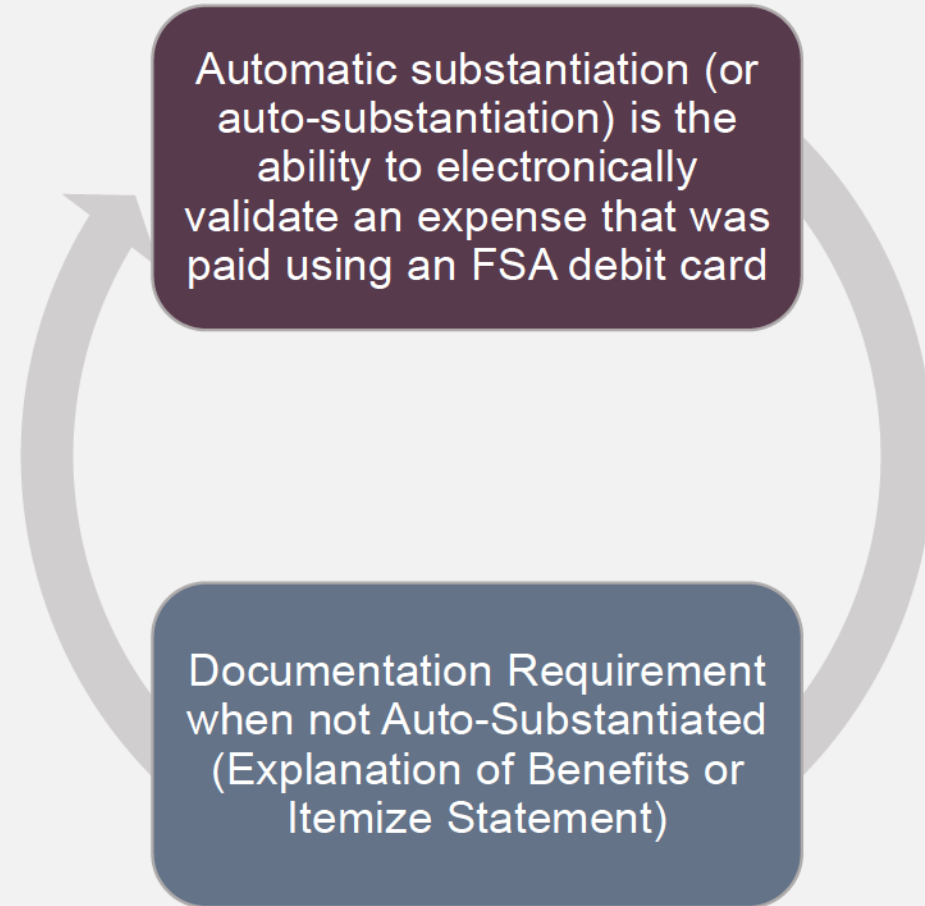
Other  
Performance  
Standards

# 2022 Quarterly Performance and Guarantees





# FSA Auto-Substantiation



# FSA Unsubstantiated Claims

Substantiation continues to be a challenge with members

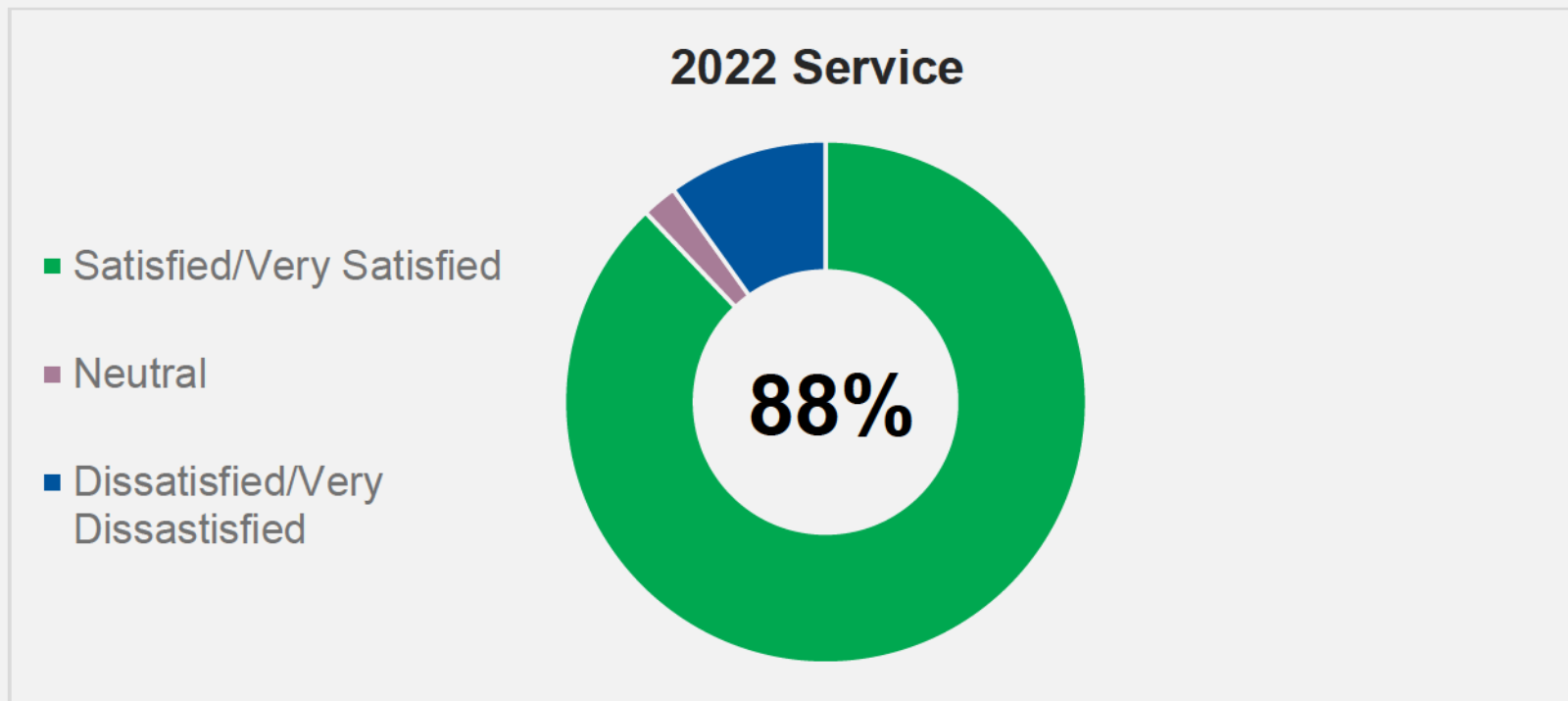
IRS requires specific requirements within receipt or documentation

Optum microsite has a Claims Resource Center to assist members

Outreach stakeholders and members with educational resources

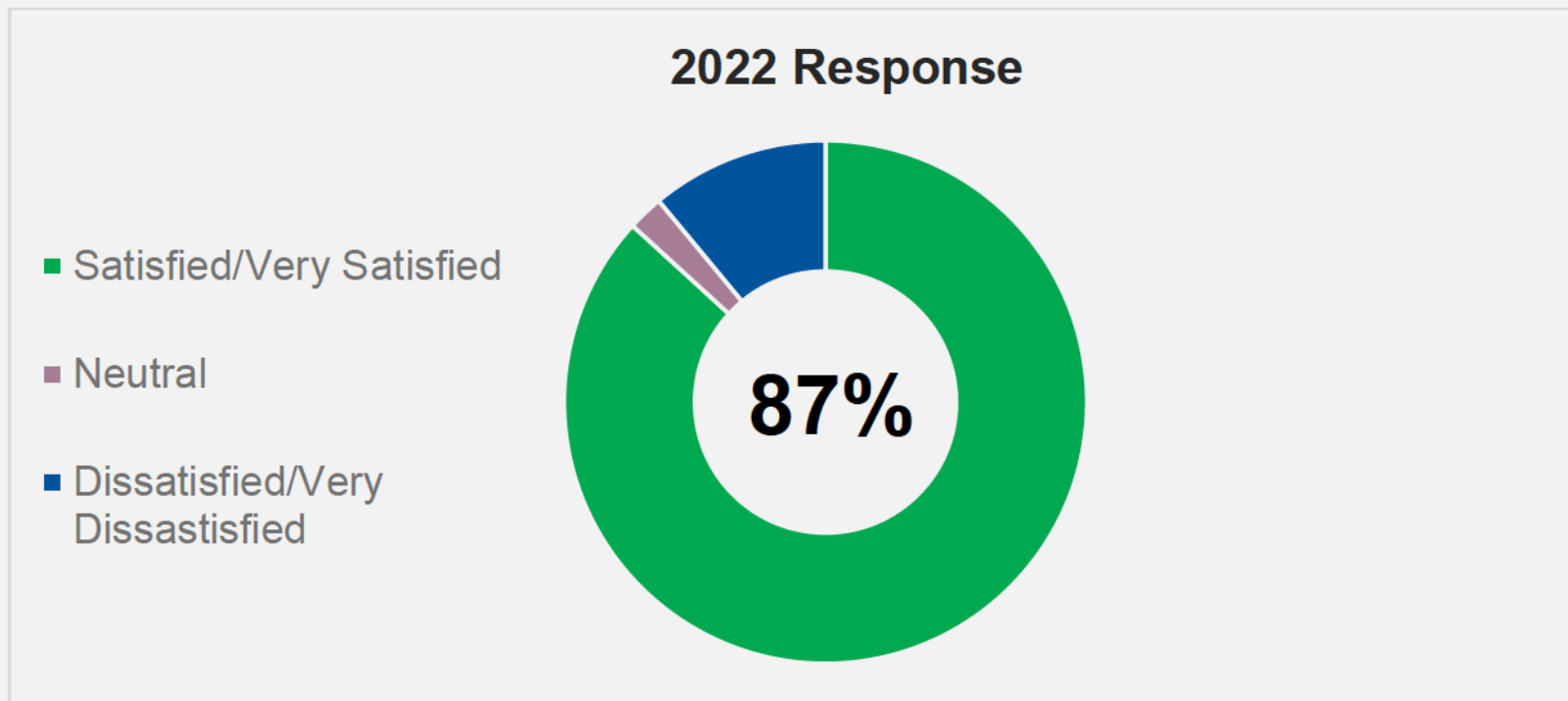
# Survey: Satisfaction with service

Thinking about the conversation you just had, overall, how satisfied are you with the level of service you received?



# Survey: Satisfaction with response

How satisfied are you that your question was answered?



# Program Audit Update

# Pre-Tax Savings Account Programs Audit Update

## Reporting

- Optum added secondary review and internal controls prior to handing the reports to ETF

## Quarterly Performance Standards Reporting

- ETF reviewed performance standards and will amend contracts for language consistency

## ERA and CB Claims Substantiation

- Claims finding have been shared with Optum leadership for training and improvement

## Performance Standards Penalties

- ETF reviewed and assessed performance penalties
- Will amend contracts to improve services by Optum

## Contribution Limits and HSA Eligibility

- Action plans are in place to ensure contribution limits and eligibility are met

## Secure File Transfer Protocol Access

- Completed all action items

# Conclusion

## Growth

Increase participation enrollment overall

## Improvement

Signs of improvement in the service level

## Partnership

Strong, dedicated account management team

The background is a dark blue gradient with numerous out-of-focus light spots in shades of blue and purple, creating a bokeh effect.

**Questions?**



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# Thank you

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

# ICI Experience Studies

## Item 6 – Group Insurance Board

Jim Guidry, Director, Benefit Services Bureau

Paul Correia, FSA, MAAA, Milliman, Inc.



# State and Local ICI Experience Studies

Study	Experience Period
Claim Termination Rate Study	1/1/2017 through 6/30/2022
Benefit Offset Study	1/1/2017 through 12/31/2021
Overpayment Recovery Study	As of 12/31/2021
Liability Runout Study	1/1/2017 through 12/31/2021

The results from these studies were used to update the valuation assumptions for the State and Local ICI plans.

- Claim termination rates
- Probabilities of being approved for benefit offsets
- Estimated offset amounts
- Estimated overpayment recoveries

# Liability Runout Study

- Historical liabilities from 2017 through 2021 were restated using the new valuation assumptions.

Claim Duration	Average Annual Margin
1 – 12 months	4.0%
13 – 24 months	3.7%
25 – 36 months	3.7%
37 – 48 months	1.1%
49 – 60 months	1.0%
61 + months	1.6%
<b>Total</b>	<b>2.2%</b>

- Positive overall margin of 2.2% indicates the new assumptions provide adequate funding for the runout of open claims during the study period.

# Impact of New Valuation Assumptions

The following table compares estimated liabilities as of December 31, 2021 based on the prior and new valuation assumptions:

Liability Component	State ICI Prior Assumptions	State ICI New Assumptions	Local ICI Prior Assumptions	Local ICI New Assumptions
Basic Benefits	\$76,683,938	\$73,500,612	\$6,054,263	\$5,764,866
Supplemental Benefits	\$2,487,749	\$2,417,086	\$270,790	\$270,975
\$75 Add-on	\$226,667	\$235,573	\$50,558	\$54,095
<b>Total</b>	<b>\$79,398,354</b>	<b>\$76,153,271</b>	<b>\$6,375,611</b>	<b>\$6,089,936</b>

The estimated liabilities as of December 31, 2021 based on the new assumptions are approximately 4% lower than the estimated liabilities based on the prior assumptions, with all else equal.

# Actuarial Disclaimers

- We relied on information provided by the Department of Employee Trust Funds (ETF) and The Hartford. This information includes State and Local ICI claim data. If any of this information is inaccurate or incomplete, our results may be affected.
- We developed valuation assumptions from the experience studies for the State and Local ICI plans that are individually reasonable and that, in combination, offer our best estimate of future experience. To the extent that actual experience varies from the assumptions, the emerging liabilities for the plans will vary from results contained herein.
- Our analysis was prepared exclusively for ETF for a specific and limited purpose under the terms of Amendment 17B of the agreement between Milliman and ETF. It is not for the use or benefit of any third party for any purpose.
- I, Paul Correia, am a Consulting Actuary with Milliman. I am a member of the American Academy of Actuaries, and I meet its Qualification Standards to render the actuarial opinion contained herein.



**Questions?**

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# Thank you

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



# State and Local ICI Actuarial Valuations



Item 7 – Group Insurance Board

Jim Guidry, Director, Benefit Services Bureau

Paul Correia, FSA, MAAA, Milliman, Inc.





# Action Items

- ETF requests the Board accept the State and Local ICI Actuarial Valuations as of December 31, 2022. ETF also recommends the Board adopt Scenario 1 for the State ICI plan, which would reduce current premium rates by 10% for the 2024 plan year, and adopt the Baseline Scenario for the Local ICI plan, resulting in a continuation of the premium holiday in the 2024 plan year.

# Historical Rates and Reserve Policy

Effective Rate Year	State Premium Rates	Local Premium Rates
2022	50% decrease	Rate holiday
2023	20% decrease	Rate holiday
Target Reserve Ratio Policy	130% to 140% of actuarial liabilities	140% to 155% of actuarial liabilities

- Board adopted target reserve range policy in 2019. Reviewed policy in 2022 with no changes made.
- Local premium waiver has been in existence since 2012.

# Approved ICI Program Changes

## • Standard and Supplemental Coverage

- Maximum salary coverage increased to \$120,000 – maximum \$7,500 monthly benefit
  - Employer share of premiums increased to \$120,000
- Eliminates Supplemental coverage
- Approved by Board – November 2022
- Effective in 2024

## • Enrollment and Benefits for Employees Over Age 60

- ADEA Compliance
- Enrollment at age 70
- Maximum Duration of Benefits
- Approved by Board – April 2023
  - Safe Harbor
- Effective May 1, 2023

# Actuarial Valuation Assumptions

- Experience Study Changes
  - New claim termination and
  - Estimated offset
- Approved Program Changes
  - Basic benefit enhancements (eliminate supplement coverage) and
  - Safe Harbor benefit schedule
- Actuarial assumptions that are individually reasonable and that, in combination, offer best estimate of future experience. To the extent that actual experience varies from the assumptions, the emerging costs of the plan will vary from the projections.

# State ICI Valuation

## Estimated Liabilities as of December 31, 2022

Liability Component	Standard Benefit	Supplemental Benefit	\$75 Add-On	Total Liability
Open Claims	\$75,702,250	\$3,449,704	\$246,445	\$79,398,399
IBNR Claims	\$4,039,380	\$184,072	\$13,150	\$4,236,602
Loss Adjustment Expense	\$4,457,477	\$203,124	\$14,511	\$4,675,113
<b>Total</b>	<b>\$84,199,108</b>	<b>\$3,836,900</b>	<b>\$274,107</b>	<b>\$88,310,114</b>

- **Open Claims:** Members disabled prior to December 31, 2022 whose claims were reported on or before that date.
- **Incurred but not Reported (IBNR) Claims:** Members disabled on or prior to December 31, 2022 whose claims had not yet been reported as of that date.
- **Loss adjustment Expenses:** Future expenses related to the ongoing management and payment of ICI claims.

# State ICI Valuation Comparison to Prior Year

Liability Component	December 31, 2021	December 31, 2022
Open Claims	\$79,398,354	\$79,398,399
IBNR Claims	\$4,171,815	\$4,236,602
Loss Adjustment Expense	\$4,860,260	\$4,675,113
<b>Total</b>	<b>\$88,430,429</b>	<b>\$88,310,114</b>

The total liability decreased by 0.1% from \$88.4 million as of December 31, 2021 to \$88.3 million as of December 31, 2022.

# State ICI Valuation

## Historical Reserve Balances

	December 31, 2020	December 31, 2021	December 31, 2022
Reserve Balance	\$120,036,016	\$154,290,018	\$163,125,349
Actuarial Liability	\$89,520,857	\$88,430,429	\$88,310,114
Surplus / (Deficit)	\$30,515,159	\$65,859,589	\$74,815,235
Reserve Ratio	134%	174%	185%
Reserve Balance % Change (Prev. Year)	+32%	+28%	+5.7%
Target Reserve Ratio Policy	130% to 140%	130% to 140%	130% to 140%

- The State ICI reserve increased by \$8.8 million between December 31, 2021 and December 31, 2022.
- The December 31, 2022 reserve balance is equal to 185% of the actuarial liability.



# State ICI Funding Analysis

Contribution rates are reduced by 10% in 2024 then held level in future years.

Calendar Year	Actual	Projected -->					
	2022	2023	2024	2025	2026	2027	2028
BOY Reserve Balance	\$154,288,227	\$163,125,349	\$167,659,542	\$170,647,397	\$172,219,153	\$172,685,073	\$172,116,564
Premium Contributions	\$21,181,620	\$17,910,421	\$18,459,188	\$19,012,963	\$19,583,352	\$20,170,853	20,775,978
Investment Income	\$9,720,823	\$11,092,524	\$11,400,849	\$11,604,023	\$11,710,902	\$11,742,585	\$11,703,926
<b>Total Revenues</b>	<b>\$30,902,443</b>	<b>\$29,002,944</b>	<b>\$29,860,037</b>	<b>\$30,616,986</b>	<b>\$31,294,255</b>	<b>\$31,913,438</b>	<b>\$32,479,905</b>
Insurance Claims	\$18,834,773	\$20,886,321	\$22,937,869	\$24,792,765	\$26,314,807	\$27,726,318	\$29,157,578
Carrier Administrative Expenses	\$2,259,300	\$2,505,391	\$2,751,481	\$2,973,983	\$3,156,557	\$3,325,873	\$3,497,558
Administrative Expense	\$971,248	\$1,077,040	\$1,182,831	\$1,278,482	\$1,356,969	\$1,429,756	\$1,503,562
<b>Total Operating Expenses</b>	<b>\$22,065,321</b>	<b>\$24,468,751</b>	<b>\$26,872,182</b>	<b>\$29,045,231</b>	<b>\$30,828,334</b>	<b>\$32,481,947</b>	<b>\$34,158,698</b>
Net Change in Reserve Balance	\$8,837,122	\$4,534,193	\$2,987,855	\$1,571,756	\$465,921	(\$568,509)	(\$1,678,793)
EOY Reserve Balance	\$163,125,349	\$167,659,542	\$170,647,397	\$172,219,153	\$172,685,073	\$172,116,564	\$170,437,771
Actuarial Liability	\$88,310,115	\$93,746,402	\$99,474,152	\$104,251,875	\$108,591,431	\$112,619,487	\$116,346,268
Surplus / (Deficit)	\$74,815,234	\$73,913,140	\$71,173,245	\$67,967,278	\$64,093,642	\$59,497,077	\$54,091,502
<b>Fund Ratio</b>	<b>185%</b>	<b>179%</b>	<b>172%</b>	<b>165%</b>	<b>159%</b>	<b>153%</b>	<b>146%</b>

# Local ICI Valuation

## Estimated Liabilities as of December 31, 2022

Liability Component	Standard Benefit	Supplemental Benefit	\$75 Add-On	Total Liability
Open Claims	\$6,873,302	\$334,860	\$35,101	\$7,243,263
IBNR Claims	\$447,326	\$21,793	\$2,284	\$471,404
Loss Adjustment Expense	\$461,524	\$22,485	\$2,357	\$486,366
<b>Total</b>	<b>\$7,782,153</b>	<b>\$379,138</b>	<b>\$39,743</b>	<b>\$8,201,033</b>

- **Open Claims:** Members disabled prior to December 31, 2022 whose claims were reported on or before that date.
- **Incurred but not Reported (IBNR) Claims:** Members disabled on or prior to December 31, 2022 whose claims had not yet been reported as of that date.
- **Loss Adjustment Expenses:** Future expenses related to the ongoing management and payment of Local ICI claims.

# Local ICI Valuation Comparison to Prior Year

Liability Component	December 31, 2021	December 31, 2022
Open Claims	\$6,375,611	\$7,243,263
IBNR Claims	\$376,065	\$471,404
Loss Adjustment Expense	\$408,166	\$486,366
<b>Total</b>	<b>\$7,159,842</b>	<b>\$8,201,033</b>

The total liability increased by 14.5% from \$7.2 million as of December 31, 2021 to \$8.2 million as of December 31, 2022.

# Local ICI Valuation

## Historical Reserve Balances

	December 31, 2020	December 31, 2021	December 31, 2022
Reserve Balance	41,601,274	43,754,728	\$43,220,815
Actuarial Liability	6,797,975	7,159,842	\$8,201,033
Surplus / (Deficit)	\$34,803,299	\$36,594,886	\$35,019,782
Reserve Ratio	612%	611%	527%
Reserve Balance % Change (Prev. Year)	+5.04%	+5.18%	-1.22%
Target Reserve Ratio Policy	140% to 155%	140% to 155%	140% to 155%

- The Local ICI reserve balance is equal to 527% of the actuarial liability as of December 31, 2022.
- Funding analysis indicates premium waiver can be continued for the near future.

# ICI Premium Rate Table Change

- Insurance Administration System project request to replace current premium rate tables
  - New simplified tables that calculate premiums:
    - Monthly % of annual earnings, or
    - Unit Cost per \$1,000 of income
  - Effective Feb 1, 2024

# From This...

The image displays multiple overlapping spreadsheets from the Group Insurance Board, dated February 1, 2023. The documents are tilted and layered, showing various data tables. Key elements include:

- 2023 Date C:** Tables for 'Premium Rates Effective February 1, 2023' and 'Employee Monthly Contributions'.
- 2023 Date D:** Tables for 'Premium Rates Effective February 1, 2023' and 'Employee Monthly Contributions'.
- 2023 Date E:** Tables for 'Premium Rates Effective February 1, 2023' and 'Employee Monthly Contributions'.
- 2023 Date F:** Tables for 'Premium Rates Effective February 1, 2023' and 'Employee Monthly Contributions'.
- 2023 Date G:** Tables for 'Premium Rates Effective February 1, 2023' and 'Employee Monthly Contributions'.
- 2023 Date H:** Tables for 'Premium Rates Effective February 1, 2023' and 'Employee Monthly Contributions'.
- 2023 Date I:** Tables for 'Premium Rates Effective February 1, 2023' and 'Employee Monthly Contributions'.
- 2023 Date J:** Tables for 'Premium Rates Effective February 1, 2023' and 'Employee Monthly Contributions'.
- 2023 Date K:** Tables for 'Premium Rates Effective February 1, 2023' and 'Employee Monthly Contributions'.
- 2023 Date L:** Tables for 'Premium Rates Effective February 1, 2023' and 'Employee Monthly Contributions'.
- 2023 Date M:** Tables for 'Premium Rates Effective February 1, 2023' and 'Employee Monthly Contributions'.
- 2023 Date N:** Tables for 'Premium Rates Effective February 1, 2023' and 'Employee Monthly Contributions'.
- 2023 Date O:** Tables for 'Premium Rates Effective February 1, 2023' and 'Employee Monthly Contributions'.
- 2023 Date P:** Tables for 'Premium Rates Effective February 1, 2023' and 'Employee Monthly Contributions'.
- 2023 Date Q:** Tables for 'Premium Rates Effective February 1, 2023' and 'Employee Monthly Contributions'.
- 2023 Date R:** Tables for 'Premium Rates Effective February 1, 2023' and 'Employee Monthly Contributions'.
- 2023 Date S:** Tables for 'Premium Rates Effective February 1, 2023' and 'Employee Monthly Contributions'.
- 2023 Date T:** Tables for 'Premium Rates Effective February 1, 2023' and 'Employee Monthly Contributions'.
- 2023 Date U:** Tables for 'Premium Rates Effective February 1, 2023' and 'Employee Monthly Contributions'.
- 2023 Date V:** Tables for 'Premium Rates Effective February 1, 2023' and 'Employee Monthly Contributions'.
- 2023 Date W:** Tables for 'Premium Rates Effective February 1, 2023' and 'Employee Monthly Contributions'.
- 2023 Date X:** Tables for 'Premium Rates Effective February 1, 2023' and 'Employee Monthly Contributions'.
- 2023 Date Y:** Tables for 'Premium Rates Effective February 1, 2023' and 'Employee Monthly Contributions'.
- 2023 Date Z:** Tables for 'Premium Rates Effective February 1, 2023' and 'Employee Monthly Contributions'.



# To This

		Premium as a % of Covered Earnings			Monthly Premium per \$1,000 of Income		
		ICI Premium Category	Total	Employer	Employee	Total	Employer
<b>STAR/UW</b>	1	1.109%	0.000%	1.109%	\$0.92	\$0.00	\$0.92
	2	0.831%	0.000%	0.831%	\$0.69	\$0.00	\$0.69
	3	0.599%	0.401%	0.198%	\$0.50	\$0.33	\$0.17
	4	0.432%	0.333%	0.099%	\$0.36	\$0.28	\$0.08
	5	0.355%	0.302%	0.053%	\$0.30	\$0.25	\$0.04
	6	0.355%	0.355%	0.000%	\$0.30	\$0.30	\$0.00
<b>UW</b>	30-Day (More than one YOS)	1.010%	0.374%	0.636%	\$0.84	\$0.31	\$0.53
	90-Day (More than one YOS)	0.545%	0.374%	0.172%	\$0.45	\$0.31	\$0.14
	125-Day (More than one YOS)	0.505%	0.374%	0.131%	\$0.42	\$0.31	\$0.11
	180-Day (More than one YOS)	0.374%	0.374%	0.000%	\$0.31	\$0.31	\$0.00
	30-Day (One or fewer YOS)	1.010%	0.000%	1.010%	\$0.84	\$0.00	\$0.84
	90-Day (One or fewer YOS)	0.545%	0.000%	0.545%	\$0.45	\$0.00	\$0.45
	125-Day (One or fewer YOS)	0.505%	0.000%	0.505%	\$0.42	\$0.00	\$0.42
	180-Day (One or fewer YOS)	0.374%	0.000%	0.374%	\$0.31	\$0.00	\$0.31

# Other Items

- State Budget
  - Decoupling Sick Leave from State ICI program
  - Move State ICI to elimination period categories
  - Board oversight to ETF Board
  - Removed by Joint Committee on Finance 5/2/2023

- ICI Contract
  - Administrative fee update in 2025
  - Current fees locked for 3 years
  - Negotiations begin in 2024



# Actuarial Disclaimers

- Milliman relied on information provided by the Department of Employee Trust Funds (ETF) and The Hartford. If any of this information is inaccurate or incomplete, our results may be affected.
- Milliman's analysis was prepared exclusively for ETF for a specific and limited purpose under the terms of Contract Amendment 18 between Milliman and ETF. It is not for the use or benefit of any third party for any purpose.
- I, Paul Correia, am a Consulting Actuary with Milliman. I am a member of the American Academy of Actuaries, and I meet its Qualification Standards to render the actuarial opinion contained herein.



# Action Items

- ETF requests the Board accept the State and Local ICI Actuarial Valuations as of December 31, 2022. ETF also recommends the Board adopt Scenario 1 for the State ICI plan, which would reduce current premium rates by 10% for the 2024 plan year, and adopt the Baseline Scenario for the Local ICI plan, resulting in a continuation of the premium holiday in the 2024 plan year.

The background is a dark blue gradient with numerous out-of-focus light spots in shades of blue and purple, creating a bokeh effect.

**Questions?**

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# Thank you

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# Operational Updates

Items 8A – 8K – Memos Only



# Tentative August 2023 Agenda

Item 9 – Memo Only

Eileen Mallow, Director

Office of Strategic Health Policy



# Informational item only

- No Board action is required.



**Questions?**



# CLOSED SESSION

The Board may meet in closed session pursuant to the exemption contained in Wis. Stat. § 19.85 (1) (e) to deliberate or negotiate the investing of public funds or to conduct other specified public business. If a closed session is held, the Board may vote to reconvene into open session following the closed session.



Item 10 – No Memo



# Announcement of Business Deliberated During Closed Session Discussion

Item 13 – No Memo

Herschel Day, Chair

Group Insurance Board



# Adjournment



Item 14 – No Memo



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# Thank you

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