

# Welcome to the Group Insurance Board

August 16, 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 May 17, 2023

Open and Closed Minutes of July 26, 2023



Items 2A-2D – Memos Only





# Action Needed

- Motion needed to accept the Open and Closed Minutes of the May 17, 2023, and Open and Closed Minutes of July 26, 2023, Meetings as presented by the Board Liaison.

# Group Health Insurance Program (GHIP) Alignment

## Item 3 – Group Insurance Board

Renee Walk, Programs & Policy Unit Director

Molly Dunks, Disease Management & Wellness Program Manager

Office of Strategic Health Policy



# Informational Item

No Board action is required.

# Evolution of GHIP

Pharmacy, dental, wellness and disease management (DM) carve-outs

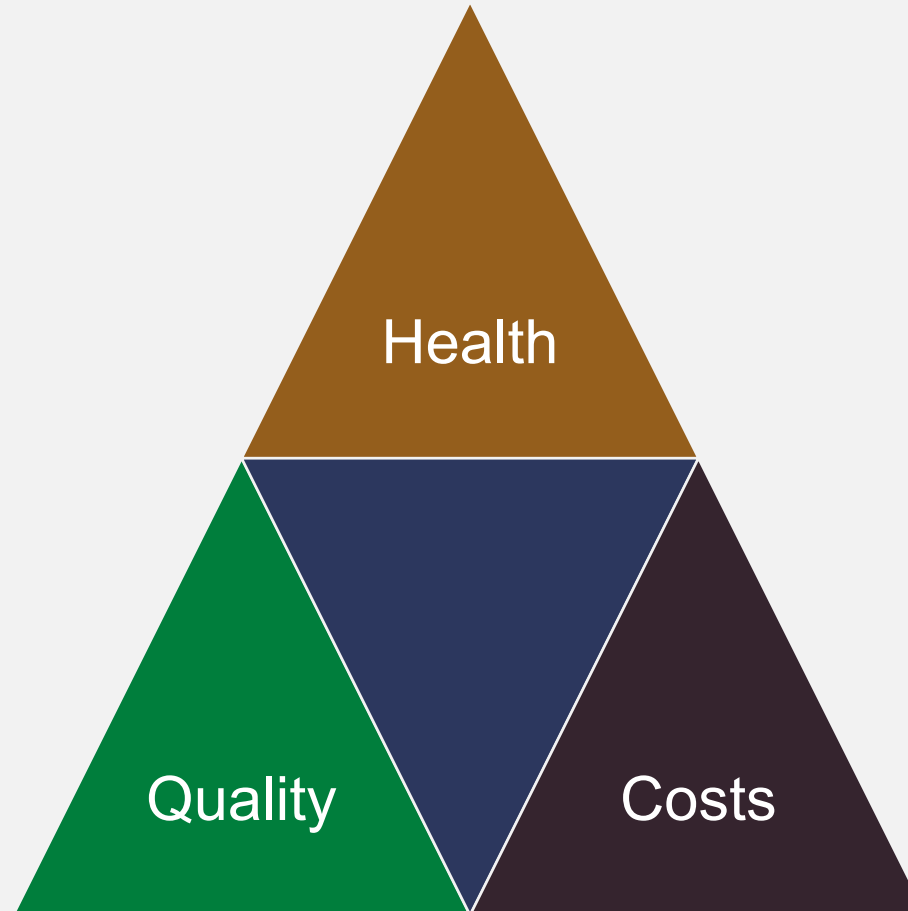
Manage costs and ensure uniform quality and access

Requires more active management and collaboration

GHIP = medical, pharmacy, and wellness and DM

Statutory limitations to increase costs, except for wellness and DM

# Healthcare Triple Aim





# Data Sharing and Integration



Pharmacy claims

Wellness and DM data

Health plan data

# Vendor Coordination

Council for  
Health Program  
Improvement

Referrals

# Opportunities to Improve

Incremental performance standards for quality

Increase monitoring and add requirements for data integration and use

Add Well Wisconsin participation as a measure to the quality credit

Increase consistency in DM reporting by all GHIP vendors

Adding a performance standard related to return-on-investment for wellness

# Considerations

Staff time to monitor and enforce requirements

Implementation of Insurance Administration System

Limits to collecting and sharing information in federal and state law

Cybersecurity risks

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**Questions?**

# Health Insurance Administrative Fees

Item 4A - Group Insurance Board

Cindy Klimke, Chief Trust Finance Officer

Division of Trust Finance



# Informational item only

- No Board action is required.

# Health Insurance Program Reserves as of 12/31/2022 (preliminary)

## State (in millions)

Health Reserves	Medical <sup>(1)</sup>	Wellness	Pharmacy	Dental	Total	% change from prior year
<i>Fund Balance, January 1, 2022</i>	\$93.3	\$3.2	\$90.1	\$23.7	\$210.3	2.0%
Investment Income	(\$8.7)	\$0.1	(\$14.1)	(\$1.5)	(\$24.3)	-174.5%
Contributions	\$1,167.3	\$14.3	\$250.6	\$59.0	\$1,491.2	1.7%
Benefit Expense	(\$1,154.3)	(\$7.7)	(\$278.7)	(\$57.1)	(\$1,497.7)	2.3%
ETF Administrative Expense <sup>(2)</sup>	(\$15.7)	\$0.0	\$0.0	\$0.0	(\$15.7)	13.8%
TPA Administrative Expense	(\$1.0)	(\$6.1)	(\$10.6)	(\$1.1)	(\$18.5)	5.7%
<i>Fund Balance, December 31, 2022</i>	\$81.0	\$3.8	\$37.3	\$23.0	\$145.2	-31.0%

## Local (in millions)

Health Reserves	Medical <sup>(1)</sup>	Wellness	Pharmacy	Dental	Total	% change from prior year
<i>Fund Balance, January 1, 2022</i>	(\$3.7)	\$0.4	\$20.4	\$0.1	\$17.2	17.8%
Investment Income	\$0.0	\$0.0	(\$2.4)	\$0.0	(\$2.4)	-188.9%
Contributions	\$183.4	\$1.9	\$40.0	\$2.0	\$227.3	2.5%
Benefit Expense	(\$181.7)	(\$1.1)	(\$38.9)	(\$2.0)	(\$223.7)	2.6%
ETF Administrative Expense <sup>(2)</sup>	(\$2.1)	\$0.0	\$0.0	\$0.0	(\$2.1)	16.7%
TPA Administrative Expense	(\$0.1)	(\$0.8)	(\$1.0)	\$0.0	(\$2.0)	5.3%
<i>Fund Balance, December 31, 2022</i>	(\$4.1)	\$0.4	\$18.0	\$0.1	\$14.4	-16.3%

(1) Medical is fully insured, thus amounts above do not include health insurance plan provider expenses.

(2) ETF administrative expense allocated to medical only.



# Health Insurance Program Reserves as of 12/31/2021

## State (in millions)

Health Reserves	Medical <sup>(1)</sup>	Wellness	Pharmacy	Dental	Total
<i>Fund Balance, January 1, 2021</i>	\$86.3	\$0.1	\$100.1	\$19.6	\$206.1
Investment Income	\$10.2	(\$0.1)	\$20.8	\$1.8	\$32.6
Contributions	\$1,145.8	\$17.2	\$244.6	\$59.3	\$1,466.9
Benefit Expense	(\$1,134.3)	(\$7.8)	(\$266.3)	(\$55.7)	(\$1,464.0)
ETF Administrative Expense <sup>(2)</sup>	(\$13.8)	\$0.0	\$0.0	\$0.0	(\$13.8)
TPA Administrative Expense	(\$0.9)	(\$6.2)	(\$9.2)	(\$1.3)	(\$17.5)
<i>Fund Balance, December 31, 2021</i>	\$93.3	\$3.2	\$90.1	\$23.7	\$210.3

## Local (in millions)

Health Reserves	Medical <sup>(1)</sup>	Wellness	Pharmacy	Dental	Total
<i>Fund Balance, January 1, 2021</i>	(\$2.3)	\$0.1	\$16.8	\$0.1	\$14.6
Investment Income	(\$1.0)	\$0.0	\$3.6	\$0.0	\$2.7
Contributions	\$167.2	\$2.3	\$50.3	\$1.9	\$221.7
Benefit Expense	(\$165.7)	(\$1.1)	(\$49.4)	(\$1.9)	(\$218.1)
ETF Administrative Expense <sup>(2)</sup>	(\$1.8)	\$0.0	\$0.0	\$0.0	(\$1.8)
TPA Administrative Expense	(\$0.1)	(\$0.8)	(\$0.9)	\$0.0	(\$1.9)
<i>Fund Balance, December 31, 2021</i>	(\$3.7)	\$0.4	\$20.4	\$0.1	\$17.2

(1) Medical is fully insured, thus amounts above do not include health insurance plan provider expenses.

(2) ETF administrative expense allocated to medical only.

# Fees Added to Health Insurance Premiums

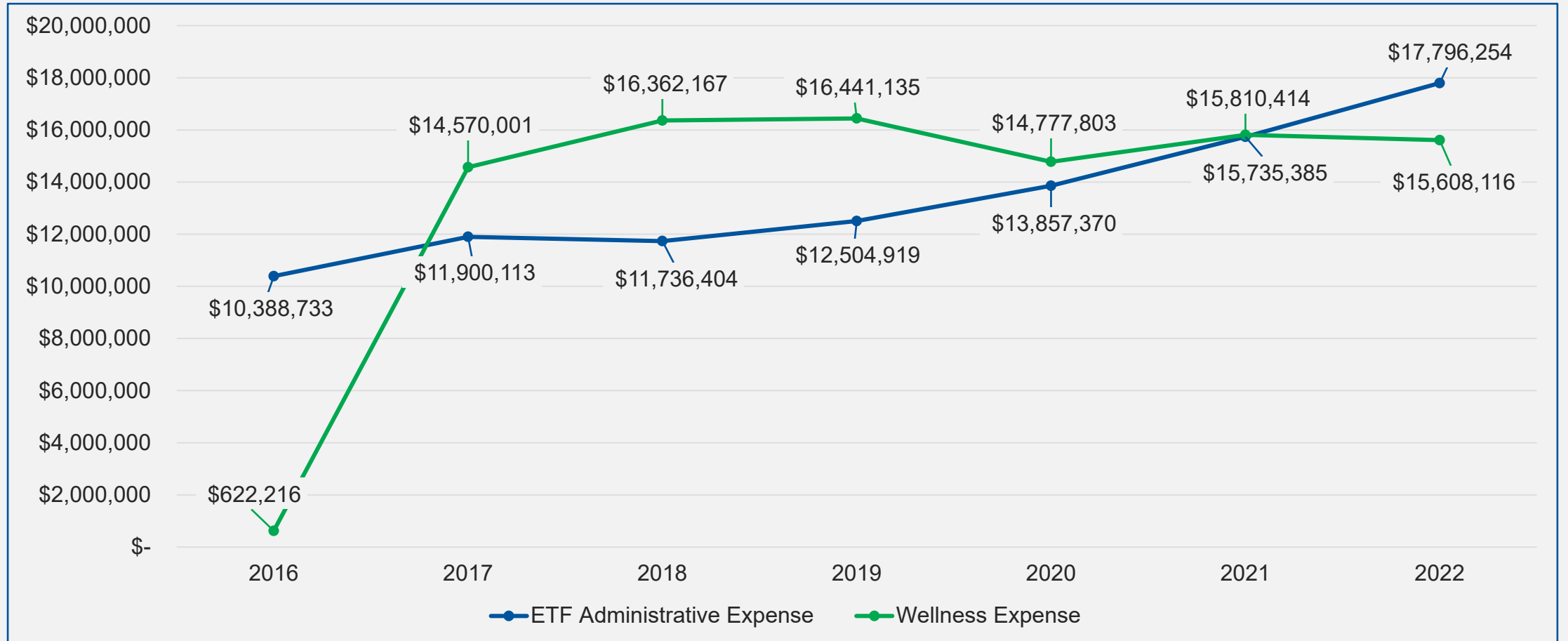
## ETF administrative costs

- Staff salaries
- Compliance audits
- Actuarial services
- System costs (e.g., Insurance Administration System, Data Warehouse)

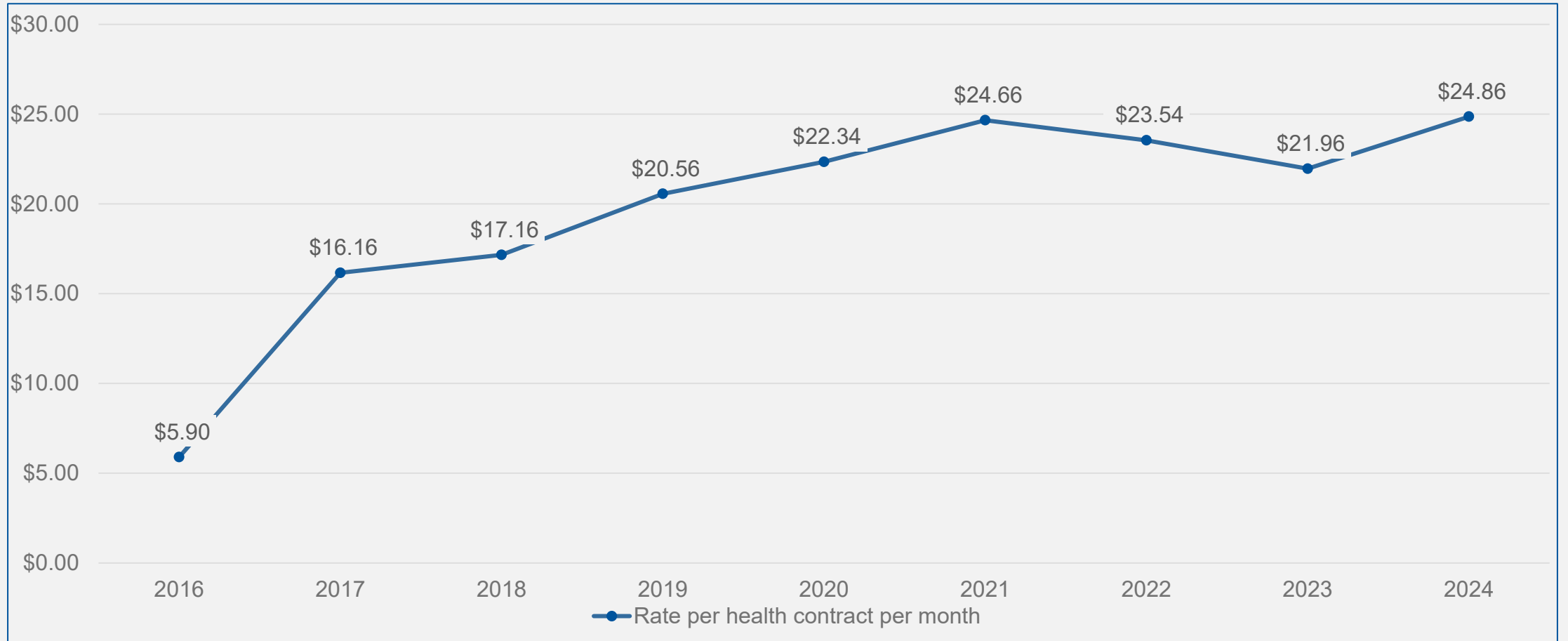
## Wellness program costs

- Wellness and disease management program administration
- Coaching
- Biometric screenings
- Incentive payments

# ETF Administrative and Wellness Costs per Calendar Year



# Health Insurance Administrative Fee History



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**Questions?**

# 2024 Plan Year Quality Credit

## Item 4B – Group Insurance Board

Brian Stamm, Deputy Director

Stephanie Trigsted, Health Care Data Quality and Integrations Analyst

Office of Strategic Health Policy



# Informational item

No Board action is required

# Overview

- 2024 Quality Credit
- Background
- Evaluation process
- Scoring and feedback
- Future phases



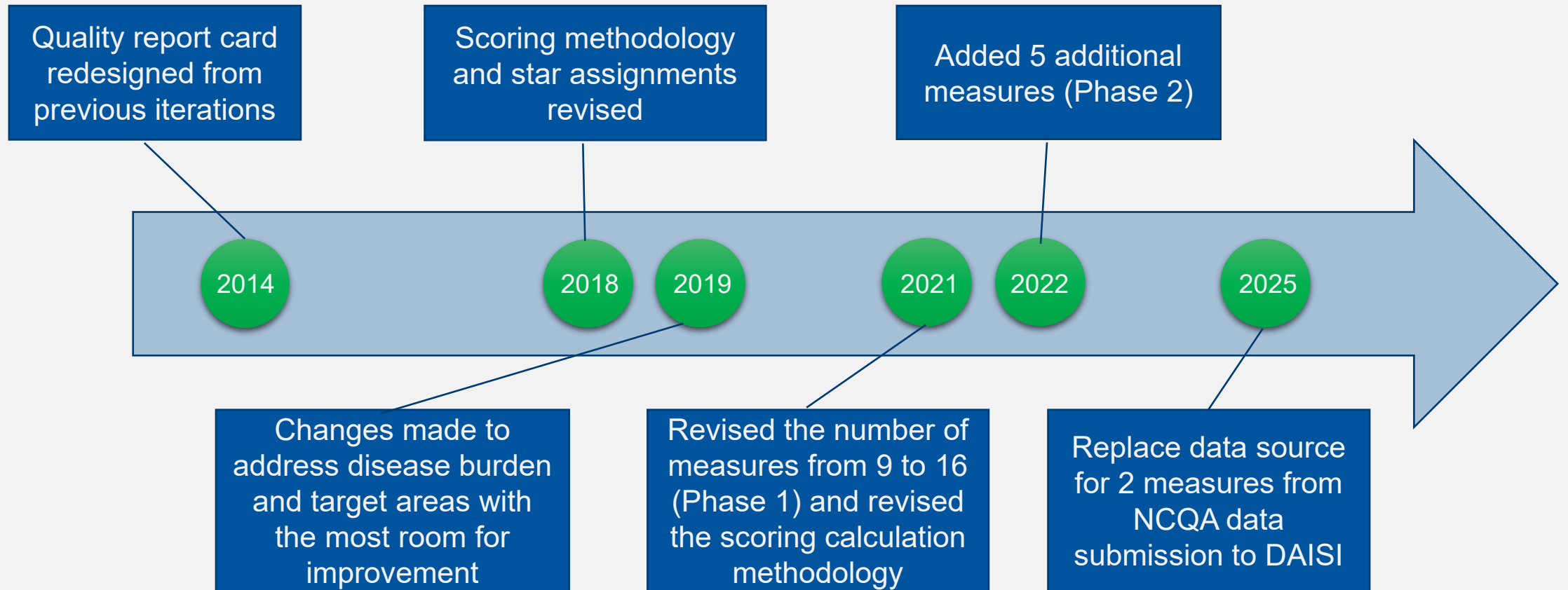
# 2024 Quality Credit Results

## 2024 Plan Year Results

Rank	Health Plan	Final Total	% Change from Plan Year 2023
1	Health Plan #4	71.24%	-0.16%
2	Health Plan #8	70.90%	2.61%
3	Health Plan #2	69.82%	1.29%
4	Health Plan #3	69.73%	-1.52%
5	Health Plan #9	68.97%	0.40%
6	Health Plan #6	68.55%	1.23%
7	Health Plan #5	68.34%	4.53%
8	Health Plan #10	67.36%	0.00%
9	Health Plan #7	67.02%	1.51%
10	Health Plan #1	67.00%	3.82%

# Background

# Quality Credit 10-year History



# Current Scoring Items

## NCQA CAHPS

Rating of health plan

Coordination of care

Flu Vaccine

## NCQA HEDIS

CIS #3

CIS #10

IMA #2

BCS

CCS

COL

CWP

CBP

HBD HbA1c (<8.0%)

BPD (<140/90 mmHg)

AMM

FUH

FUA

AAB

IET

PPC timeliness of prenatal care

PPC postpartum control

AMR

# Rationale for Revisions

- Rate setting timeline
- Include GHIP member-specific data
  - NCQA-certified HEDIS measures added in DAISI
- Alignment with Triple Aim

# The Evaluation Process

## Data exploration and analysis

# Evaluation Process

## Current HEDIS measures from DAISI

- Only breast and cervical cancer screens usable at this time

## Other HEDIS and non-HEDIS measures from DAISI

- Future potential measures identified

# Resulting Changes

## Continue

- Existing HEDIS and CAHPS measures from NCQA submissions

## Substitute

- DAISI-based cancer screening rates
  - Breast cancer
  - Cervical cancer

## Remove

- Childhood Immunization Status Combo #10



# Scoring and Ranking

## BCS and CCS Substitution

# Step 3 – Scoring and Ranking

DAISI BCS and CCS Sub Health Plan	DAISI BCS and CCS Sub Final Total	2021 Rank	Original NCQA Health Plan	Original NCQA Final Total
Health Plan #3	71.15%	1	Health Plan #3	71.35%
Health Plan #6	70.47%	2	Health Plan #6	70.81%
Health Plan #5	68.89%	3	Health Plan #5	69.09%
Health Plan #2	68.64%	4	Health Plan #2	68.93%
Health Plan #8	68.54%	5	Health Plan #8	68.70%
Health Plan #7	67.58%	6	Health Plan #7	67.71%
Health Plan #9	65.93%	7	Health Plan #9	66.03%
Health Plan #1	65.36%	8	Health Plan #1	65.38%
Health Plan #4	62.23%	9	Health Plan #4	64.54%

DAISI BCS and CCS Sub Health Plan	DAISI BCS and CCS Sub Final Total	2022 Rank	Original NCQA Health Plan	Original NCQA Final Total
Health Plan #3	71.12%	1	Health Plan #3	71.24%
Health Plan #5	70.67%	2	Health Plan #5	70.90%
Health Plan #2	69.71%	3	Health Plan #2	69.82%
Health Plan #6	69.05%	4	Health Plan #6	69.73%
Health Plan #8	69.00%	5	Health Plan #8	68.97%
Health Plan #7	68.41%	6	Health Plan #7	68.55%
Health Plan #1	68.40%	7	Health Plan #1	68.34%
Health Plan #9	67.15%	8	Health Plan #9	67.02%
Health Plan #4	67.07%	9	Health Plan #4	67.00%

\*\*New plan excluded from analysis

Rankings remained consistent between the two methods in both years analyzed

# Feedback from Health Plans

Council on Health Program Improvement Meeting

Data review and feedback

- BCS: small differences (0.3-3.64%)
- CCS: small to moderate differences (1.06-10.94%)

Rate setting discussions

Wisconsin Association of Health Plans

# Plan Year 2025 Scoring Items

## NCQA CAHPS

Rating of health plan

Coordination of care

Flu Vaccine

## DAISI HEDIS

BCS

CCS

## NCQA HEDIS

CIS #3

~~CIS #10~~

IMA #2

COL

CWP

CBP

HBD HbA1c (<8.0%)

BPD (<140/90 mmHg)

AMM

FUH

FUA

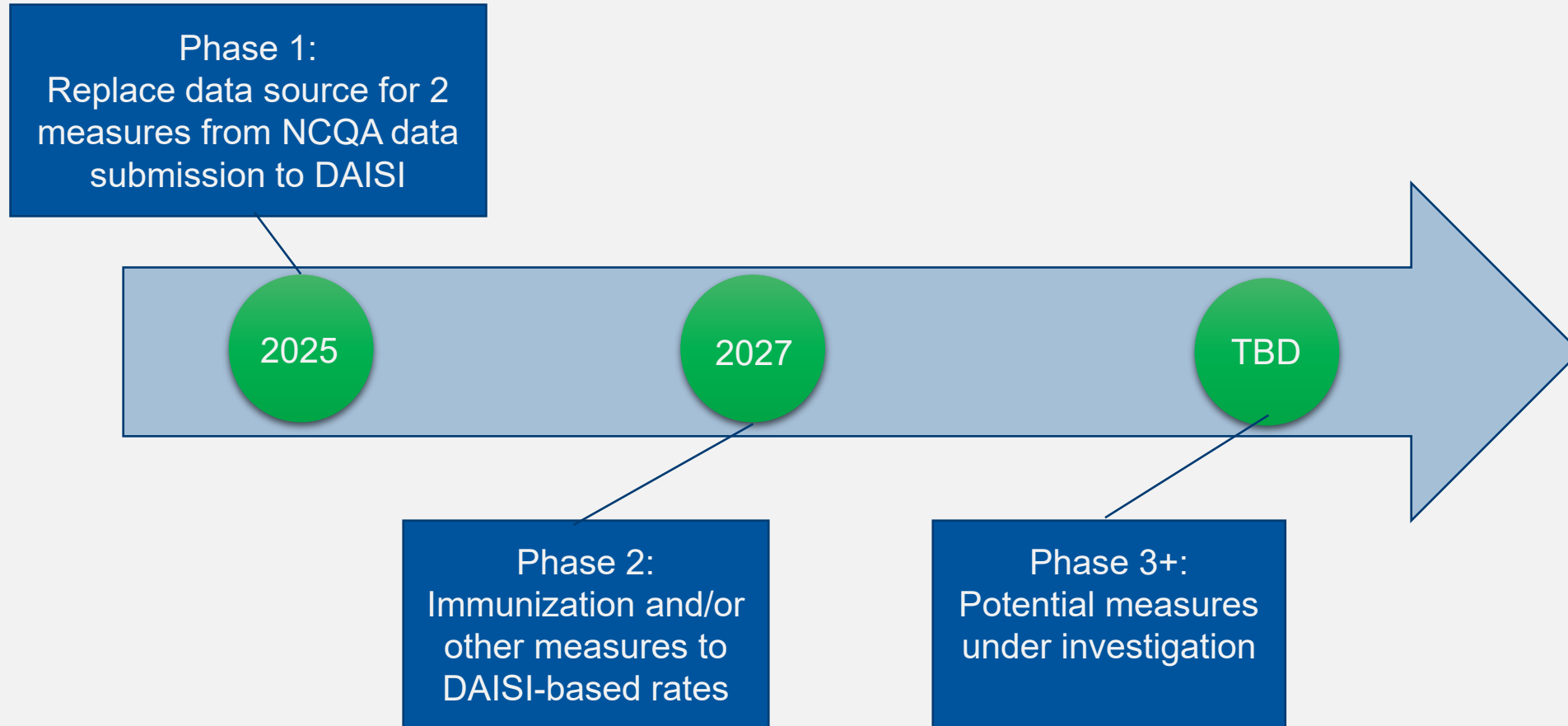
AAB

IET

PPC timeliness of prenatal care

PPC postpartum control

# Quality Credit Program Future



# Future Potential Measures Under Evaluation

## Plan performance and customer experience

- Health risk assessment – Well WI to replace CAHPS measures
- Performance measures – call and response times reported by plans

## Cost/value measures

- Per member per month (net pay or allowed amount)
- Low value care

## Well-WI

## Area deprivation index

- Minimize/eliminate preventative differences between ADI groups

## Z-code usage

- Set benchmark

## ETF member immunization measures

- Childhood, adolescent, and flu vaccination

## WCHQ Initiatives

- Disparities, maternal and child health, obesity, antibiotics, asthma

# Phase 3 and Beyond: Possible Scoring Items

## DAISI HEDIS

Rating of health plan	Coordination of care	Flu Vaccine
CIS #3	IMA #2	BCS
CCS	URI	WCV 3-11 years
	WCV 12-17 years	

## NCQA HEDIS

CWP	CBP	HBD HbA1c (<8.0%)
BPD (<140/90 mmHg)	AMM	FUH
FUA	AAB	IET
PPC timeliness of prenatal care	PPC postpartum control	

## Potential New Measures

Cost measures	Low value care
Disparities	Z-codes
Customer service measures	
Under research/exploration stage for future consideration	

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**Questions?**



# 2024 Health Plan Financial Status

Item 4C – Memo Only

Eileen Mallow, Director

Office of Strategic Health Policy



# Informational item only

- No Board action is required.

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**Questions?**

# 2024 Health Plan Rates and Qualifications



## Item 4D – Group Insurance Board

Renee Walk, Programs & Policy Unit Director  
Office of Strategic Health Policy

Patrick Klein, Ken Vieira, and Zach Vieira  
Segal Consulting





# Action Needed

- ETF recommends the Board approve recommended health, pharmacy, and dental rates presented by Segal for plan year 2024.
- ETF requests Board approval to make any additional, minor adjustments to the health plan service areas as they are finalized.
- ETF also recommends the Board approve State premiums under Option 1 and Local premiums without use of reserves.

# Local Network Changes

Large increase in the number of State Maintenance Plan (SMP) counties in 2024

- 30 in 2024, versus 8 in 2023

Primarily due to fewer Tier 1 plans, not plan network qualifications

37 counties will lose at least one Tier 1 plan

Four counties will lose 3 Tier 1 plans

Largest new SMP counties will be Sauk, Green, and Columbia

New SMP eligible members = approximately 7,100

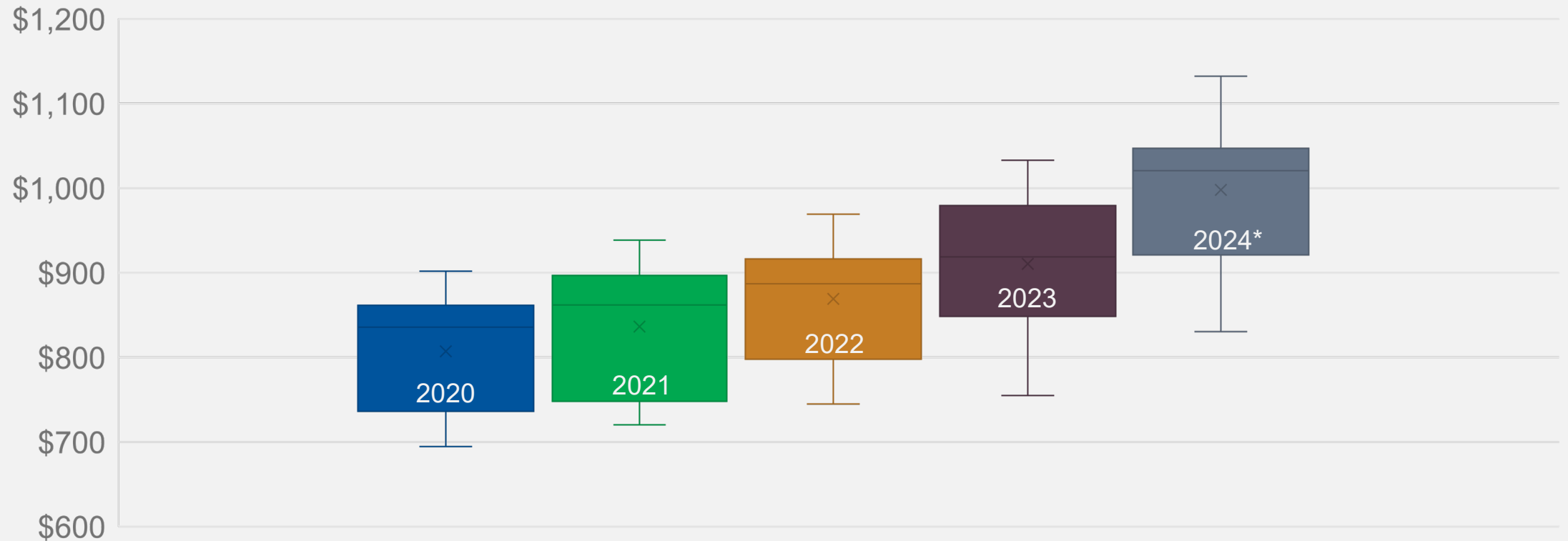
- Not all expected to switch plans

# Rate Negotiations

- Meetings held during the final week of June
- All plans and networks met Tier 1 status for the State Program
- Only 9 of the 19 available plans/networks met Tier 1 status for the Local Program

# Premiums Over Time

State Regular + Dental Single Coverage  
Per Subscriber Per Month



\*2024 rates have no adjustment for reserve buy-down



# Reserves Policy

Wis. Stats. §40.03(6)(e) establishes the Board's ability to create and allocate reserves for premium stabilization

The Board has an additional policy that states the target funding range of the reserve fund and how surplus money can be spent

The purpose of the reserve is to smooth annual increases

The current Board reserve policy does not address years where the reserve fund is below target

# Reserve Fund Below Target

- Due to poor investment returns, the reserve fund is below the low point of the Board's target range
- Under the current Board policy, this leaves no surplus funds available for reducing 2024 rates

# Reserve Options

Option 1: 11.8% premium increase in 2024, future year increases to return to target midpoint

Option 2: 11.8% premium increase in 2024, future year increases to return to low end of target

Option 3: Buydown 2024 rates with remaining reserve to 8.5% increase, 8.5% increases in future years to return to low end of target

Option 4: Buydown 2024 rates with remaining reserve to 7.5%, with 14.8% increase in 2025 to return reserve to low end of target

# ETF Recommends State Reserve Option 1

- Stabilizes reserves at the midpoint under the current Board policy
- Consistent with expectations set in 2022



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

## **2024 Program Renewals**

August 16, 2023

 **Segal Consulting**



## **1. Overview**

2. Medical Plans
3. Prescription Drug Plan
4. Dental Plan
5. Aggregate Renewal
6. Fund Balance/Reserve
7. 2024 Premium Alternatives

# 2024 Renewal Process

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## ➤ Medical (Fully-Insured)

- Process
  - Health Plans (HMOs) followed a managed competition model, using a tier structure for both existing and new plans
  - Access Plan, Medicare Plus and State Maintenance Plan (SMP) followed a traditional rate development approach using emerging data
  - IYC Medicare Advantage Plan rates were negotiated, ETF is through the guaranteed years
  - 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 1 of the 3-year buy-down strategy implemented by the Board- the board approved utilizing the entire surplus (Option 2) and moving slightly below the midpoint
- This would result in a larger increase in 2024 to makeup for this buy-down
- Projected year-end 2023 reserve balance lower than anticipated – primarily from investment loss



1. Overview

**2. Medical Plans**

3. Prescription Drug Plan

4. Dental Plan

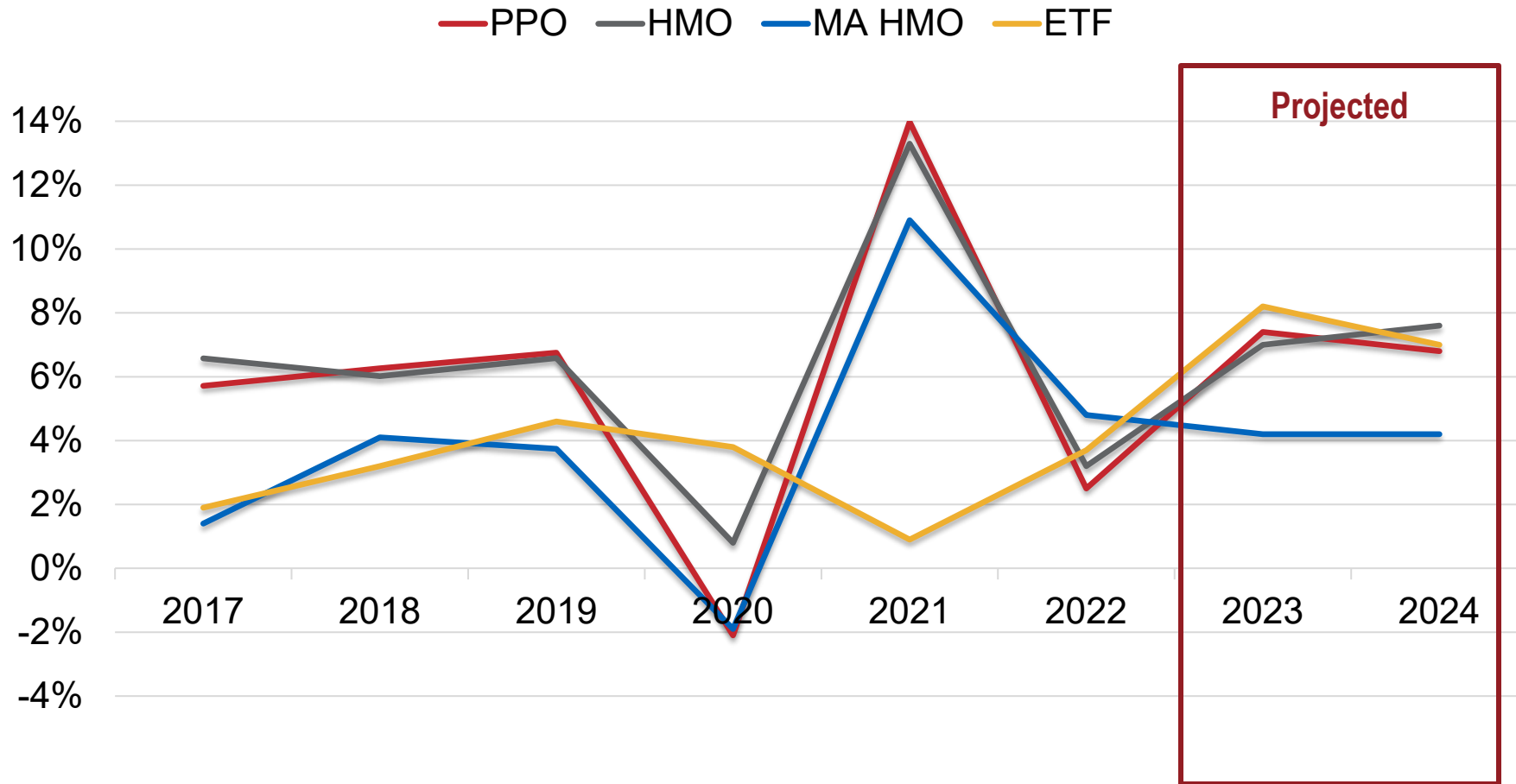
5. Aggregate Renewal

6. Fund Balance/Reserve

7. 2024 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. We are now seeing greater premium increases.**

Source: 2024 Segal Health Plan Cost Trend Survey

# Medical Plans – Fully Insured Renewals

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## ➤ Health Plans (HMOs)

- Primarily designed for in-state members
- Renewal consistent with process from last 8 years
- Administered by: Aspirus, Dean, GHC-Eau Claire, GHC-SCW, HealthPartners, Medical Associates, MercyCare, Network, Quartz, Security
- Tier model “managed competition” approach

## ➤ 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.
- Fully Insured plans administered by Dean for Access/SMP and UHC for Medicare Plus
- Traditional underwriting renewal, limited emerging data

## ➤ IYC Medicare Advantage (MA)

- Designed for in and out of state Medicare eligible members
- Administered by UnitedHealthcare (UHC)
- Traditional underwriting renewal used for MA programs

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

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- The negotiation process involved the following:
  - March: Segal prepared addendum collection requirements
  - April: ETF reviewed requirements and requested data from Plans
  - April 28: Addendum data submitted to Segal
  - May: Segal compiled data and calculated tier breakpoints
  - May 12: Preliminary Rate Quotes submitted to Segal
  - June: Segal compiled rates and placed Plans into premium tiers
  - June 21: Plans notified of their tier placement and offered renewal meeting to discuss
  - June 26 – 30: Renewal meetings held with Plans
  - July 7: Best and Final Offers received from Plans
  - July 14: Segal receives Fund Balance Reserve through June 30 from ETF

## Collect Addendum Reports & Data

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- 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
  - Fee For Service 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 Merative data warehouse (DAISI)
- Network adequacy reports were submitted and utilized to determine which plans are qualified in each county

# Tier Breakpoint Development – Based on Addendum

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- Incurred claims and capitation experience are compiled for each plan
- Health Plans PMPMs were adjusted to reflect overstated/understated Cost Per Service from pre-pandemic numbers based on Merative 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— no increase from 2023 amount
- Total PMPMs are then risk adjusted, combining three factors:
  1. Retrospective Merative risk score (30%)
  2. Age/sex score (20%)
  3. Region factor (50%)
- Breakpoints are then set for Tiers 1, 2 and 3 taking into account normalized costs by plan and program budget

**The overall Tier 1 breakpoint increase was estimated to be 5.5% for State and 8.7% for Locals.**

## Compile Tier Placement From Preliminary Bid

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- 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 risk adjusted using an overall risk score comprised of prospective Merative 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
- This year, rate limitations (adjusted for quality credits) were placed on rate increases
- 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.**

# State HMO Renewal

- All plans moved into Tier 1

	2023 Rates	BAFO 2024 Rates	Change From Current	%
<b>Medical Costs (in Millions)</b>				
Dane	\$606.6	\$639.9	\$33.4	5.5%
Non-Dane	\$561.6	\$591.5	\$29.9	5.3%
<b>Total State</b>	<b>\$1,168.1</b>	<b>\$1,231.4</b>	<b>\$63.3</b>	<b>5.4%</b>

^ Totals may not reconcile due to rounding

## WPE (Locals) Tier Placement From Preliminary Bids

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- In 2019, a tier process similar to 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



# Local HMO Renewal

- A number of plans did not move to Tier 1 during negotiations:
  - Aspirus
  - Dean
  - HealthPartners West, Southeast & Robin
  - Quartz – Central
  - Common Ground (GHC-EC)
  - GHC EC Greater WI
  - GHC SCW Neighbors
  - Security
  
- The 14.6% shown below may ultimately be less if members migrate into Tier 1 plans from those that had sizable increases and are no longer Tier 1.

	2023 Rates	BAFO 2024 Rates	Change From Current	%
<b>Medical Costs (in Millions)</b>				
<b>Locals</b>	<b>\$209.5</b>	<b>\$240.2</b>	<b>\$30.7</b>	<b>14.6%</b>

## Access Plan, SMP Renewals, and Medicare Plus (Statewide)

- Dean manages the fully-insured Access Plan and SMP plans
- UHC manages the fully-insured Medicare Plus plan for Medicare eligible retirees
- BAFO rates from Dean resulted in a 7.4% increase to the Access Plan and SMP rates respectively. Note that there is a risk-sharing agreement in place with Dean.
- UHC Medicare Plus BAFO rates resulted in an increase of 3.4%

	2023 Rates	BAFO 2024 Rates	Change from Current	%
<b>Medical Costs (in Millions)</b>				
State	\$53.1	\$56.6	\$3.4	6.5%
Local	\$2.3	\$2.5	\$0.2	6.6%
<b>Total</b>	<b>\$55.4</b>	<b>\$59.0</b>	<b>\$3.6</b>	<b>6.5%</b>

^ Totals may not reconcile due to rounding

# Medicare Advantage Renewal

- ETF contracted with UnitedHealthcare (UHC) for a Medicare Advantage plan starting in 2019 and had guarantees in place through 2023.
- The 2024 rate included a \$15.00 PMPM increase from \$60.58 to \$75.58, a 25% increase
- UHC declined to decrease initial rates after the negotiation meeting
- ETF would receive a settlement if the plans MLR is under 90%

	2023 Rates	BAFO 2024 Rates	Change from Current	%
<b>Medical Costs (in Millions)</b>				
State	\$11.2	\$14.0	\$2.8	24.8%
Local	\$0.5	\$0.6	\$0.1	24.8%
<b>Total</b>	<b>\$11.7</b>	<b>\$14.7</b>	<b>\$2.9</b>	<b>24.8%</b>

^ Totals may not reconcile due to rounding

# 2024 Overall Medical Increase by Product

➤ Overall, State increased 5.6% and Local increased 14.6%, for a total of 7.0%

	2023 Inforce Rates **	2024 Prelim Bids	Negotiation Savings	%	2024 BAFO Rates***	Change From Inforce	%
<b>State (in Millions)</b>							
Medicare Advantage	\$11.2	\$14.0	\$0.0	0.0%	\$14.0	\$2.8	24.8%
Statewide	\$53.1	\$56.0	\$0.5	0.9%	\$56.6	\$3.4	6.5%
HMO	\$1,168.1	\$1,305.4	(\$73.9)	-5.7%	\$1,231.4	\$63.3	5.4%
<b>Total State</b>	<b>\$1,232.5</b>	<b>\$1,375.4</b>	<b>(\$73.4)</b>	<b>-5.3%</b>	<b>\$1,302.0</b>	<b>\$69.5</b>	<b>5.6%</b>

	2023 Inforce Rates **	2024 Prelim Bids	Negotiation Savings	%	2024 BAFO Rates***	Change From Inforce	%
<b>Local (in Millions)</b>							
Medicare Advantage	\$0.5	\$0.6	\$0.0	0.0%	\$0.6	\$0.1	24.8%
Statewide	\$2.3	\$2.4	\$0.1	2.8%	\$2.5	\$0.2	6.6%
HMO	\$209.5	\$249.6	(\$9.5)	-3.8%	\$240.2	\$30.7	14.6%
<b>Total Local</b>	<b>\$212.3</b>	<b>\$252.7</b>	<b>(\$9.4)</b>	<b>-3.7%</b>	<b>\$243.3</b>	<b>\$31.0</b>	<b>14.6%</b>

	2023 Inforce Rates **	2024 Prelim Bids	Negotiation Savings	%	2024 BAFO Rates***	Change From Inforce	%
<b>Total (in Millions)</b>							
Medicare Advantage	\$11.7	\$14.7	\$0.0	0.0%	\$14.7	\$2.9	24.8%
Statewide	\$55.4	\$58.5	\$0.6	1.0%	\$59.0	\$3.6	6.5%
HMO	\$1,377.6	\$1,555.0	(\$83.4)	-5.4%	\$1,471.6	\$94.0	6.8%
<b>Grand Total</b>	<b>\$1,444.8</b>	<b>\$1,628.1</b>	<b>(\$82.8)</b>	<b>-5.1%</b>	<b>\$1,545.3</b>	<b>\$100.5</b>	<b>7.0%</b>

^ Totals may not reconcile due to rounding

\* Medicare includes HDHP Medicare and Family 1 contracts

\*\* 2023 Inforce Rates are pre-buydown

\*\*\* 2024 BAFO rates are pre-buydown

## 2024 Overall Medical Increase by Group

- Renewal process resulted in a \$82.8 million savings, a 5.1% reduction from 2024 Preliminary Bids (5.3% for State and 3.7% for Locals)

	2023 Inforce Rates **	2024 Prelim Bids	Negotiation Savings	%	2024 BAFO Rates***	Change From Inforce	%
<b>State (in Millions)</b>							
Non-Medicare	\$912.6	\$1,007.6	(\$45.5)	-4.5%	\$962.1	\$49.5	5.4%
Medicare*	\$82.6	\$92.9	(\$3.5)	-3.8%	\$89.4	\$6.8	8.2%
Grads	\$55.4	\$74.3	(\$15.5)	-20.9%	\$58.7	\$3.4	6.1%
HDHP	\$182.0	\$200.7	(\$8.9)	-4.4%	\$191.8	\$9.8	5.4%
<b>Total State</b>	<b>\$1,232.5</b>	<b>\$1,375.4</b>	<b>(\$73.4)</b>	<b>-5.3%</b>	<b>\$1,302.0</b>	<b>\$69.5</b>	<b>5.6%</b>
<b>Local (in Millions)</b>							
Non-Medicare	\$188.4	\$223.7	(\$8.4)	-3.8%	\$215.2	\$26.9	14.3%
Medicare*	\$4.5	\$5.2	(\$0.2)	-3.4%	\$5.1	\$0.5	11.5%
HDHP	\$19.4	\$23.8	(\$0.8)	-3.5%	\$23.0	\$3.6	18.3%
<b>Total Local</b>	<b>\$212.3</b>	<b>\$252.7</b>	<b>(\$9.4)</b>	<b>-3.7%</b>	<b>\$243.3</b>	<b>\$31.0</b>	<b>14.6%</b>
<b>Grand Total</b>	<b>\$1,444.8</b>	<b>\$1,628.1</b>	<b>(\$82.8)</b>	<b>-5.1%</b>	<b>\$1,545.3</b>	<b>\$100.5</b>	<b>7.0%</b>

^ Totals may not reconcile due to rounding

\* Medicare includes HDHP Medicare and Family 1 contracts

\*\* 2023 Inforce Rates are pre-buydown

\*\*\* 2024 BAFO rates are pre-buydown

## Network Access Qualification

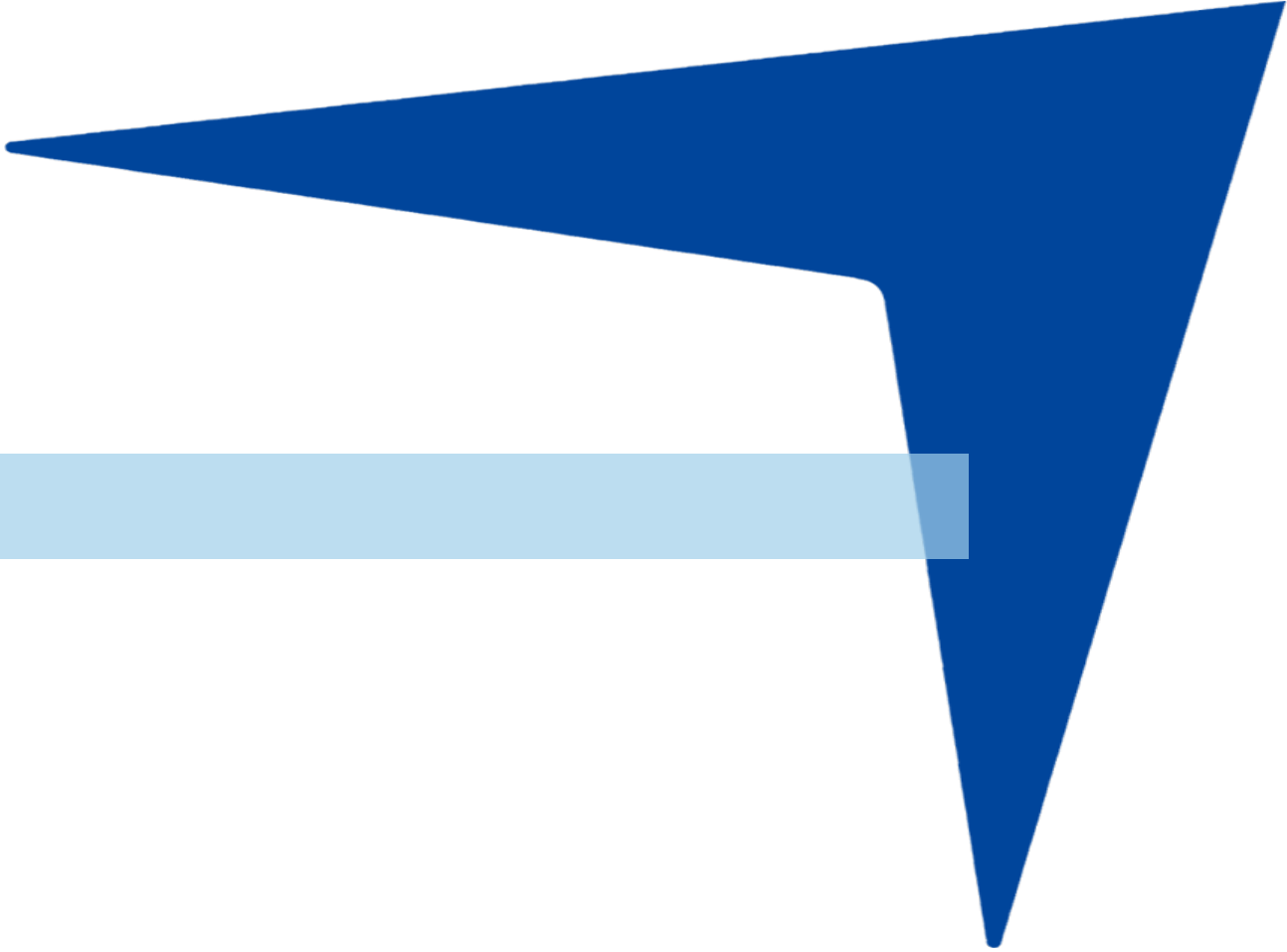
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- A plan must meet at least 90% geo-access in the county for the inpatient hospitals, primary care physicians (includes Internal Medicine, Family Medicine and General Medicine) and chiropractors
- If a geo-access requirement above is not met, the plan can alternatively meet the qualification requirement for any county by:
  - Inpatient Hospitals: the plan must have at least one (1) general hospital under contract and/or routinely utilized by in-network providers available per county
  - Primary Care Physicians: the ratio of full-time equivalent primary physicians accepting new patients to total participants in a county or major city is at least one per two thousand (1.0/2,000) with a minimum of five (5) primary care physicians per county
  - Chiropractors: one (1) chiropractor must be available in each county
- For a plan to be fully qualified in county, the plan must be a qualified in that county **and** be Tier 1
- If no plans meet the requirements above for a given county, the SMP will be available

# State Maintenance Plan (SMP)

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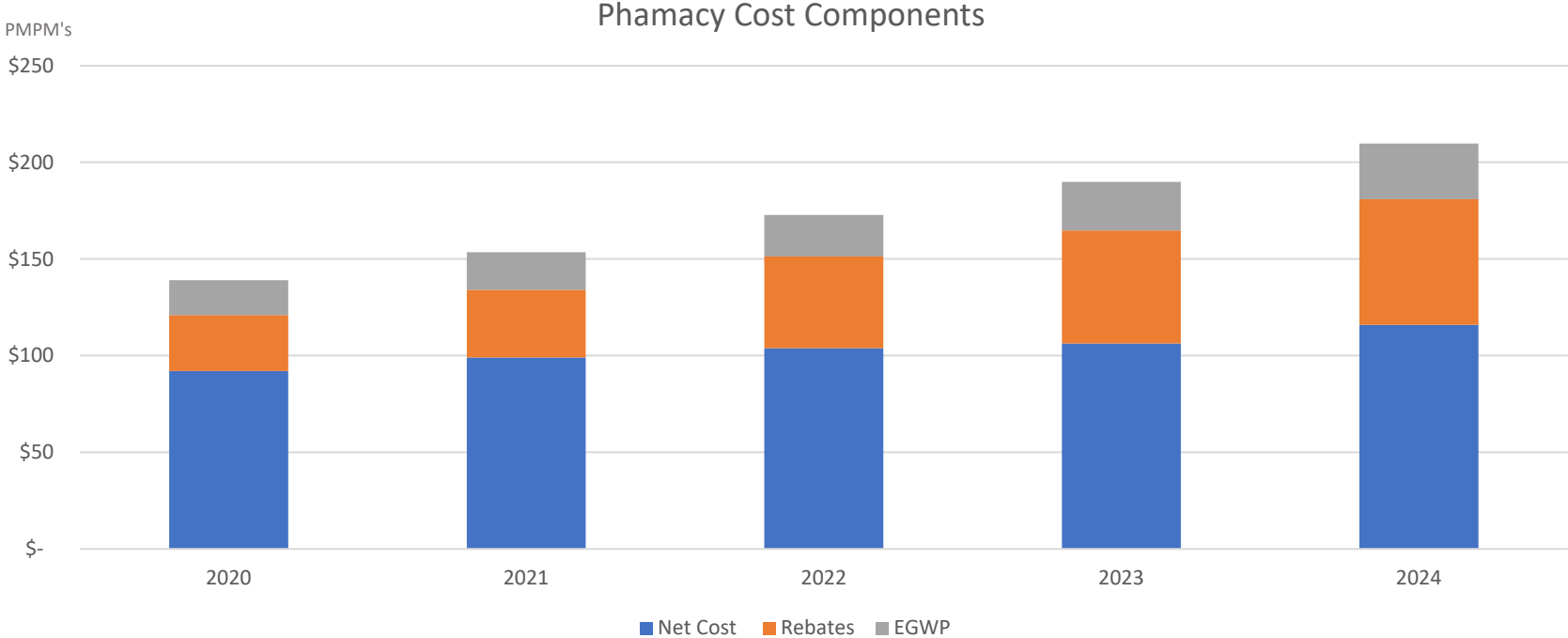
- SMP is the designated Tier 1 plan in every county where there is no other qualified Tier 1 plan
- SMP will be offered in 1 county in 2024 for State (same as 2023):
  - Florence County
- SMP will be offered in 30 counties in 2023 for Local (up from 4 counties in 2023):
  - Adams
  - Ashland
  - Bayfield
  - Burnett
  - Clark
  - Columbia
  - Douglas
  - Florence
  - Forest
  - Green
  - Iron
  - Juneau
  - Langlade
  - Lincoln
  - Marathon
  - Marquette
  - Menominee
  - Oneida
  - Polk
  - Portage
  - Price
  - Richland
  - Sauk
  - Sawyer
  - Taylor
  - Vilas
  - Washburn
  - Waupaca
  - Waushara
  - Wood

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1. Overview
  2. Medical Plans
  - 3. Prescription Drug Plan**
  4. Dental Plan
  5. Aggregate Renewal
  6. Fund Balance/Reserve
  7. 2024 Premium Alternatives

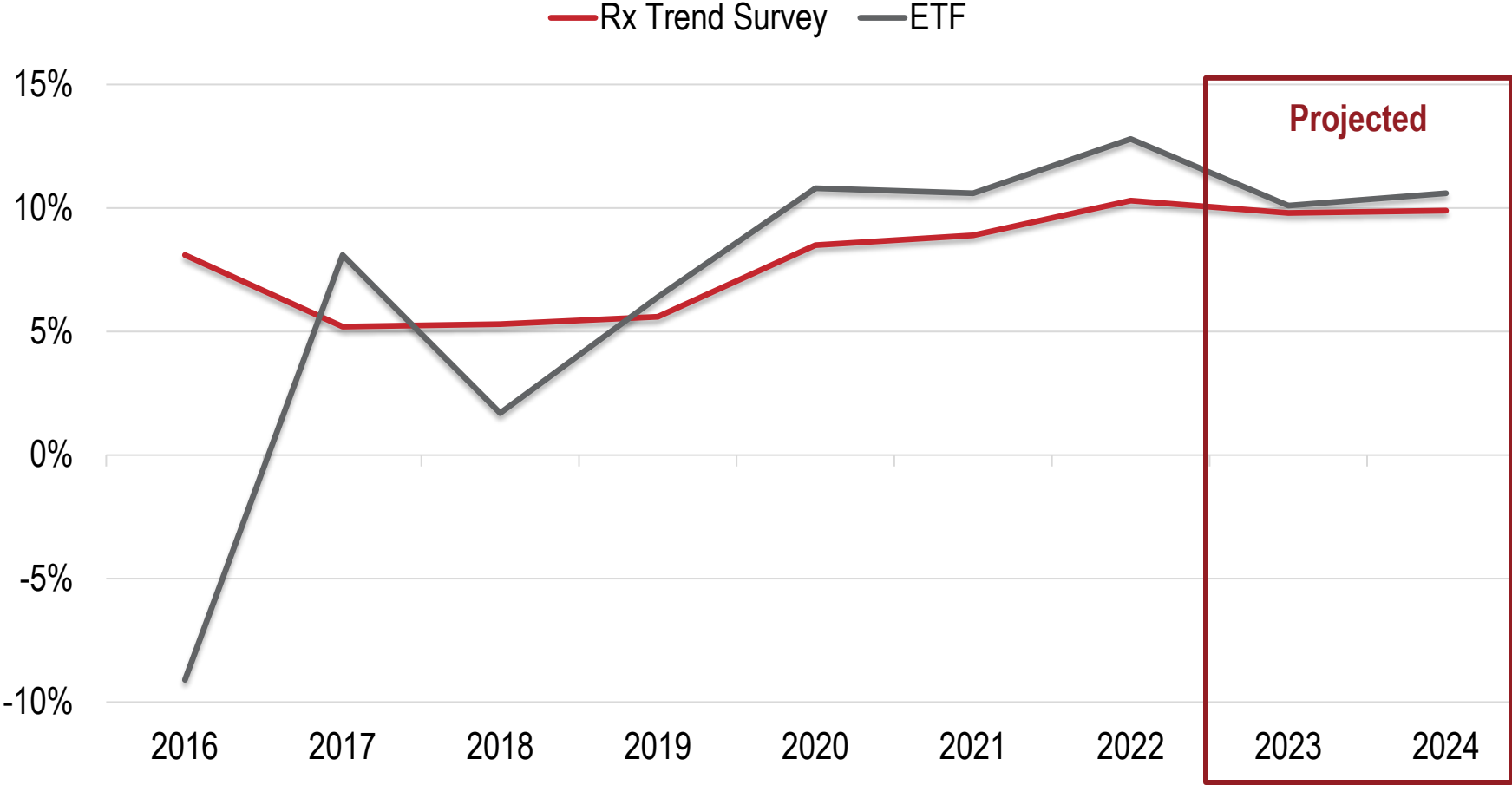


# Historical Pharmacy Spend – PMPM

- “Top Line” claims (before credits) projected trend is averaging 11.0% from 2020 – 2024, while Rebates and EGWP subsidies have increased on average at 18.9%
- The net impact is a 4-year total average increase of 6.0% annually



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



**ETF increases have generally been higher than norms over past 4 years.**

Source: 2024 Segal Health Plan Cost Trend Survey

# Prescription Drug Plan

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- 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 2022 through May 2023
- Annual top-line claims trend of 9.7% was derived from the weighted average of the Navitus projected claims trends for 2022 and 2023 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 slightly higher than Navitus assumptions, yielding a small loss
- The Navitus recast of 2023 and 2024 cost assumptions further drove the composite rate increase of 5.8%

# Prescription Drug Plans Rates

➤ Aggregate rate increase of 5.7% for State

	2023 Single Rate	2024 Single Rate	%
<b>State</b>			
HMO Regular	\$128.50	\$136.92	6.6%
IYC Access	\$128.50	\$136.92	6.6%
State Maintenance Plan (SMP)	\$128.50	\$136.92	6.6%
HDHP Regular	\$110.52	\$117.76	6.6%
IYC Access HDHP	\$110.52	\$117.76	6.6%
State Maintenance Plan (SMP) HDHP	\$110.52	\$117.76	6.6%
HMO Grads	\$64.14	\$67.22	4.8%
IYC Access Grads	\$64.14	\$67.22	4.8%
State Maintenance Plan (SMP) Grads	\$64.14	\$67.22	4.8%
HMO Medicare	\$167.52	\$172.92	3.2%
Medicare Plus (IYC Access & SMP)	\$167.52	\$172.92	3.2%
<b>Overall</b>			<b>5.7%</b>

## Prescription Drug Plans Rates *continued*

➤ Aggregate rate increase of 6.4% for Local

	2023 Single Rate	2024 Single Rate	% Change
<b>Local</b>			
HDHP Regular	\$102.00	\$108.62	6.5%
IYC Access HDHP	\$102.00	\$108.62	6.5%
State Maintenance Plan HDHP	\$102.00	\$108.62	6.5%
HMO Regular	\$125.92	\$134.10	6.5%
IYC Access	\$125.92	\$134.10	6.5%
State Maintenance Plan	\$125.92	\$134.10	6.5%
HMO / HDHP Medicare	\$166.88	\$176.32	5.7%
Medicare Plus (IYC Access & SMP)	\$166.88	\$176.32	5.7%
<b>Overall</b>			<b>6.4%</b>

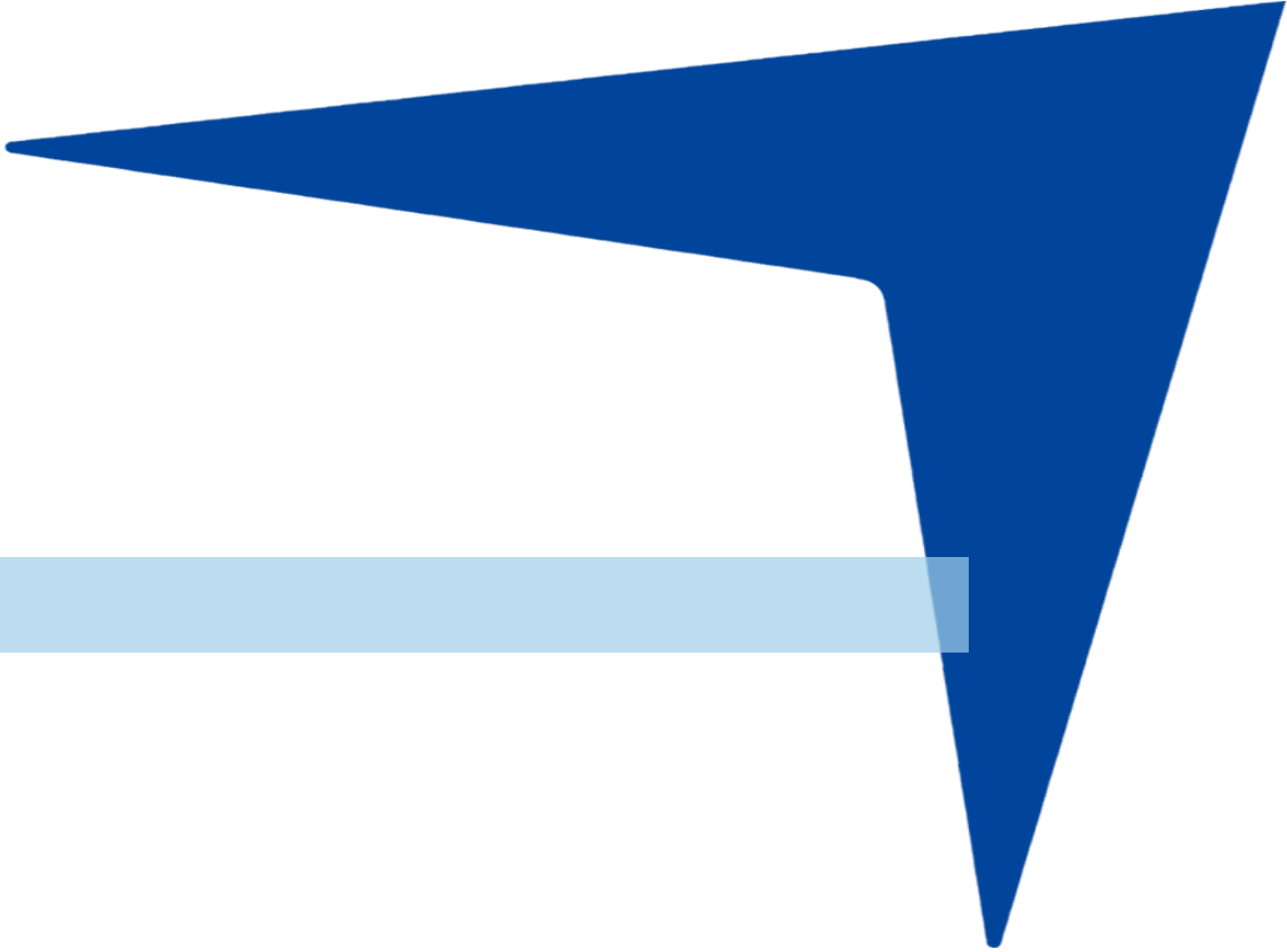
# Prescription Drug Plans Rates

➤ Overall, the recommended rate increase for the prescription drug plan is 5.8%

	2023 Inforce (Pre BD)	2024 Premium (Pre BD)	\$ Change	% Change
<b>State (in Millions)</b>				
Non-Medicare, Non-Grad	\$158.1	\$168.5	\$10.4	6.5%
Medicare*	\$69.7	\$72.0	\$2.3	3.3%
Grad Assistants	\$6.7	\$7.0	\$0.3	4.8%
HDHP	\$31.0	\$33.1	\$2.0	6.6%
<b>Total State</b>	<b>\$265.6</b>	<b>\$280.6</b>	<b>\$15.0</b>	<b>5.7%</b>
<b>Local (in Millions)</b>				
Non-Medicare, Non-Grad	\$33.8	\$36.0	\$2.2	6.5%
Medicare*	\$3.3	\$3.5	\$0.2	5.7%
HDHP	\$3.4	\$3.6	\$0.2	6.5%
<b>Total Local</b>	<b>\$40.5</b>	<b>\$43.1</b>	<b>\$2.6</b>	<b>6.4%</b>
<b>Grand Total</b>	<b>\$306.1</b>	<b>\$323.7</b>	<b>\$17.6</b>	<b>5.8%</b>

^ Totals may not reconcile due to rounding

\* 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. 2024 Premium Alternatives

## Dental Plan Rates (State and Local)

- The self-insured dental plan was procured in 2015 and Delta Dental was awarded the initial contract for a 2016 start date. The subsequently won the latest procurement that started in 2022.
- Claims data (January 2017 – April 2023) was received from Delta Dental and used in our analysis
  - Experience period used was 2022 incurred claims (runout thru April 2023)
- Assumptions:
  - Annual Trend 4.0% (Segal Trend Survey)
  - No Plan Design Change Impact for 2023 and 2024
- Emerging experience aligns with prior projections, thus the rate increase is close to the underlying trend assumption

	2023 Rates	2024 Rates	% Change
<b>Self-Insured Rates</b>			
Single	\$31.16	\$32.08	3.0%
Family	\$77.90	\$80.20	3.0%



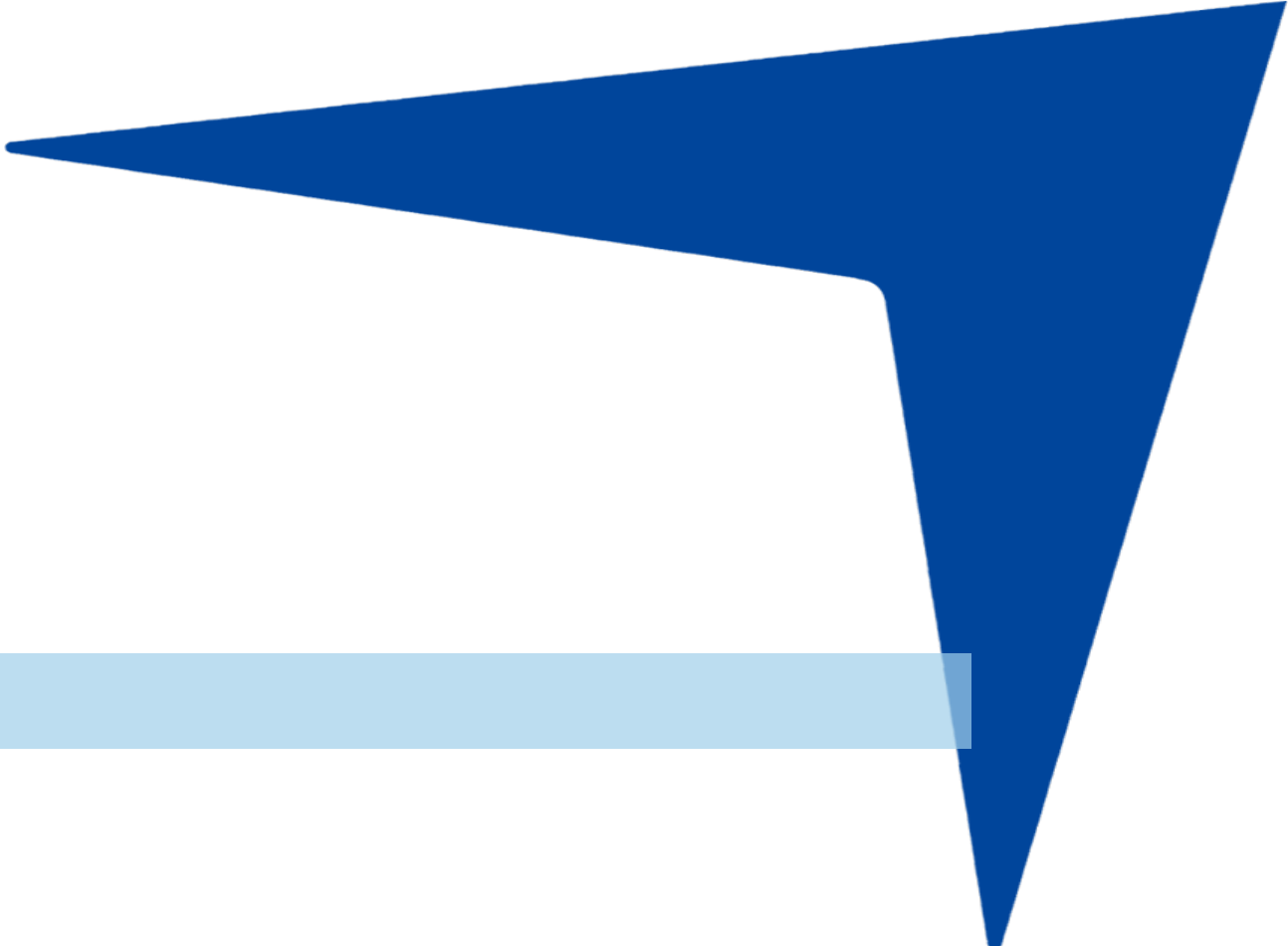
# Dental Total Cost

➤ Overall, the recommended rate action for the dental plan is 3.0%

	2023 Inforce (Pre BD)	2024 Premium (Pre BD)	\$ Change	% Change
<b>State (in Millions)</b>				
Non-Medicare, Non-Grad	\$37.3	\$38.4	\$1.1	3.0%
Medicare*	\$11.3	\$11.6	\$0.3	3.0%
Grad Assistants	\$3.1	\$3.2	\$0.1	3.0%
HDHP	\$8.4	\$8.7	\$0.2	3.0%
<b>Total State</b>	<b>\$60.2</b>	<b>\$61.9</b>	<b>\$1.8</b>	<b>3.0%</b>
<b>Local (in Millions)</b>				
Non-Medicare, Non-Grad	\$2.1	\$2.1	\$0.1	3.0%
Medicare*	\$0.1	\$0.1	\$0.0	3.0%
HDHP	\$0.2	\$0.2	\$0.0	3.0%
<b>Total Local</b>	<b>\$2.3</b>	<b>\$2.4</b>	<b>\$0.1</b>	<b>3.0%</b>
<b>Grand Total</b>	<b>\$62.5</b>	<b>\$64.3</b>	<b>\$1.8</b>	<b>3.0%</b>

^ Totals may not reconcile due to rounding

\* Medicare includes Family 1 contracts

- 
1. Overview
  2. Medical Plans
  3. Prescription Drug Plan
  4. Dental
  - 5. Aggregate Renewal**
  6. Fund Balance/Reserve
  7. 2024 Premium Alternatives

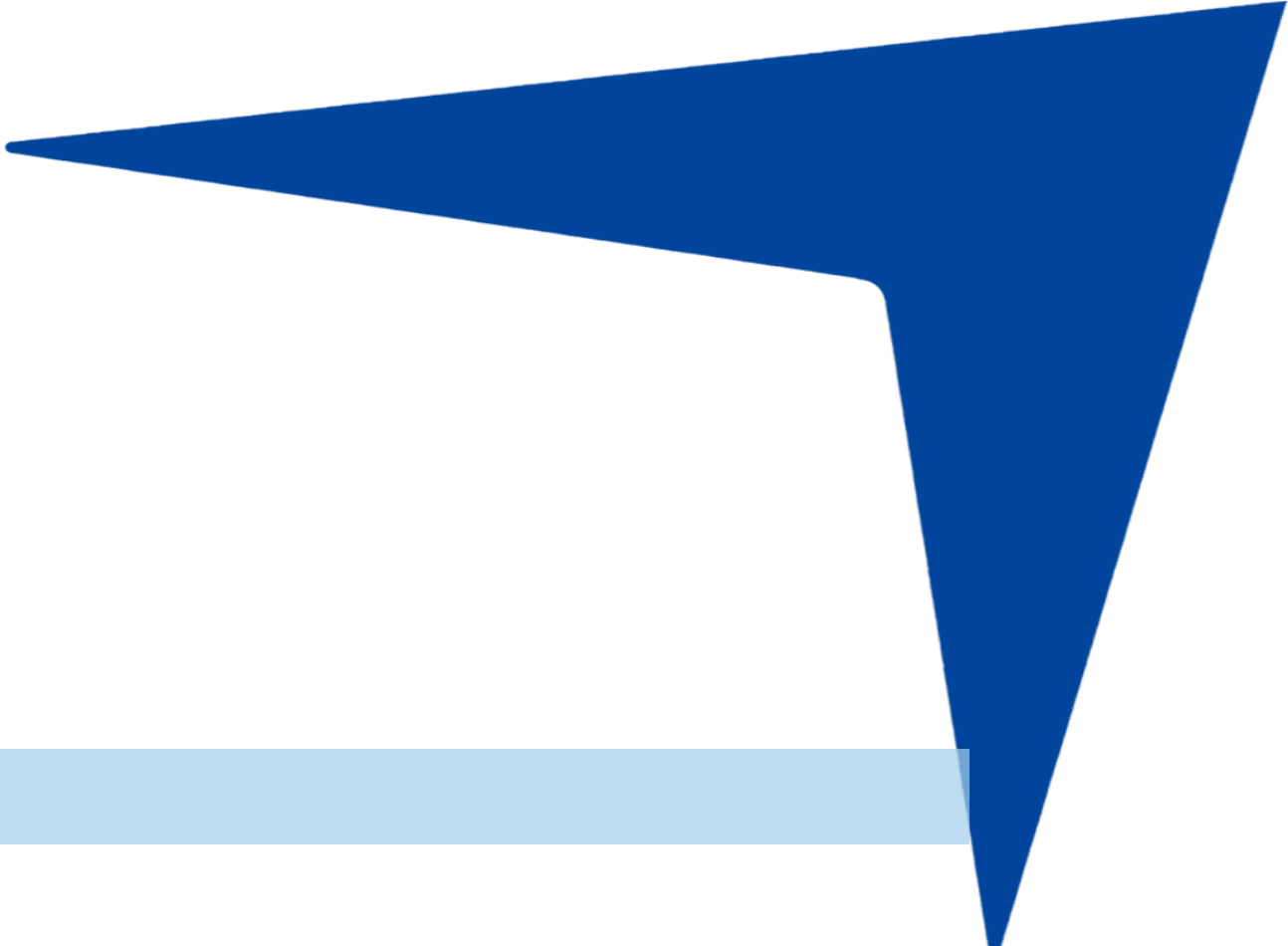
## 2024 Aggregate Renewal - Medical, Rx, Dental, and Admin

- Renewal process resulted in a \$123.8 million Total Premium increase, a 6.7% increase from 2023 Inforce Rates (5.7% for State and 13.2% for Locals)

	2023 Inforce (Pre BD)	2024 Premium (Pre BD)	\$ Change	% Change
<b>State (in Millions)</b>				
Medical	\$1,232.5	\$1,302.0	\$69.5	5.6%
Pharmacy	\$265.6	\$280.6	\$15.0	5.7%
Dental	\$60.2	\$61.9	\$1.8	3.0%
Admin	\$25.4	\$28.8	\$3.4	13.2%
<b>Total</b>	<b>\$1,583.6</b>	<b>\$1,673.3</b>	<b>\$89.7</b>	<b>5.7%</b>
<b>Local (in Millions)</b>				
Medical	\$212.3	\$243.3	\$31.0	14.6%
Pharmacy	\$40.5	\$43.1	\$2.6	6.4%
Dental	\$2.3	\$2.4	\$0.1	3.0%
Admin	\$3.6	\$4.1	\$0.5	13.2%
<b>Total</b>	<b>\$258.8</b>	<b>\$292.9</b>	<b>\$34.1</b>	<b>13.2%</b>
<b>Grand Total</b>	<b>\$1,842.4</b>	<b>\$1,966.2</b>	<b>\$123.8</b>	<b>6.7%</b>

^ Totals may not reconcile due to rounding

\* 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. 2024 Premium Alternatives

# Fund Balance

## State

- The fund balance decreased \$65.1M in 2022 and is projected to decrease by \$81.7M in 2023

State Health Reserve (in millions)											
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Beg of Year</b>											
Medical	61.4	66.7	69.4	74.8	76.9	84.7	62.0	73.5	86.3	96.5	84.9
Pharmacy	77.9	63.1	30.8	6.7	60.1	121.8	134.7	132.4	100.1	90.1	37.3
Dental	0.0	0.0	0.0	0.0	(1.2)	0.2	3.5	5.5	19.6	23.7	23.0
<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>210.3</b>	<b>145.2</b>
<b>Gain/(Loss)</b>											
Medical	5.3	2.7	5.4	2.1	7.8	(22.7)	11.5	12.9	10.2	(11.6)	2.2
Pharmacy	(14.9)	(32.3)	(24.1)	53.4	61.6	13.0	(2.4)	(32.2)	(10.1)	(52.8)	(85.6)
Dental	0.0	0.0	0.0	(1.2)	1.4	3.3	2.0	14.1	4.1	(0.7)	1.7
<b>Total</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>(65.1)</b>	<b>(81.7)</b>
<b>End of Year</b>											
Medical	66.7	69.4	74.8	76.9	84.7	62.0	73.5	86.3	96.5	84.9	87.1
Pharmacy	63.1	30.8	6.7	60.1	121.8	134.7	132.4	100.1	90.1	37.3	(48.3)
Dental	0.0	0.0	0.0	(1.2)	0.2	3.5	5.5	19.6	23.7	23.0	24.7
<b>Total</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>210.3</b>	<b>145.2</b>	<b>63.5</b>
<b>Buy-Down</b>	<b>32.8</b>	<b>20.5</b>	<b>20.0</b>	<b>0.0</b>	<b>0.0</b>	<b>29.0</b>	<b>49.1</b>	<b>33.0</b>	<b>10.5</b>	<b>27.0</b>	<b>86.5</b>

^ Totals may not reconcile due to rounding

\* Reserves inclusive of investment income

# Fund Balance

## Local

- The fund balance decreased \$2.7M in 2022 and is projected to decrease \$2.4M in 2023

Local Health Reserve (in millions)											
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Beg of Year</b>											
Medical	1.7	0.6	0.7	0.6	(0.1)	(0.8)	(1.5)	(2.0)	(2.3)	(3.3)	(3.7)
Pharmacy	17.0	20.5	15.6	8.4	14.3	19.9	23.7	21.0	16.8	20.4	18.0
Dental	0.0	0.0	0.0	0.0	(0.1)	(0.2)	(0.2)	(0.2)	0.1	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>17.2</b>	<b>14.4</b>
<b>Gain/(Loss)</b>											
Medical	(1.1)	0.0	(0.0)	(0.7)	(0.8)	(0.7)	(0.5)	(0.3)	(1.0)	(0.3)	(0.6)
Pharmacy	3.5	(4.9)	(7.2)	5.9	5.6	3.8	(2.7)	(4.2)	3.6	(2.4)	(1.4)
Dental	0.0	0.0	0.0	(0.1)	(0.1)	0.0	0.0	0.3	(0.0)	(0.0)	(0.4)
<b>Total</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>2.6</b>	<b>(2.7)</b>	<b>(2.4)</b>
<b>End of Year</b>											
Medical	0.6	0.7	0.6	(0.1)	(0.8)	(1.5)	(2.0)	(2.3)	(3.3)	(3.7)	(4.2)
Pharmacy	20.5	15.6	8.4	14.3	19.9	23.7	21.0	16.8	20.4	18.0	16.6
Dental	0.0	0.0	0.0	(0.1)	(0.2)	(0.2)	(0.2)	0.1	0.1	0.1	(0.3)
<b>Total</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>17.2</b>	<b>14.4</b>	<b>12.1</b>
<b>Buy-Down</b>	<b>1.2</b>	<b>3.1</b>	<b>5.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>7.8</b>	<b>6.5</b>	<b>1.7</b>	<b>2.5</b>	<b>4.1</b>

^ Totals may not reconcile due to rounding

\* Reserves inclusive of investment income

# Fund Balance

## State (Projected 12/31/2023)

- Segal's ending fund balance projection uses ETF transactional data through 6/30/2023. ETF provides investment income assumption of 6.7% used for 2023 and beyond.

Projected 2023 State Health Reserve (in millions)				
	Medical	Pharmacy	Dental	Total
Balance 1/1/2023	84.9	37.3	23.0	145.2
<b>Revenue</b>				
Premiums	1,276.7	180.6	60.7	1,518.1
EGWP Subsidy		67.3		67.3
Investment Income	5.6	(0.4)	1.5	6.8
<b>Total Revenue</b>	<b>1,282.3</b>	<b>247.5</b>	<b>62.3</b>	<b>1,592.1</b>
<b>Expenses</b>				
Paid Claims	1,258.5	468.5	59.4	1,786.4
Admin Costs	21.6	9.1	1.2	31.9
Rebates		(144.5)		(144.5)
<b>Total Expenses</b>	<b>1,280.1</b>	<b>333.1</b>	<b>60.6</b>	<b>1,673.8</b>
2023 Change in Budget	2.2	(85.6)	1.7	(81.7)
<b>Balance 12/31/2023</b>	<b>87.1</b>	<b>(48.3)</b>	<b>24.7</b>	<b>63.5</b>
<b>2023 Projection</b>				<b>89.1</b>

^ Totals may not reconcile due to rounding

**A net loss of \$25.6M - \$23.9M from 2022 Investment Performance**

# Fund Balance

Local (Projected 12/31/2023)

➤ Segal's ending fund balance projection uses ETF transactional data through 6/30/2023.

Projected 2023 Local Health Reserve (in millions)				
	Medical	Pharmacy	Dental	Total
Balance 1/1/2023	(3.7)	18.0	0.1	14.4
<b>Revenue</b>				
Premiums	213.1	37.7	2.1	252.9
EGWP Subsidy		3.9		3.9
Investment Income	(0.3)	1.1	(0.0)	0.9
<b>Total Revenue</b>	<b>212.8</b>	<b>42.8</b>	<b>2.1</b>	<b>257.7</b>
<b>Expenses</b>				
Paid Claims	210.5	64.4	2.4	277.3
Admin Costs	2.8	0.9	0.0	3.7
Rebates		(21.0)		(21.0)
<b>Total Expenses</b>	<b>213.4</b>	<b>44.2</b>	<b>2.5</b>	<b>260.0</b>
2023 Change in Budget	(0.6)	(1.4)	(0.4)	(2.4)
<b>Balance 12/31/2023</b>	<b>(4.2)</b>	<b>16.6</b>	<b>(0.3)</b>	<b>12.1</b>
<b>2023 Projection</b>				<b>14.2</b>

^ Totals may not reconcile due to rounding

**A net loss of \$2.1M - \$2.3M from 2022 Investment Performance**



# Reserve Policy

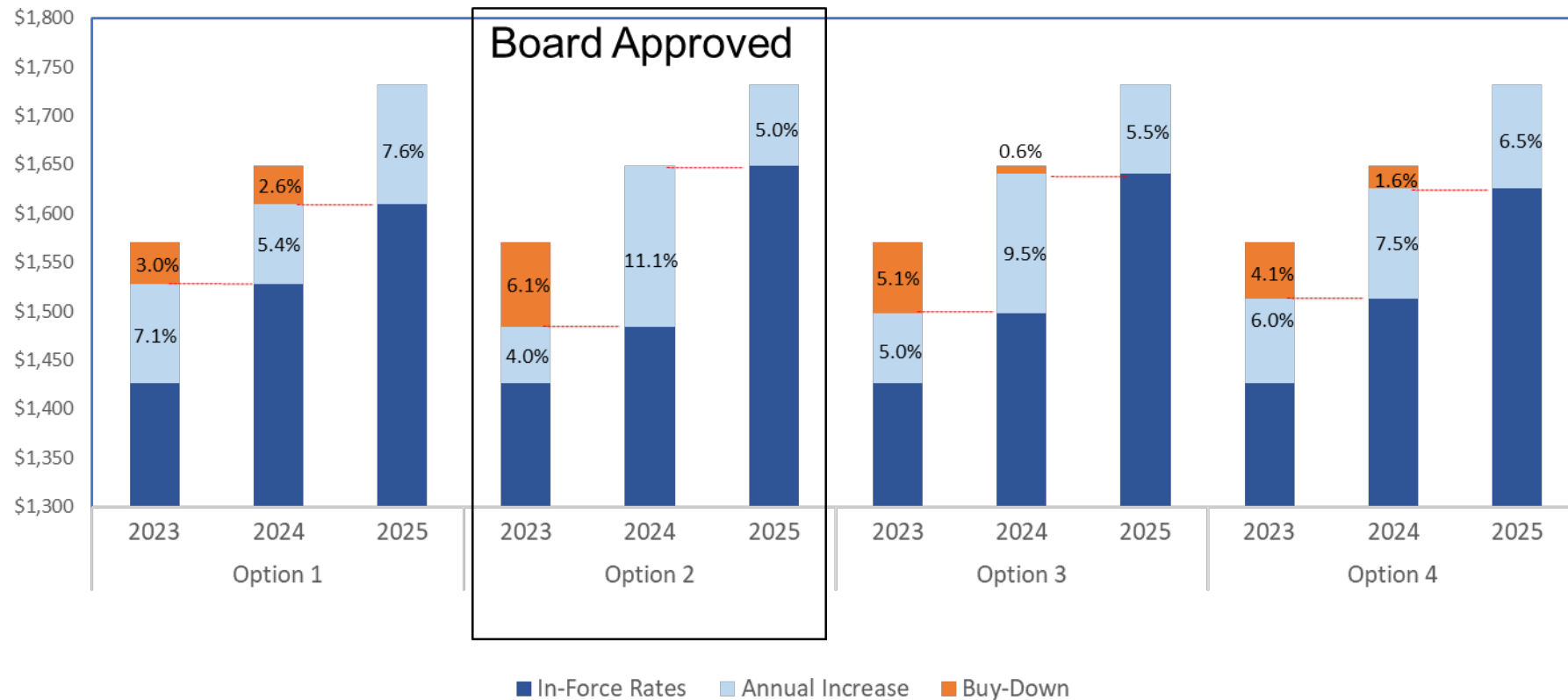
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- In August 2017, Segal was asked to review the reserve policy in place and recommended some modifications at the August 30, 2017, Board meeting
- The proposed policy looked at a number of factors and recommended reducing the reserve levels for the 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
- Last year the board, based on the reserve at that time, approved utilizing the entire surplus and moving slightly below the midpoint. This would result in a larger increase in 2024 to makeup for this buy-down.

# August 2022 GIB Meeting: Projected State Premium Increases – Options 1 through 4

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

Buy-Down Scenarios (in \$ millions)



# Reserve Surplus Calculation

- Based on the mid-point reserve target, the State has a deficit of \$38.7M
- Locals also have a deficit of \$4.4M

	Projected Reserve (in millions)							
	State				Local			
	Medical	Rx	Dental	Total	Medical	Rx	Dental	Total
Projected Fund Balance 12/31/2023	87.1	(48.3)	24.7	63.5	(4.2)	16.6	(0.3)	12.1
Projected 2024 Claims (SI)		516.1	60.7	576.8		73.2	2.4	75.5
Projected 2024 Premiums (FI)	1,302.0			1,302.0	243.3			243.3
<b>New Policy Reserve Target</b>								
3% Medical, 8% Rx, 5% Dental	39.1	41.3	3.0	83.4	7.3	5.9	0.1	13.3
5% Medical, 10% Rx, 7% Dental	65.1	51.6	4.3	121.0	12.2	7.3	0.2	19.6
Mid-Point Reserve	52.1	46.4	3.6	102.2	9.7	6.6	0.1	16.5
<b>Surplus New Policy - Midpoint</b>	<b>35.0</b>	<b>(94.7)</b>	<b>21.0</b>	<b>(38.7)</b>	<b>(14.0)</b>	<b>10.0</b>	<b>(0.4)</b>	<b>(4.4)</b>
<b>Surplus - Lower Boundry</b>	<b>48.0</b>	<b>(89.6)</b>	<b>21.6</b>	<b>(19.9)</b>	<b>(11.5)</b>	<b>10.7</b>	<b>(0.4)</b>	<b>(1.2)</b>

- Both programs are under the lower boundary of the reserve target
- Per last year's Board Approved Option 2, Segal recommends the State and Local programs develop a plan to get reserves within the target range

# Historical Fund Balance Buy-Downs

- Since 2007 there have been frequent buy-downs to move toward the Board Reserve Policy

Premium Year	State				Local			
	Medical	Rx	Dental	Total	Medical	Rx	Dental	Total
2026(TBD)								
2025(TBD)								
2024(TBD)								
2023	0.0	86.5	0.0	86.5	0.0	4.1	0.0	4.1
2022	0.0	27.0	0.0	27.0	0.0	2.5	0.0	2.5
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

- Continue Option 2 from 2023 Board Approval – an 11.8% increase (was projected to be 11.1%)
- 2025 and 2026 have the same premium increase to reach the Midpoint Target Reserve by 2027 – a 5.8% increase (was projected to be 5%)

State Reserve Multi-year Strategy					
	Balance <sup>1</sup>	Target <sup>2</sup>	% of Claims/ FI Premium	Surplus <sup>3</sup>	Draw
<b>2024</b>	\$63.5	\$102.2	5.4%	-\$38.7	\$0.0
<b>2025</b>	\$67.7	\$107.3	5.4%	-\$39.6	-\$13.0
<b>2026</b>	\$85.7	\$112.6	5.4%	-\$26.9	-\$26.9

**Note this is 0.7% higher due to investment losses in 2022**

<sup>^</sup> Totals may not reconcile due to rounding

<sup>1</sup> Assumes 6.7% 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

- Continue Option 2 from 2023 Board Approval – an 11.8% increase (same as Option 1)
- 2025 and 2026 have the same premium increase to reach the Lower Boundary Target Reserve by 2027 – a 5.4% increase (0.4% lower than Option 1)

State Reserve Multi-year Strategy					
	Balance <sup>1</sup>	Target <sup>2</sup>	% of Claims/ FI Premium	Surplus <sup>3</sup>	Draw
<b>2024</b>	\$63.5	\$83.4	5.4%	-\$19.9	\$0.0
<b>2025</b>	\$67.7	\$87.6	5.4%	-\$19.8	-\$6.0
<b>2026</b>	\$78.5	\$91.9	5.4%	-\$13.5	-\$13.5

<sup>^</sup> Totals may not reconcile due to rounding

<sup>1</sup> Assumes 6.7% 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 Lower Boundary of Target Reserve at beginning of year.

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

- Have a 3-year equivalent premium rate increase to build the reserve back to the Lower Boundary by 2027 – an 8.5% increase
- Use a draw in 2023 of \$49.2M, putting the target well below the reserve target
- This scenario puts the plan at risk for a cash shortfall

State Reserve Multi-year Strategy					
	Balance <sup>1</sup>	Target <sup>2</sup>	% of Claims/ FI Premium	Surplus <sup>3</sup>	Draw
<b>2024</b>	\$63.5	\$83.4	5.4%	-\$19.9	\$49.2
<b>2025</b>	\$16.9	\$87.6	5.4%	-\$70.7	-\$5.6
<b>2026</b>	\$23.8	\$91.9	5.4%	-\$68.1	-\$68.1

<sup>^</sup> Totals may not reconcile due to rounding

<sup>1</sup> Assumes 6.7% 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 Lower Boundary of Target Reserve at beginning of year.

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

- Use entire reserve to buy-down 2024 rates – a 7.5% increase
- 2025 will require a large increase to get the reserve back to the Lower Boundary – a 14.8% increase
- In 2026, following a 2025 large buy-up, premiums would be flat
- Without additional funding, this option would place the plan in a poor financial position, likely resulting in a cash shortfall with any adverse experience

State Reserve Multi-year Strategy					
	Balance <sup>1</sup>	Target <sup>2</sup>	% of Claims/ FI Premium	Surplus <sup>3</sup>	Draw
<b>2024</b>	\$63.5	\$83.4	5.4%	-\$19.9	\$65.5
<b>2025</b>	\$0.0	\$87.6	5.4%	-\$87.5	-\$88.9
<b>2026</b>	\$91.9	\$91.9	5.4%	\$0.0	\$0.0

**Alternatively – 2025 and 2026 increases could be smoothed at 9.6%**

<sup>^</sup> Totals may not reconcile due to rounding

<sup>1</sup> Assumes 6.7% investment return and no additional gains or losses that would impact the fund balance.

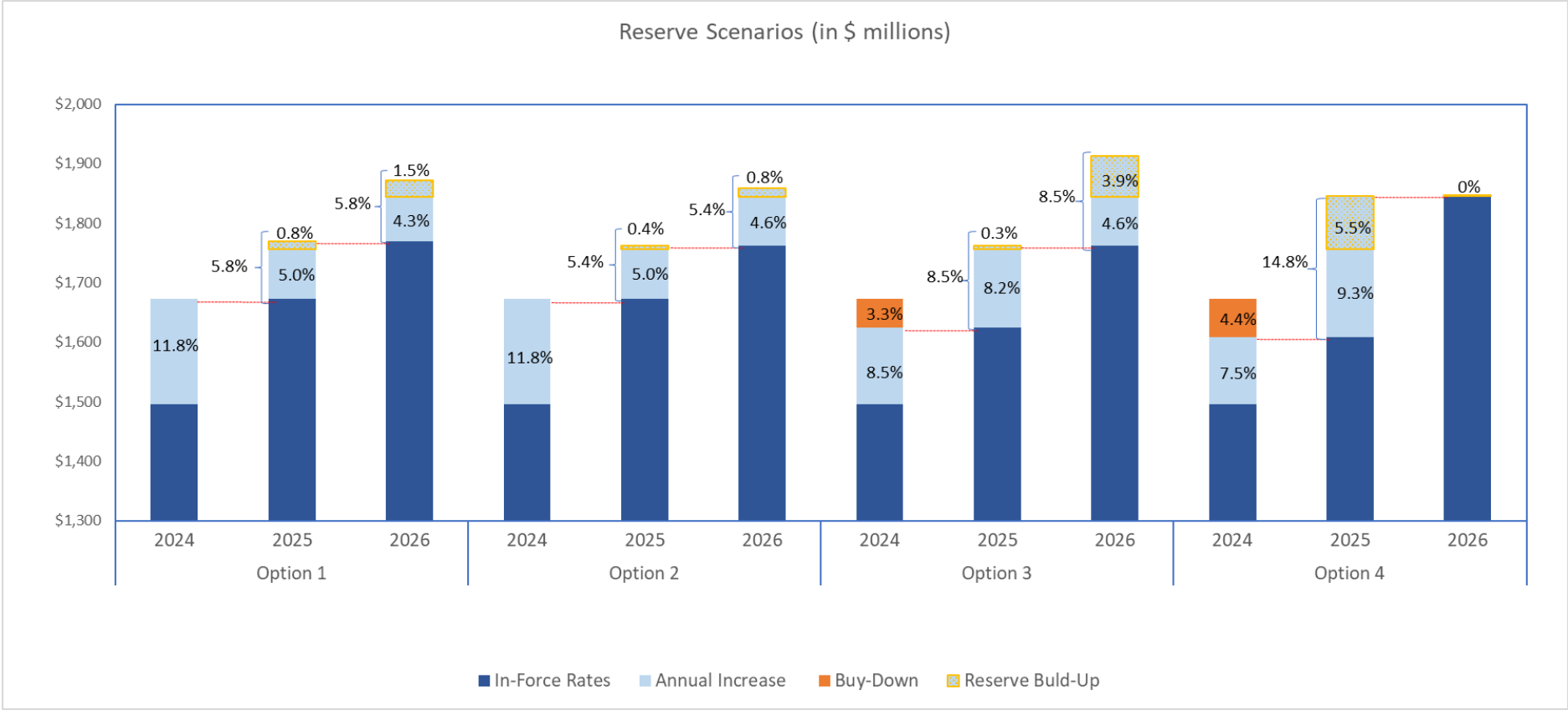
<sup>2</sup> Reserve Target assumed to increase at 5% per year.

<sup>3</sup> The Surplus refers to the money in the fund that exceeds the Lower Boundary of 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



➤ Each option produces the same 3-year overall cost increase of 5.0%, the premium differences result from funding the reserve

## Projected Local Premium Increases – Option 2

- Continue Local Option from 2023 Board Approval – a 15.1% increase
- 2025 and 2026 have the same premium increase to reach the Lower Boundary Target Reserve by 2027 – a 5.1% increase

Local Reserve Multi-year Strategy					
	Balance <sup>1</sup>	Target <sup>2</sup>	% of Claims/ FI Premium	Surplus <sup>3</sup>	Draw
<b>2024</b>	\$12.1	\$13.3	5.2%	-\$1.2	\$0.0
<b>2025</b>	\$12.9	\$13.9	5.2%	-\$1.1	-\$0.2
<b>2026</b>	\$14.0	\$14.6	5.2%	-\$0.6	-\$0.6

^ Totals may not reconcile due to rounding

<sup>1</sup> Assumes 6.7% 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 Lower Boundary of Target Reserve at beginning of year.

## Projected Local Premium Increases – Option 4

- Use entire reserve to buy-down 2024 rates – a 10.2% increase
- 2025 will require a large increase to get the reserve back to the Lower Boundary – a 14.7% increase
- In 2026, following a 2025 large buy-up, premiums would increase 0.4%
- Without additional funding, this option would place the plan in a poor financial position, likely resulting in a cash shortfall with any adverse experience

Local Reserve Multi-year Strategy					
	Balance <sup>1</sup>	Target <sup>2</sup>	% of Claims/ FI Premium	Surplus <sup>3</sup>	Draw
<b>2024</b>	\$12.1	\$13.3	5.2%	-\$1.2	\$12.5
<b>2025</b>	\$0.0	\$13.9	5.2%	-\$14.0	-\$14.2
<b>2026</b>	\$14.6	\$14.6	5.2%	\$0.0	\$0.0

**Alternatively – 2025 and 2026 increases could be smoothed at 9.7%**

<sup>^</sup> Totals may not reconcile due to rounding

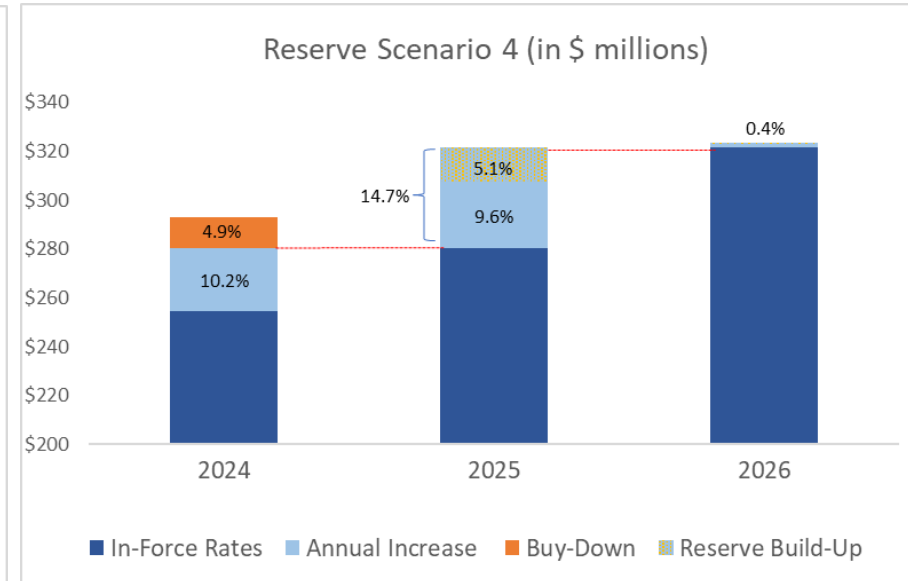
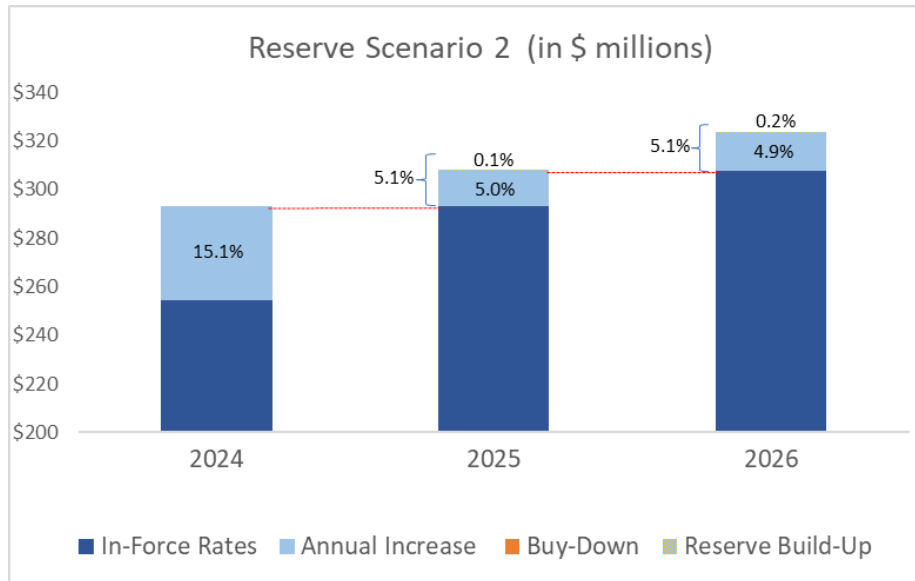
<sup>1</sup> Assumes 6.7% investment return and no additional gains or losses that would impact the fund balance.

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

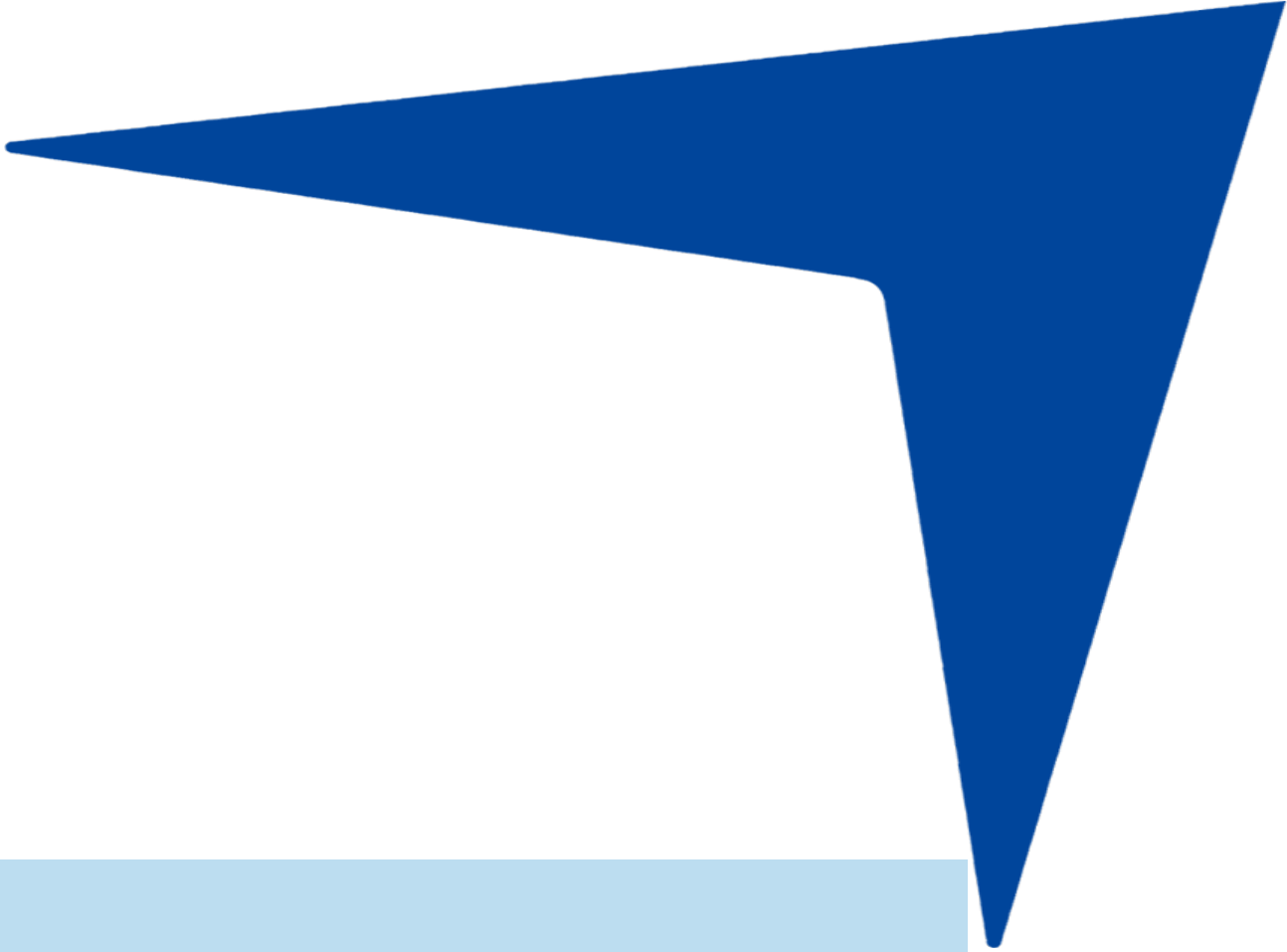
<sup>3</sup> The Surplus refers to the money in the fund that exceeds the Lower Boundary of Target Reserve at beginning of year.

# Projected Local Premium Increases Comparison

- Option 2 is a continuation of the 2023 Board Approval and fully accounts for impact of past of buy-downs
- Option 4 would result in additional increases over trend in the future to compensate for the underfunding in 2024



- Each option produces the same 3-year overall cost increase of 5.0%, the premium differences result from funding the reserve

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

## **7. 2024 Premium Alternatives**

# 2024 Premium Rates – With No Reserve Draw

## Total Premium by Group

- The 2024 premiums reflect a \$87.3 million buy-down for State and \$4.4 million for Locals
- The 2024 inforce after buy-down premiums are expected to increase 11.8% in 2024 before further reserve draw down – Locals increase is 15.1%
- Premiums include medical, pharmacy, dental, and admin

	2023 Inforce (Pre BD)	2023 Inforce (Post BD)	2023 BD	2024 Premium (Pre BD)	2024 Need	%
<b>State (in Millions)</b>						
Non-Medicare, Non-Grad	\$1,122.0	\$1,069.9	\$52.0	\$1,184.7	\$114.8	10.7%
Medicare*	\$169.9	\$147.0	\$22.9	\$180.2	\$33.2	22.6%
Grad Assistants	\$67.0	\$64.8	\$2.2	\$71.0	\$6.2	9.6%
HDHP	\$224.8	\$214.6	\$10.2	\$237.4	\$22.8	10.6%
<b>Total</b>	<b>\$1,583.6</b>	<b>\$1,496.3</b>	<b>\$87.3</b>	<b>\$1,673.3</b>	<b>\$177.0</b>	<b>11.8%</b>
<b>Local (in Millions)</b>						
Non-Medicare, Non-Grad	\$227.1	\$223.5	\$3.6	\$256.7	\$33.2	14.8%
Medicare*	\$8.3	\$7.9	\$0.4	\$9.0	\$1.1	14.1%
HDHP	\$23.4	\$23.0	\$0.4	\$27.2	\$4.2	18.2%
<b>Total</b>	<b>\$258.8</b>	<b>\$254.4</b>	<b>\$4.4</b>	<b>\$292.9</b>	<b>\$38.5</b>	<b>15.1%</b>
<b>Grand Total</b>	<b>\$1,842.4</b>	<b>\$1,750.7</b>	<b>\$91.7</b>	<b>\$1,966.2</b>	<b>\$215.5</b>	<b>12.3%</b>

^ Totals may not reconcile due to rounding

\* Medicare includes Family 1 contracts

## 2024 Premium Rates – No Reserve Draw – Options 1 & 2

- No reserve draw for State or Locals in 2024
- Aggregate increase remains 12.3%

	2023 Inforce (Post BD)	2024 Premium (Pre BD)	2024 Buydown	2024 Premium (Post BD)	\$ Change	% Change
<b>State (in Millions)</b>						
Non-Medicare, Non-Grad	\$1,069.9	\$1,184.7	\$0.0	\$1,184.7	\$114.8	10.7%
Medicare*	\$147.0	\$180.2	\$0.0	\$180.2	\$33.2	22.6%
Grad Assistants	\$64.8	\$71.0	\$0.0	\$71.0	\$6.2	9.6%
HDHP	\$214.6	\$237.4	\$0.0	\$237.4	\$22.8	10.6%
<b>Total</b>	<b>\$1,496.3</b>	<b>\$1,673.3</b>	<b>\$0.0</b>	<b>\$1,673.3</b>	<b>\$177.0</b>	<b>11.8%</b>
<b>Local (in Millions)</b>						
Non-Medicare, Non-Grad	\$223.5	\$256.7	\$0.0	\$256.7	\$33.2	14.8%
Medicare*	\$7.9	\$9.0	\$0.0	\$9.0	\$1.1	14.1%
HDHP	\$23.0	\$27.2	\$0.0	\$27.2	\$4.2	18.2%
<b>Total</b>	<b>\$254.4</b>	<b>\$292.9</b>	<b>\$0.0</b>	<b>\$292.9</b>	<b>\$38.5</b>	<b>15.1%</b>
<b>Grand Total</b>	<b>\$1,750.7</b>	<b>\$1,966.2</b>	<b>\$0.0</b>	<b>\$1,966.2</b>	<b>\$215.5</b>	<b>12.3%</b>

^ Totals may not reconcile due to rounding

\* Medicare includes Family 1 contracts

## 2024 Premium Rates – With Option 3 Reserve Draw

- State draws down the reserve \$49.2 million in 2024 to reduce the overall increase from 11.8% to 8.5%
- No draw for the Locals
- Aggregate increase after buy-down is 9.5%

	2023 Inforce (Post BD)	2024 Premium (Pre BD)	2024 Buydown	2024 Premium (Post BD)	\$ Change	% Change
<b>State (in Millions)</b>						
Non-Medicare, Non-Grad	\$1,069.9	\$1,184.7	(\$29.6)	\$1,155.2	\$85.3	8.0%
Medicare*	\$147.0	\$180.2	(\$12.6)	\$167.5	\$20.6	14.0%
Grad Assistants	\$64.8	\$71.0	(\$1.2)	\$69.8	\$5.0	7.7%
HDHP	\$214.6	\$237.4	(\$5.8)	\$231.6	\$17.0	7.9%
<b>Total</b>	<b>\$1,496.3</b>	<b>\$1,673.3</b>	<b>(\$49.2)</b>	<b>\$1,624.1</b>	<b>\$127.8</b>	<b>8.5%</b>
<b>Local (in Millions)</b>						
Non-Medicare, Non-Grad	\$223.5	\$256.7	\$0.0	\$256.7	\$33.2	14.8%
Medicare*	\$7.9	\$9.0	\$0.0	\$9.0	\$1.1	14.1%
HDHP	\$23.0	\$27.2	\$0.0	\$27.2	\$4.2	18.2%
<b>Total</b>	<b>\$254.4</b>	<b>\$292.9</b>	<b>\$0.0</b>	<b>\$292.9</b>	<b>\$38.5</b>	<b>15.1%</b>
<b>Grand Total</b>	<b>\$1,750.7</b>	<b>\$1,966.2</b>	<b>(\$49.2)</b>	<b>\$1,916.9</b>	<b>\$166.2</b>	<b>9.5%</b>

^ Totals may not reconcile due to rounding

\* Medicare includes Family 1 contracts



## 2024 Premium Rates – With Option 4 Reserve Draw

- State draws down the reserve \$65.5 million in 2024 to reduce the overall increase from 11.8% to 7.5% - leaving no balance in 2025
- Local draws down the reserve \$12.5 million in 2024 to reduce the overall increase from 15.1% to 10.2% - leaving no balance in 2025
- Aggregate increase after buy-down is 7.9%

	2023 Inforce (Post BD)	2024 Premium (Pre BD)	2024 Buydown	2024 Premium (Post BD)	\$ Change	% Change
<b>State (in Millions)</b>						
Non-Medicare, Non-Grad	\$1,069.9	\$1,184.7	(\$39.3)	\$1,145.4	\$75.5	7.1%
Medicare*	\$147.0	\$180.2	(\$16.8)	\$163.4	\$16.4	11.1%
Grad Assistants	\$64.8	\$71.0	(\$1.6)	\$69.4	\$4.6	7.1%
HDHP	\$214.6	\$237.4	(\$7.7)	\$229.6	\$15.0	7.0%
<b>Total</b>	<b>\$1,496.3</b>	<b>\$1,673.3</b>	<b>(\$65.5)</b>	<b>\$1,607.8</b>	<b>\$111.5</b>	<b>7.5%</b>
<b>Local Option 4 (in Millions)</b>						
Non-Medicare, Non-Grad	\$223.5	\$256.7	(\$10.4)	\$246.2	\$22.7	10.2%
Medicare*	\$7.9	\$9.0	(\$1.0)	\$8.0	\$0.1	1.2%
HDHP	\$23.0	\$27.2	(\$1.0)	\$26.1	\$3.1	13.7%
<b>Total</b>	<b>\$254.4</b>	<b>\$292.9</b>	<b>(\$12.5)</b>	<b>\$280.4</b>	<b>\$26.0</b>	<b>10.2%</b>
<b>Grand Total</b>	<b>\$1,750.7</b>	<b>\$1,966.2</b>	<b>(\$78.0)</b>	<b>\$1,888.2</b>	<b>\$137.5</b>	<b>7.9%</b>

^ Totals may not reconcile due to rounding

\* Medicare includes Family 1 contracts

# Questions & Discussion

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★ Segal Consulting

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**Zachary Vieira**  
Senior Actuarial Associate  
ZVieira@segalco.com

*Thank you!*



# Action Needed

- ETF recommends the Board approve recommended health, pharmacy, and dental rates presented by Segal for plan year 2024.
- ETF requests Board approval to make any additional, minor adjustments to the health plan service areas as they are finalized.
- ETF also recommends the Board approve State premiums under Option 1 and Local premiums without use of reserves.



**Questions?**

# BREAK

The Board is on a short break. Audio and visual feed will resume upon the Board's return.



# Pre-Tax Savings Programs Audit Update and Contract Extension Negotiation Status

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 Audit Findings

Reporting

ERA and CB  
Claims  
Substantiation

Contribution  
Limits and HSA  
Eligibility

Quarterly  
Performance  
Standards  
Reporting

Performance  
Standards  
Penalties

Secure File  
Transfer  
Protocol Access



# Audit Action Items Update

Findings	Action(s) to Be Taken	Completed	In-Progress
(1) Reporting	4	3	1
(2) ERA and CB Claims Substantiation	5	5	0
(3) Contribution Limits and HSA Eligibility	3	1	2
(4) Quarterly Performance Standards Reporting	3	1	2
(5) Performance Standards Penalties	1	0	1
(6) Secure File Transfer Protocol Access	4	4	0
<b>TOTAL</b>	<b>20</b>	<b>14</b>	<b>6</b>

# Plan Finalization Report and Business Debt Report

## Audit Finding #1

- Reporting

## Controls

- A secondary review of the reports was completed by Optum's internal staff
- Preliminary discrepancies were resolved with the employers prior to distributing the reports
- Optum added communications to their call center to improve ETF's member experience

# Claims Substantiation

## Audit Finding #2

- ERA and CB Claims Substantiation

## Controls

- Optum reviewed its internal training for claims adjudicators for processing and auditing claims based on potential risks
- Claims are being evaluated, approved, and processed correctly and in compliance with IRS regulations
- Training curriculum includes related examples

# Conclusion

- Audit continues to be on track
- Remaining six action items expected to be completed by the end of the 2023 plan year

# Contract Extension Status

Board approved the final two-year extension of Optum's contract for the 2024-2025 plan years

ETF and Optum are in the process of amending the contracts to include audit recommendations

Delay in Optum's response time to the audits and disagreements over contract amendment terms

ETF expects to have the contract amendments signed before the end of August 2023 (dependent on ongoing negotiations)

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?**

# Group Life Insurance Program Annual Report



## Item 6 – Group Insurance Board

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

Susan Munson- Regal, Vice-President and Actuary of Group Insurance  
Hans Larsen, Actuarial senior Consultant  
Securian Financial





# Action Needed

- ETF requests the Board accept the 2022 Securian Financial Experience Reports.
- ETF requests the Board approve a premium reduction for the state Spouse and Dependent coverage from \$2.26 to \$2.10 per unit, effective April 1, 2024.



# State Plan Highlights

## 2022 Highlights

- 86,088 covered lives.
- Total life insurance coverage in force is \$13.1 billion.
- Claims for employees higher than targeted but within normal volatility.
- Claims on Spouse and Dependent lower than targeted.
- 5% employee premium increase.
- Asset reserve of 88.5%.

# State Plan Premiums

In 2019, the Board approved a 5% annual premium increase through April 1, 2028.

Recommendation to reduce Spouse and Dependent premium from \$2.26 to \$2.10 per unit effective April 1, 2024.

# Local Plan Highlights

## 2022 Highlights

- 125,281 covered lives.
- 755 local governments employer participating.
- Total life insurance coverage in force is \$13.5 billion.
- Claims for employee coverage lower than targeted.
- Claims on Spouse and Dependent coverage higher than targeted.
- Asset reserve of 105.8%.

# Local Plan Premiums

No recommended premium action for active employees.

No premium change to Spouse and Dependent premiums.

# COVID-19 Impact

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

In 2022 there were 78 claims due to COVID — 19 with over \$2.7 million paid in claims.

Continue to see a decrease in COVID — 19 claims.

# Performance Guarantees


## 2022 Annual Performance Standards

- 35,523 transactions subject to performance standards.
- Overall performance success rate of 99.74%.
- Met or exceeded 8 of 9 standards.
- Achieved a 95% satisfaction score on biennial employer survey.

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?**



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 features numerous arched windows and classical 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 16<sup>th</sup>, 2023



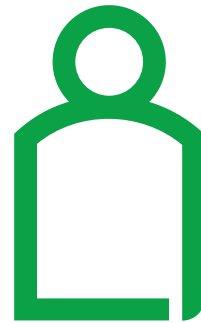


# Group Life Insurance Program

State Plan and Local Government Plan Components



**Active  
Employees**



**Retirees**



**Spouse &  
Dependents**



# 2022 Policy Year Report Highlights

## State Plan

### Employees

- 2022 Claims higher than expected, but within normal volatility
- Recent three years' mortality experience higher than expected, driven by COVID in 2020 and 2021

### Spouse & Dependent

- 2022 Claims lower than expected
- Recent three years' experience lower than expected
- Recommend rate reduction to draw down reserve

### Aviation AD Benefit

- Work-related accidental deaths
- No claims in 2022



# 2022 Policy Year Report Highlights

## State Plan

### Plan Growth

- Insurance in force increased 2.5% to \$13.1 billion
- More than 86,000 active and retired insured lives

### Other Benefits

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

### Reserve Funds

- Funding of future benefits is at 88.5%
- Earned 2.74%
- Incorporates schedule of future premium rate increases approved in 2019

# ❁ Report to the Group Insurance Board

## State Plan



### Employee Life Insurance

#### Recommendation:

- No change to previously approved premium increase schedule
- Premium rates will increase according to schedule approved in 2019
  - Premium increases were implemented in order to maintain post-retirement benefit funding

# ❁ Report to the Group Insurance Board

## State Plan

### Spouse and Dependents



#### Recommendation:

- Recommend a premium rate reduction from \$2.26 to \$2.10 per unit
- Allows for gradual draw down of the stabilization reserve



# 2022 Policy Year Report Highlights

## Local Government Plan

### Employees

- 2022 Claims lower than expected
- Recent three years' experience better than expected despite COVID-19

### Spouse & Dependents

- 2022 Claims slightly lower than expected
- Recent three years' experience higher than expected
- Pricing anticipates using reserves to cover excess claims



# 2022 Policy Year Report Highlights

## Local Government Plan

### Plan Growth

- 755 local governments participate
- Insurance in force increased by 1% to \$13.5 Billion
- More than 124,000 active and retired insured lives

### Other Benefits

- Conversion of post-retirement life insurance
- Pay health insurance premiums
- 1 participant utilized

### Reserve Funds

- Funding of future benefits is at 105.8%
- Earned 2.74%
- Rate hold horizon shortened from 2032 to 2025

# Report to the Group Insurance Board

## Local Government Plan

### Employee Life Insurance

#### Recommendation:

- No change to premium rates in 2024
- Prudent to hold premium rates at current levels, consistent with valuation assumption





# Report to the Group Insurance Board

## Local Government Plan



### Spouse and Dependents

#### Recommendation:

- No change to premium rates in 2024
- Premium rates are set to gradually draw down the stabilization reserve



# Rate Changes for 2024



## State Plan

- Continue the employee premium rate increase scheduled approved in 2019
- Decrease the Spouse & Dependent rate from \$2.26 to \$2.10 per unit

## Local Plan

- No premium rate changes for 2024



**Questions?**



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**Securian Financial Group, Inc.**

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# Action Needed

- ETF requests the Board accept the 2022 Securian Financial Experience Reports.
- ETF requests the Board approve a premium reduction for the state Spouse and Dependent coverage from \$2.26 to \$2.10 per unit, effective April 1, 2024.

# Uniform Dental Program Experience Report

## Item 7 – Group Insurance Board

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

Kevin Kropp, Director Actuarial and Analytics  
Megan Wohlfeil, Account Manager  
Delta Dental



# Informational Item

- No Board action is requested

# Delta Presenters

Kevin Kropp, Director Actuarial and Analytics

Megan Wohlfeil, Account Manager





# State of Wisconsin Uniform Dental Benefit

Group Insurance Board  
August 16, 2023

# AGENDA

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- Delta Dental Overview
- Plan Design Review
- Demographics & Utilization
- Oral Health & Wellness

# Delta Dental Company Values



Customer Focus

Excellence in Execution

Engagement and Empowerment

Forward Thinking

Champions of Oral Health

Integrity

# Plan Design Review

Benefit Plan Design	Delta Dental PPO™	Delta Dental Premier™	Non-Contracted Dentist
Individual Annual Maximum	\$1,000	\$1,000	\$0
Deductible	\$0	\$0	\$0
Diagnostic & Preventive Services Exams, Cleanings, Fluoride Treatments, X-rays, Sealants	100%	100%	0%
Basic Restorative Services Fillings, Periodontal Maintenance	100%	100%	0%
Extractions - nonsurgical	90%	90%	0%
Orthodontic Services Up to age 19	50% \$1,500 Lifetime Max	50% \$1,500 Lifetime Max	0%
Additional Features	EBICP		-

\*Deductible applies.

Refer to the Summary Plan Description (SPD) for any limitations or exclusions that may apply. Complete benefit information can be found in the SPD. If there are any discrepancies between information found here and the contract, the contract shall govern.

# UDB CHANGES

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## 2021:

No changes except deductible waiver on supplemental dental & wellness program credit for preventive dental

## 2022:

Add white posterior fillings

## 2023 & 2024:

No changes

# Demographics & Utilization

# CLAIMS BY COVERAGE CATEGORY

Category	2022		2021	
	Amount Paid	Amt Paid PMPM	Amount Paid	Amt Paid PMPM
Diagnostic	\$21,161,023	\$8.66	\$21,101,650	\$8.61
Preventive	\$18,445,856	\$7.55	\$18,358,223	\$7.49
Routine Fillings	\$11,901,927	\$4.87	\$10,448,310	\$4.26
Oral Surgery	\$1,816,046	\$0.74	\$1,943,872	\$0.79
Root Canals	\$1,175	\$0.00	\$1,870	\$0.00
Gum Disease Treatment	\$2,883,075	\$1.18	\$2,688,614	\$1.10
Crowns/Onlays	\$138	\$0.00	\$0	\$0.00
Bridges & Dentures	\$0	\$0.00	\$0	\$0.00
Orthodontics	\$2,771,198	\$1.13	\$2,972,426	\$1.21
<b>Total</b>	<b>\$58,980,439</b>	<b>\$24.14</b>	<b>\$57,514,964</b>	<b>\$23.46</b>



# CLAIMS UTILIZATION & NORMATIVE DATA

Metric	2022	2021	Delta Dental Normative Data
Primary Subscribers	94,406	94,352	
Member utilization rate (treatments)	5.1	5.1	4.6
Member utilization rate (visits)	1.9	1.9	1.8
Percent of members with claims	75.3%	74.3%	70%
% Members/Annual Max	3.6%	2.9%	3.0%

# FILLING UTILIZATION

Filling Category	% of Total Fillings 2021	% of Total Fillings 2022
Posterior Composite Fillings	69.3%	71.4%
Posterior Amalgam Fillings	6.9%	4.8%
Anterior Composite Fillings	23.8%	23.8%

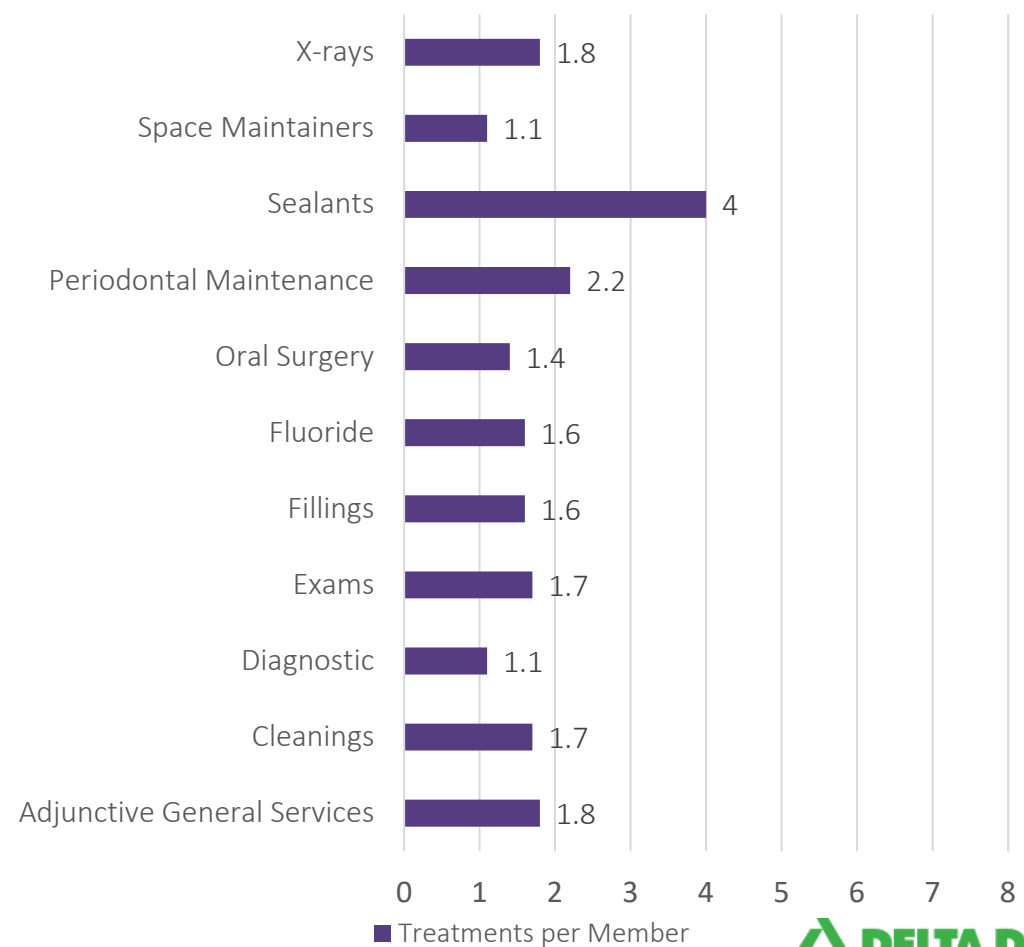
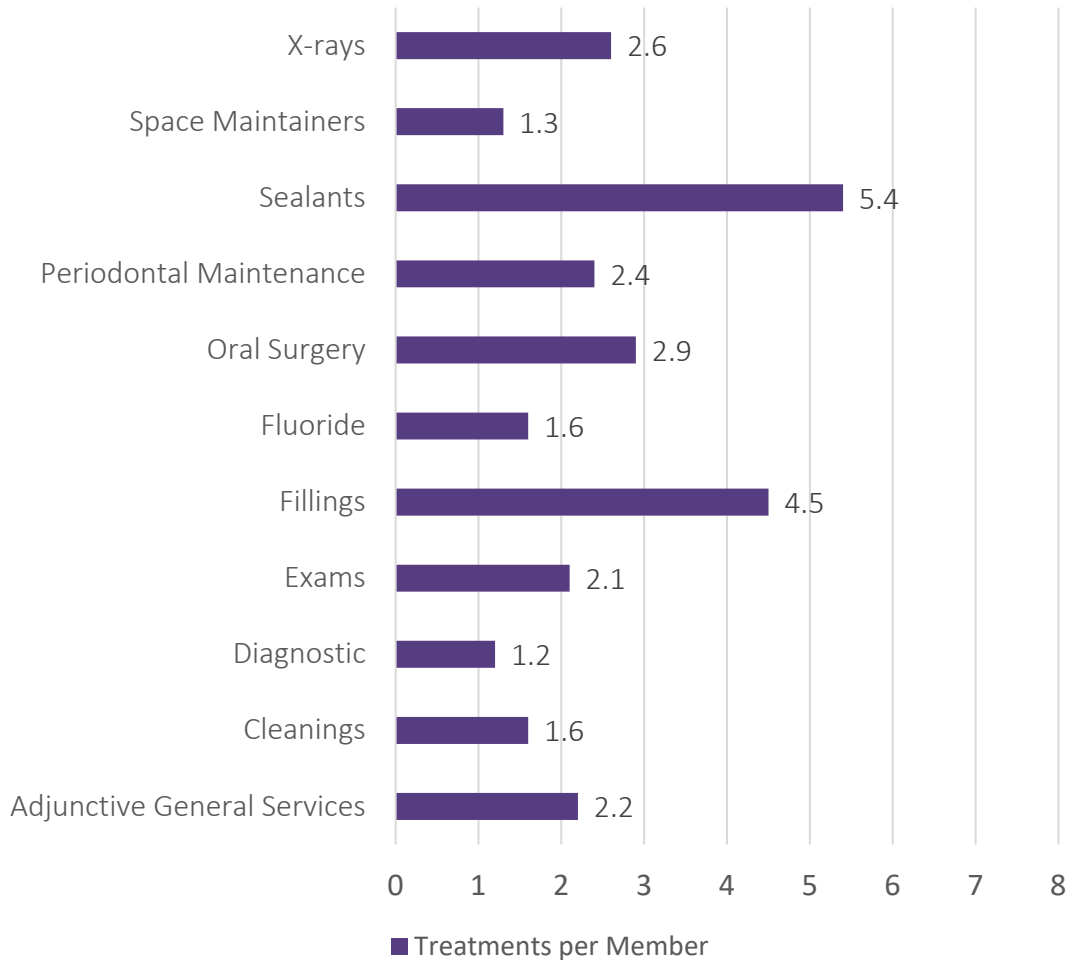
# 2022 UTILIZATION BASED ON MAXIMUM MET

Number of members with maximum met

5,074

Number of members with maximum not met

134,306



# NETWORK UTILIZATION

<b>Delta Dental Network</b>	<b>2021 Percent of Services</b>	<b>2022 Percent of Services</b>
Delta Dental PPO	69.5%	69.6%
Delta Dental Premier	30.1%	30.0%
Non-Network	0.4%	0.4%

*Includes all services*

# Oral Health & Wellness

# THE IMPORTANCE OF A HEALTHY SMILE



More than **90%**  
of all **systemic diseases**  
are linked to oral health



Tooth decay is the single  
**MOST COMMON**  
chronic childhood disease



The mouth can be an  
important early-warning  
detection for more than  
**120 diseases**  
& conditions



An untreated cavity can  
**cost you more than**  
**\$2,000**  
over the course of your life



# Evidence-Based Integrated Care Plan (EBICP)

Condition	Additional Cleaning(s)	Topical Fluoride
Cancer-related Treatments	✓	✓
Weakened Immune Systems	✓	✓
Gum Disease	✓	✓
High-risk Cardiac Conditions	✓	
Kidney Disease	✓	
Diabetes	✓	
Pregnancy	✓	

# EBICP – 2022 UTILIZATION

Conditions	Members signed up for EBICP	More than two cleanings in period	Fluoride applications beyond the age limitation
Gum Disease	20,986	5,985	4,443
Diabetes	903	326	-
Pregnancy	232	13	-
High-Risk Cardiac Conditions	98	34	-
Weakened Immune System	185	60	50
Kidney Disease	25	7	-
Cancer Related Chemotherapy and/or Radiation	193	49	76
<b>Total</b>	<b>22,622</b>	<b>6,474</b>	<b>4,569</b>

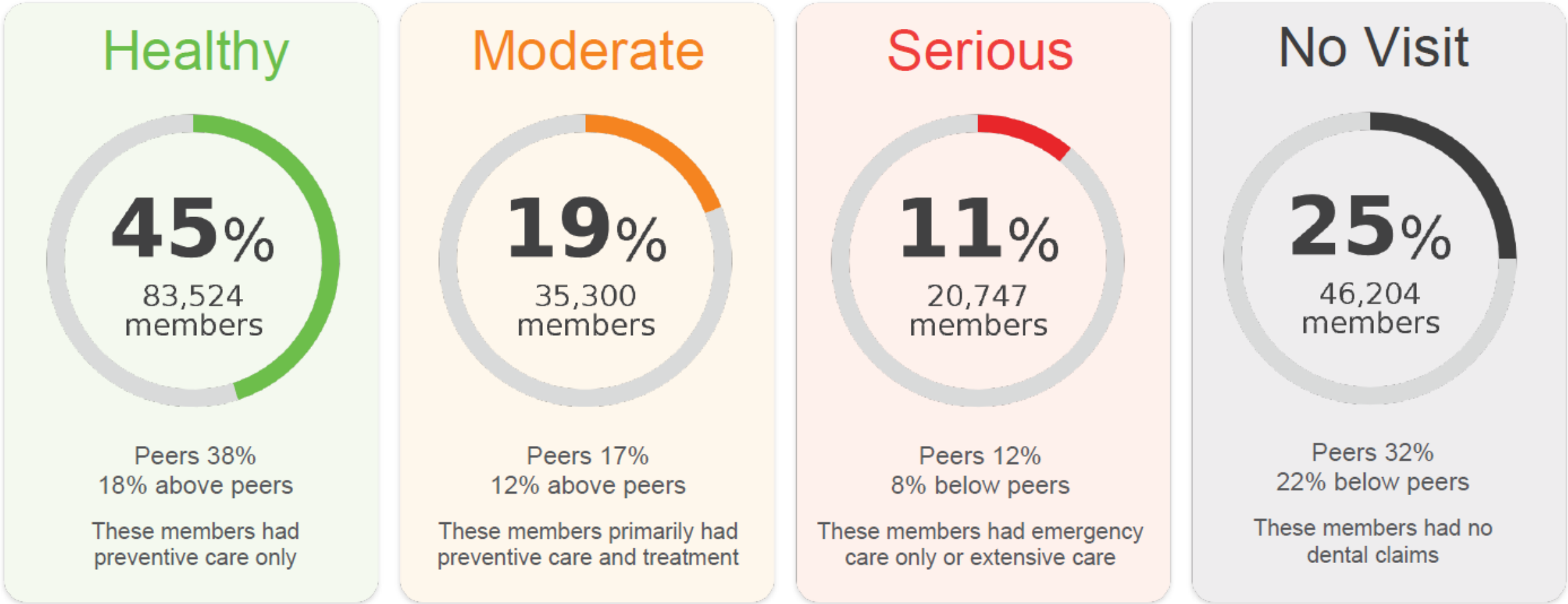
Total members in group as of 12/31/2022 is 203,901



# SUPPLEMENTAL DEDUCTIBLE WAIVER UTILIZATION

Plan	2022			
	Number of Members Eligible for Waived Deductible	Amount of Deductible Eligible to be Waived	Number of Members with Deductibles Waived on 2022 Claims	Deductible Savings on 2022 Claims
Select Plan	13,171	\$1,340,600	1,611	\$163,300
Select Plus Plan	50,365	\$1,282,625	10,503	\$267,075
<b>Total</b>	63,536	\$2,623,225	12,114	\$430,375

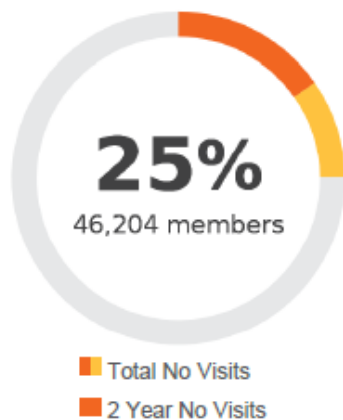
# GOOD ORAL HEALTH PROFILE



\*Peers are 71 groups similar to ETF, nationwide:

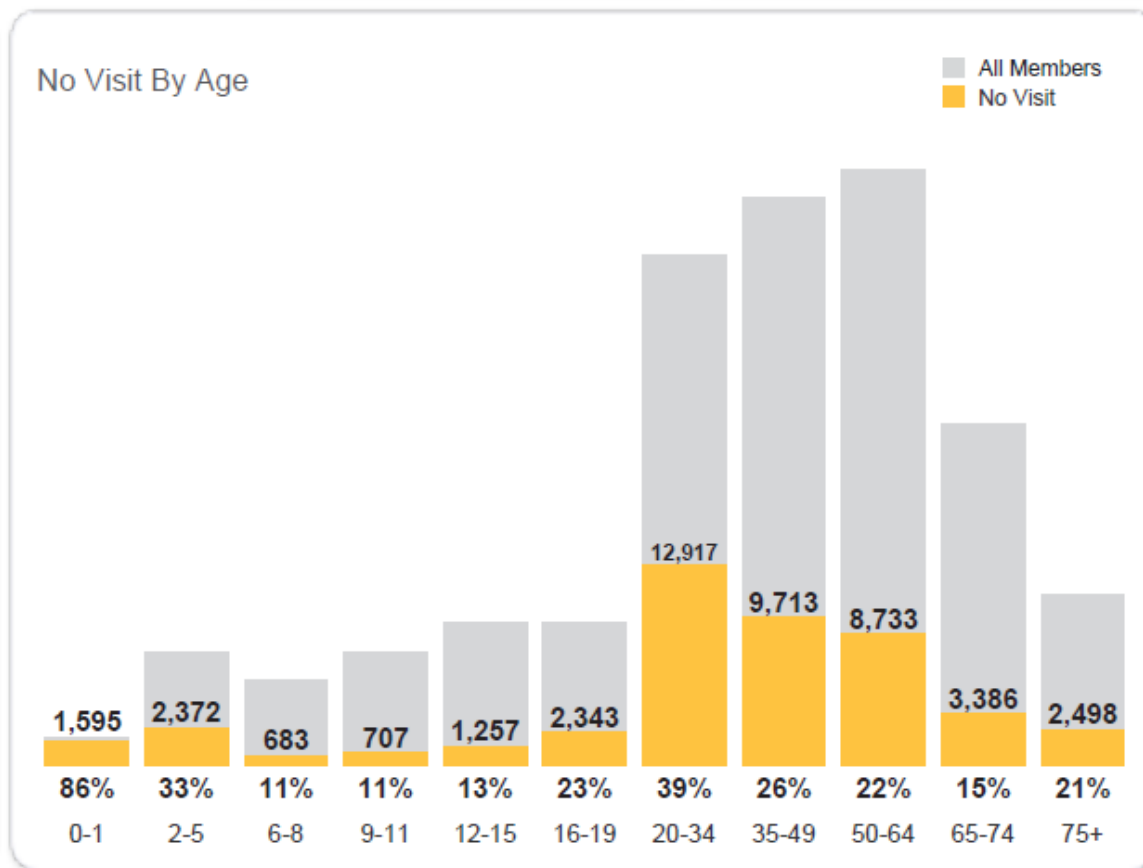
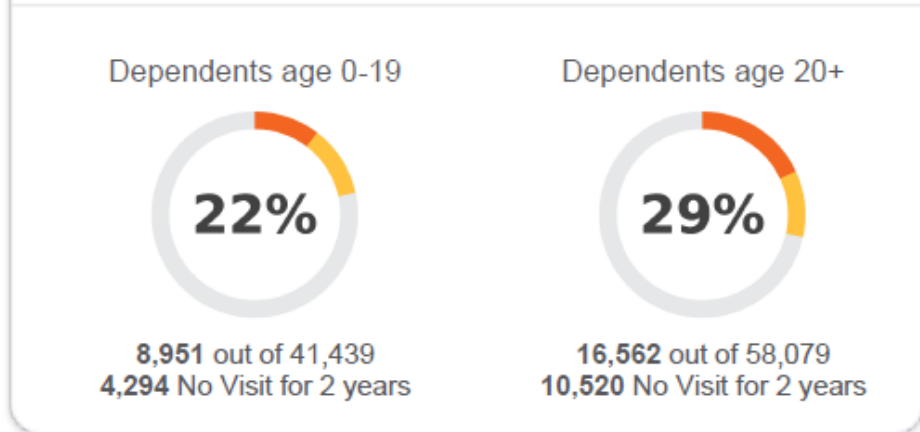
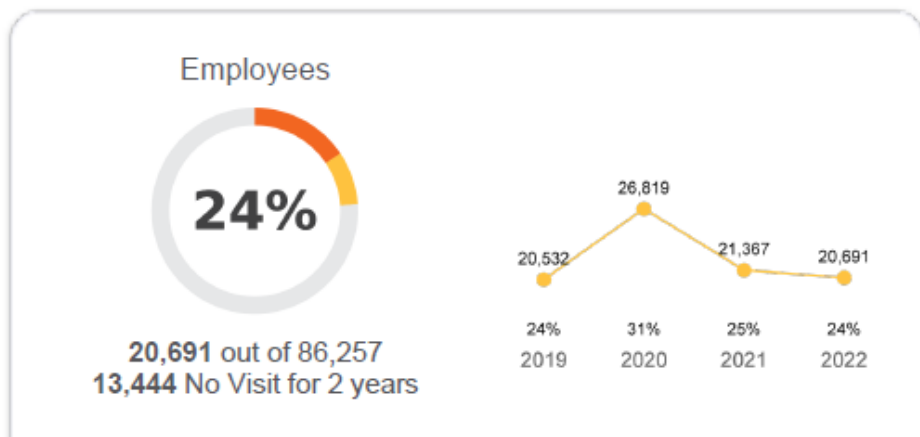
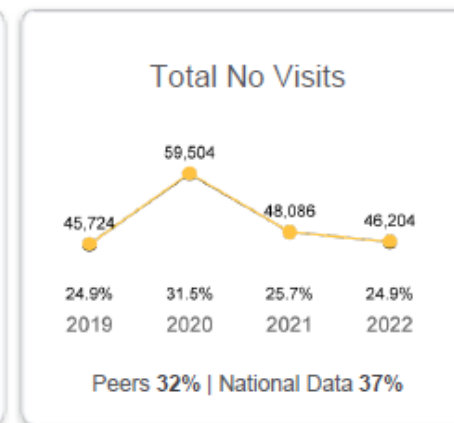
- Executive, Legislative, and Other General Government Support
- 2500+ members

# No Visit Members



**28,258** members have not seen a dentist for two years and may be at increased risk

- **13,444** are employees
- **23,963** are adults
- **4,295** are children



# ORAL-HEALTH RISK ASSESSMENT

- Helps assess personal risk of dental disease
- Makes suggestions to correct existing problems and prevent future disease



# TELEDENTISTRY COVERAGE

- Members can access services through their provider or virtual visits delivered by Teledentistry.com
- Teledentistry can help members:
  - With dental emergencies that want to avoid the ER or don't have an established provider
  - Consult with a provider without leaving home or when traveling
  - Access a provider 24/7 and 365 days a year
- Learn more and FAQ available at [www.deltadentalwi.com/teledentistry](http://www.deltadentalwi.com/teledentistry)



**DELTA DENTAL**

## Teledentistry Options For You

**Covering you 24/7, 365 days a year**

Dental emergencies don't always happen between the hours of 8 a.m. - 5 p.m. That's why Delta Dental of Wisconsin members have access to 24/7 dental care whenever and wherever they are.<sup>1,2,3</sup> We want to make sure you're aware of additional ways to access care and use your benefits.

Your provider may already offer teledentistry appointments after hours, or you can also access Delta Dental virtual visits delivered by **Teledentistry.com**. Use a virtual visit when your provider is not available and you're:

- Having an after-hour dental issue
- Traveling and need dental assistance
- Facing a dental emergency but don't have a regular provider to call, or want to avoid using the ER

Delta Dental virtual visits are considered an in-network service.<sup>1,2</sup> In addition to your consult, a **Teledentistry.com** provider can write a prescription,<sup>3</sup> and refer an in-network provider if you don't have one.

View your dental plan coverage for teledentistry (a teledentistry billing code for reference is D0140), by logging in to our member portal at [deltadentalwi.com](http://deltadentalwi.com) and visiting the Plan Features, Benefit Coverage & Limitations page found under the Coverage & Costs tab. If you have trouble finding the page, chat online with one of our live agents Monday - Friday, 7:30 a.m. - 5 p.m. CST.

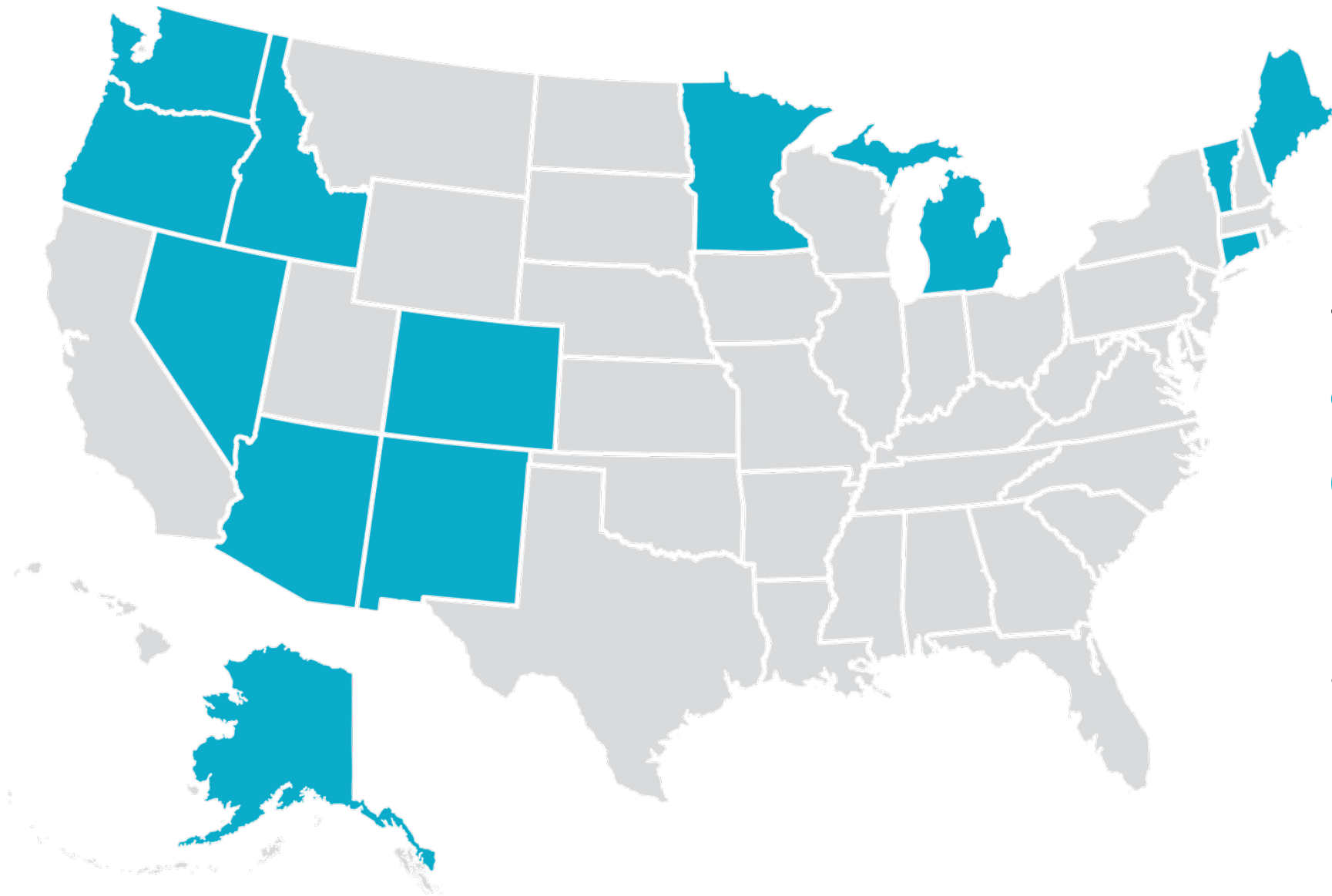
Learn more about accessing teledentistry services by visiting [deltadentalwi.com/teledentistry](http://deltadentalwi.com/teledentistry).

<sup>1</sup>Delta Dental virtual visits are only available to Delta Dental of Wisconsin members whose plans include coverage for oral exams  
<sup>2</sup>This service supplements your current plan coverage and should be used after business hours, holidays and weekends, or when your regular dentist is unavailable. A virtual visit delivered by Teledentistry.com is counted as a problem-focused examination (D0140) under your plan and does not count as one of your regular preventive oral exams.  
<sup>3</sup>E-prescriptions are not available internationally.

Connect With Us

[f](#) [t](#) [v](#) [in](#) [r](#)

[deltadentalwi.com](http://deltadentalwi.com)  
SS331-2305



States that have **authorized dental therapy** in some or all settings

Source: <https://www.dentaltherapy.org/about/about-dental-therapy>





## Underserved Populations

Not only do we have the strongest national networks, but we are also doing our part to ensure ongoing access into the future, especially in rural communities.

Delta Dental is **trusted by more employers** than any other dental benefits provider and is **committed to the oral health and whole-body wellness** of your employees.

Thank you for partnering with us.





Thank You

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**Questions?**

# 2022 Well Wisconsin Experience Report

## Item 8 – Group Insurance Board

Molly Dunks, Disease Management & Wellness Program Manager  
Office of Strategic Health Policy

Emily Rosetter, Director of Strategic Accounts  
WebMD Health Services



# Informational item only

- No Board action is required.

WELL WISCONSIN PROGRAM

# State of WI August GIB Meeting

## 2022 Program Highlights

August 16, 2023





# Agenda

- Welcome and Introductions
- 2022 Overview & Highlights
- Value Demonstration
  - Risk Prevalence
  - Comparison Data
  - Health Coaching
- 2023 Focus Areas

## WEBMD MISSION STATEMENT

At WebMD, we enable people to live better lives by empowering decisions and actions that improve well-being and health outcomes.

STATE OF WISCONSIN

# 2022 Overview & Highlights

# 2022 Metrics | Overview

151,712\*



Eligible Participants

94,061 (62%)



Active Registered Participants

53,531 (35%)



Health Assessment Completers

50,652 (33%)



Completed a Health Check

48,714 (32%)



Well-Being 1+ Activities

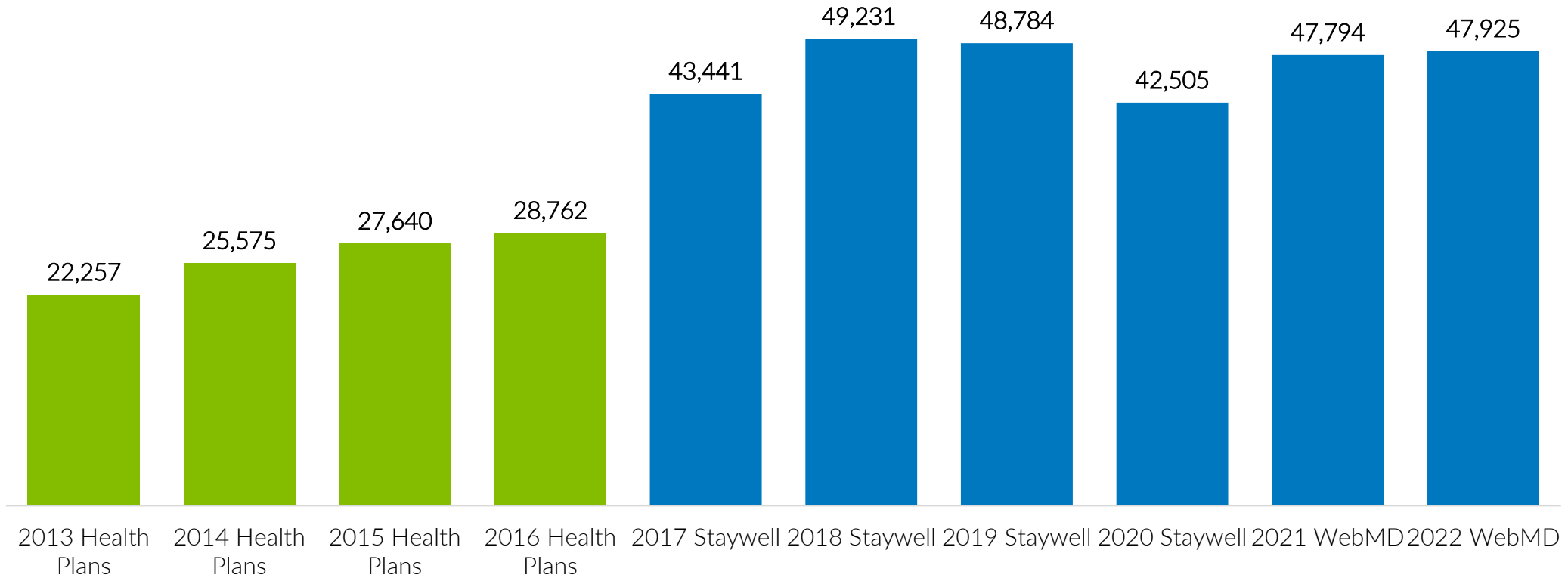
47,925 (32%)



Earned Incentive



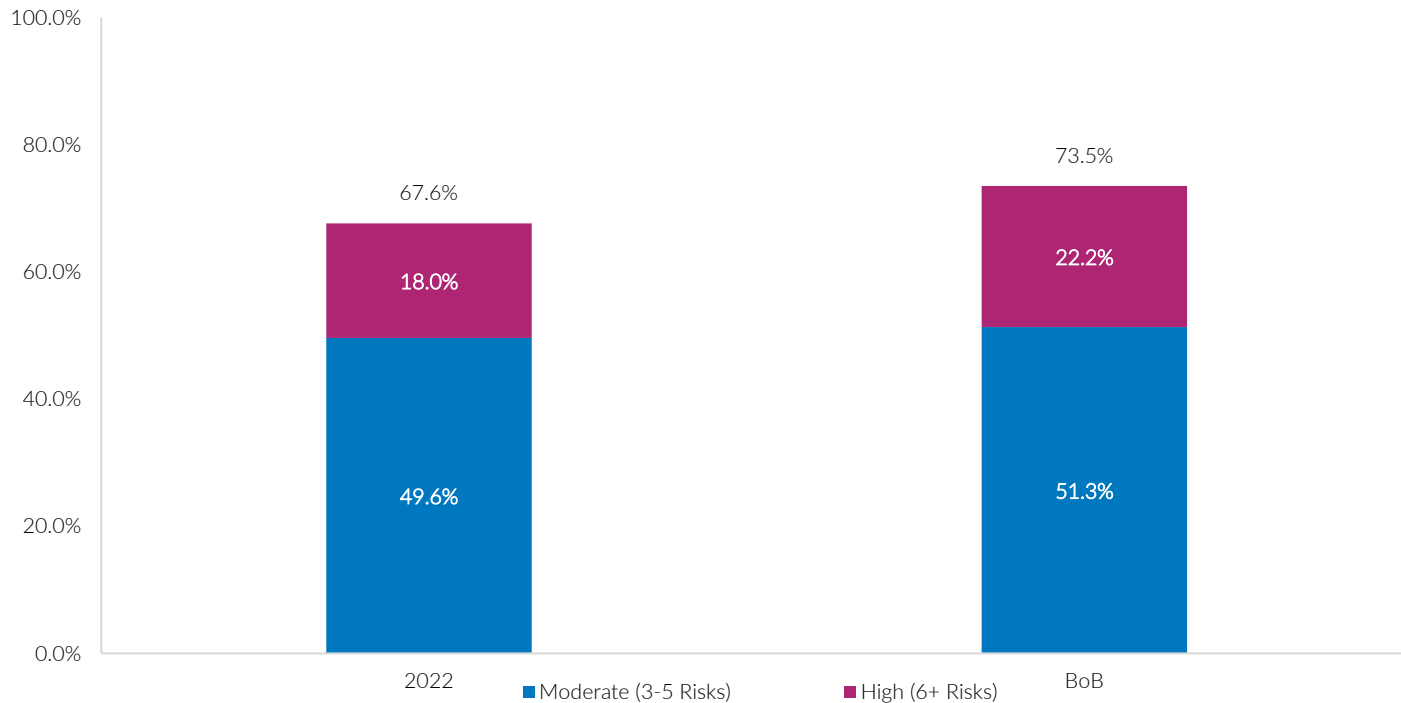
# 2022 Overall Incentive Participation



2023 ANNUAL REVIEW

# Employee Population Health

# Health Risk Stratification



Based on 13 clinical and modifiable health risks: Alcohol, Anxiety, Blood Pressure, Blood Sugar, Cholesterol, Depression, Exercise (high risk), Nutrition, Prevention, Sleep, Stress, Tobacco and Weight. Due to rounding, the sum of Moderate and High may not equal At Risk.

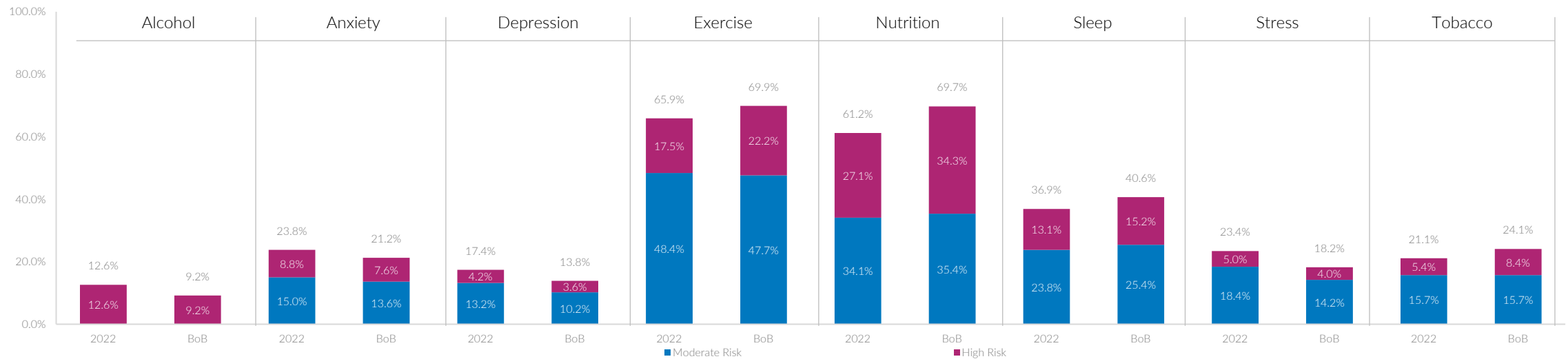
Data based on 34,755 employee health assessment completions.

The average risks per person is 3.63 compared to the BoB of 4.00.

67.6% of population is at risk (moderate or high-risk), which is lower than the BoB (73.5%)

# Modifiable Health Risk Prevalence

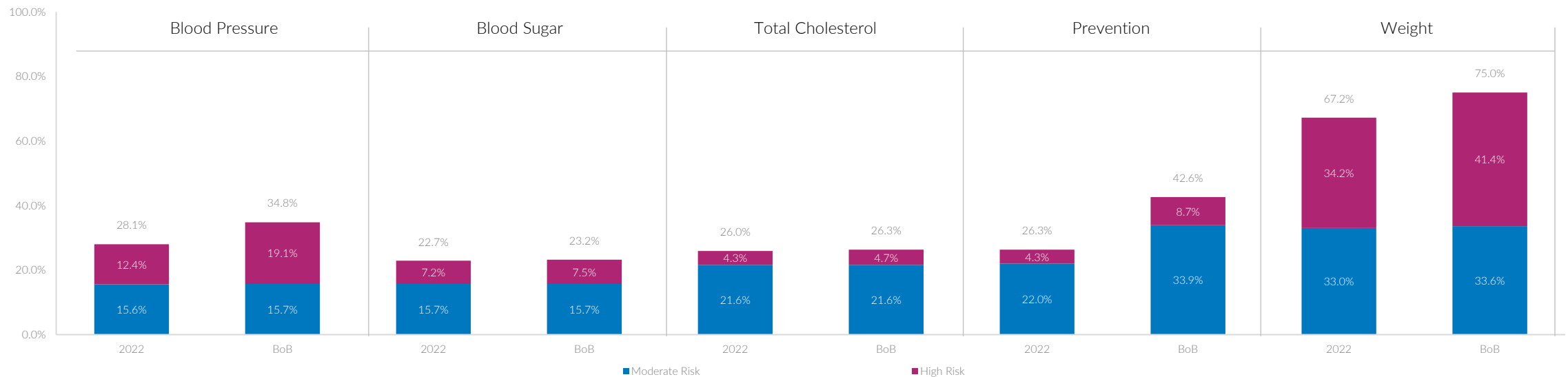
- Prevalence of modifiable risks was generally lower (better) than the book-of-business except for alcohol, anxiety, depression and stress.
- Opportunity to address these risk areas via mental health programs and resources.



Alcohol risk scoring has no moderate risk.

# Clinical Health Risk Prevalence

- Weight continues to be the highest risk area with 67.2% having a Body Mass Index  $\geq$  25.0.
- More than one third of those at-risk for weight have a Body Mass Index of  $\geq$  30.0



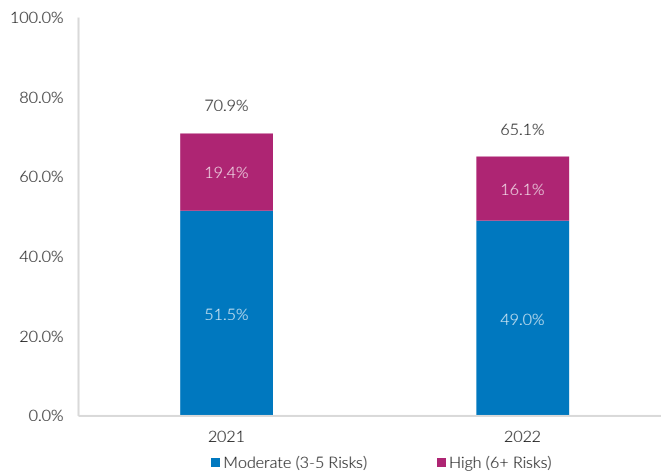
Based on values reported by HA completers or professionally sourced biometrics imported prior to HA completion; data restricted to users who reported a value or a range as indicated by the HA question.

2022 COMPARISON DATA

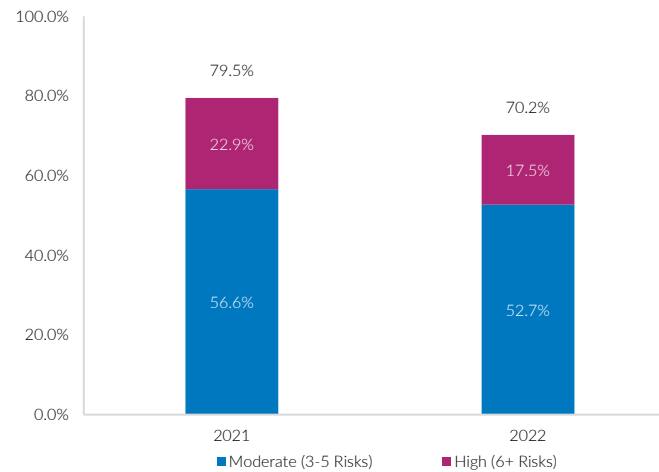
# Employee Program Impact (Cohort Change)

# Change in Overall Health Risk Stratification

HA Cohort (n=26,517)



Coaching Cohort (n=2,118)



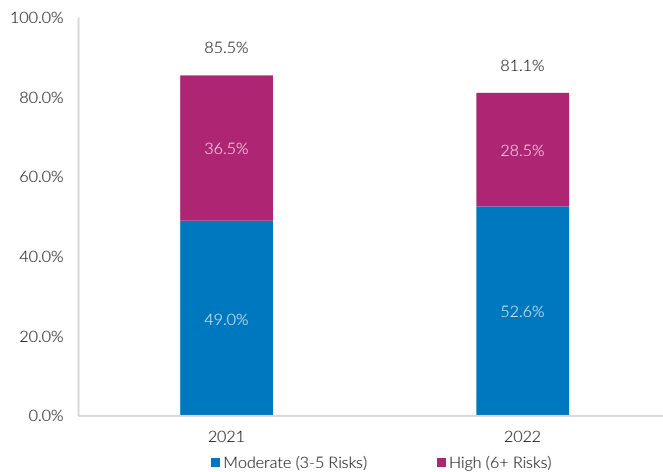
- Among the HA cohort, the average number of risks improved 7.4%, from 3.77 to 3.49.
- Coaching cohort has higher health risks, yet health status improved 10.4% (4.14 to 3.71 average risks).

Based on 13 clinical and modifiable health risks: Alcohol, Anxiety, Blood Pressure, Blood Sugar, Cholesterol, Depression, Exercise (high risk), Nutrition, Prevention, Sleep, Stress, Tobacco and Weight.

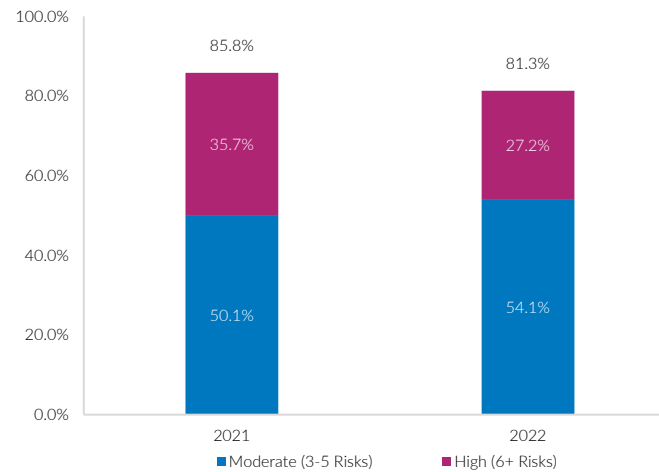
HA Cohort completed the ONE Assessment in each period shown. Coaching Cohort completed the ONE Assessment in each period shown and completed 3 or more moderate- or high-risk lifestyle coaching calls in the earliest period.

# Change in Overall Health Risk Stratification: CCM Program

CCM Cohort 1+ Call (n=977)



CCM Cohort 3+ Call (n=423)

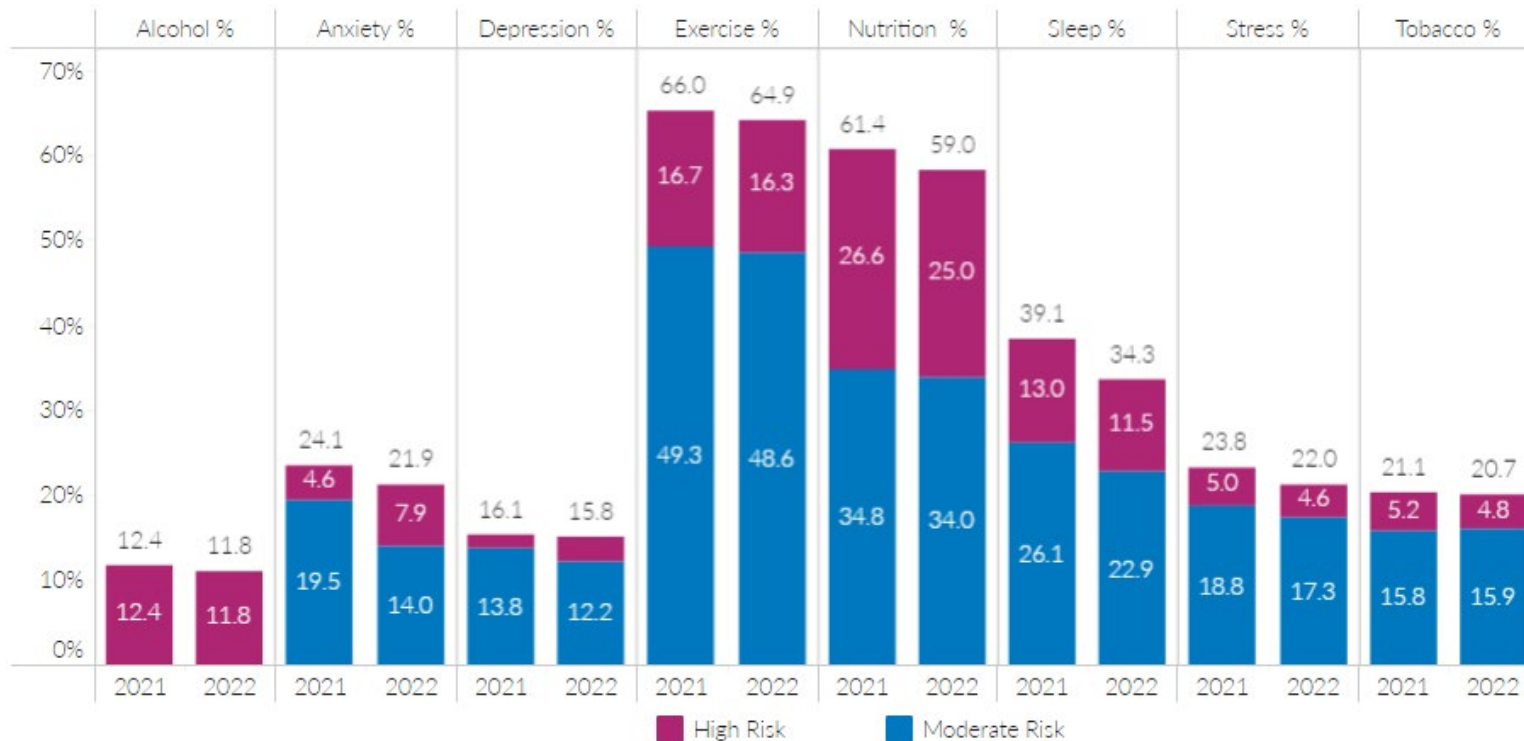


- Among the CCM cohort who completed 1+ calls; the average number of risks improved 9.0%, from 4.85 to 4.42.
- Among the CCM cohort who completed 3+ calls; the average number of risks improved 12.2%, from 4.87 to 4.27.



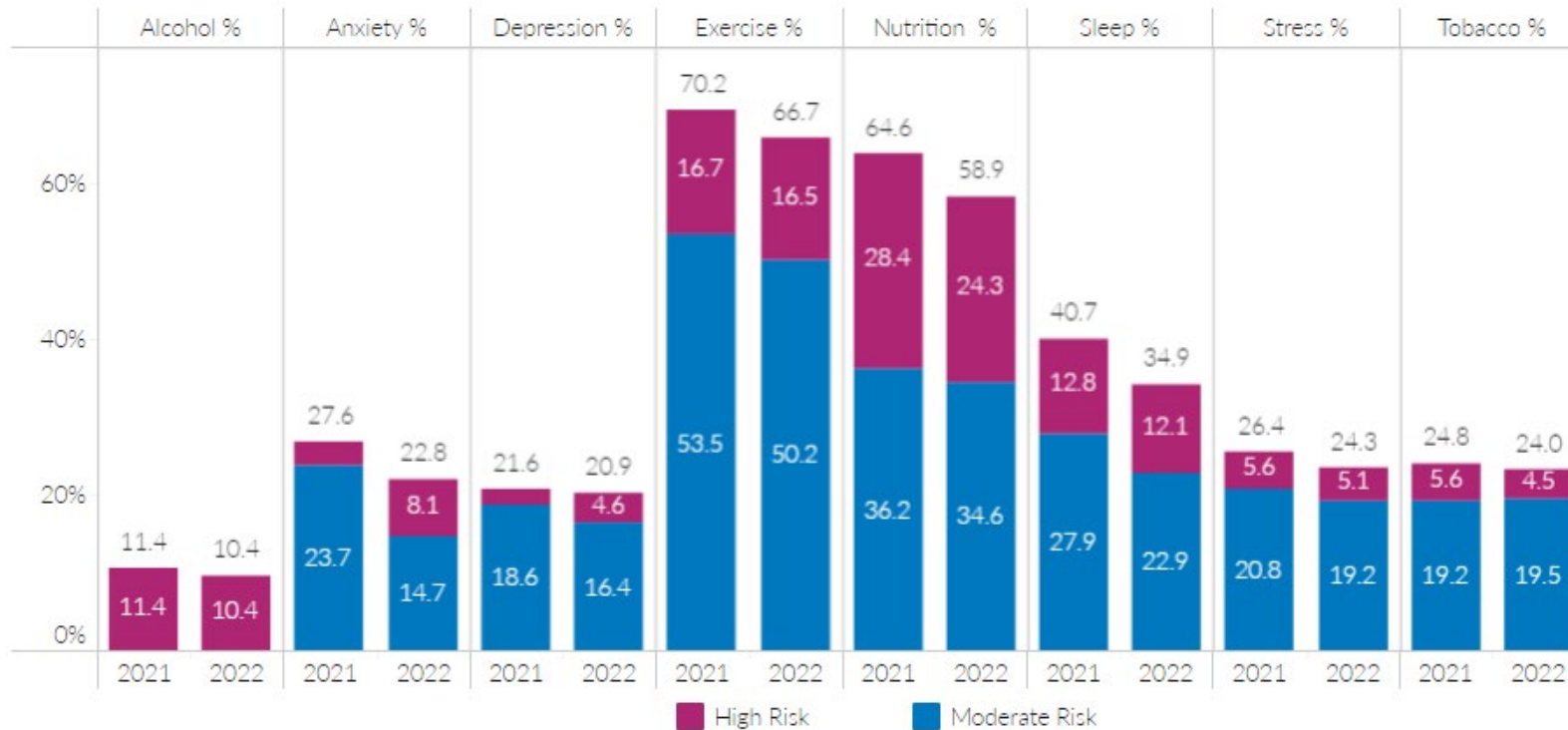
# Change in Modifiable Risk Prevalence

- Most risks – but particularly Exercise, Nutrition and Sleep – were higher in 2021 compared to 2022.
- Of those who completed the health assessment in both years saw the greatest improvement in risks within sleep and anxiety.



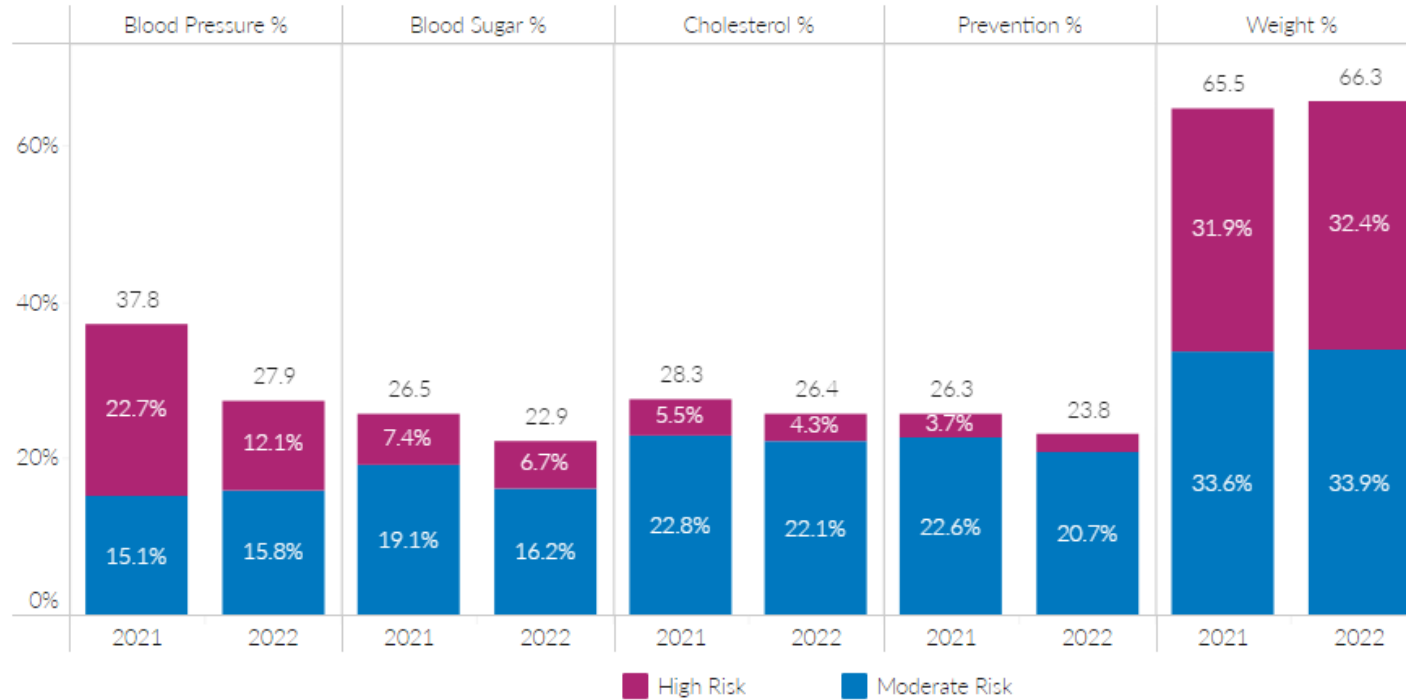
# Change in Modifiable Risk Prevalence

- Overall coaching cohort group had risk change in all risk areas, with the most improvements seen in sleep, nutrition, anxiety and exercise.



# Change in Clinical Risk Prevalence

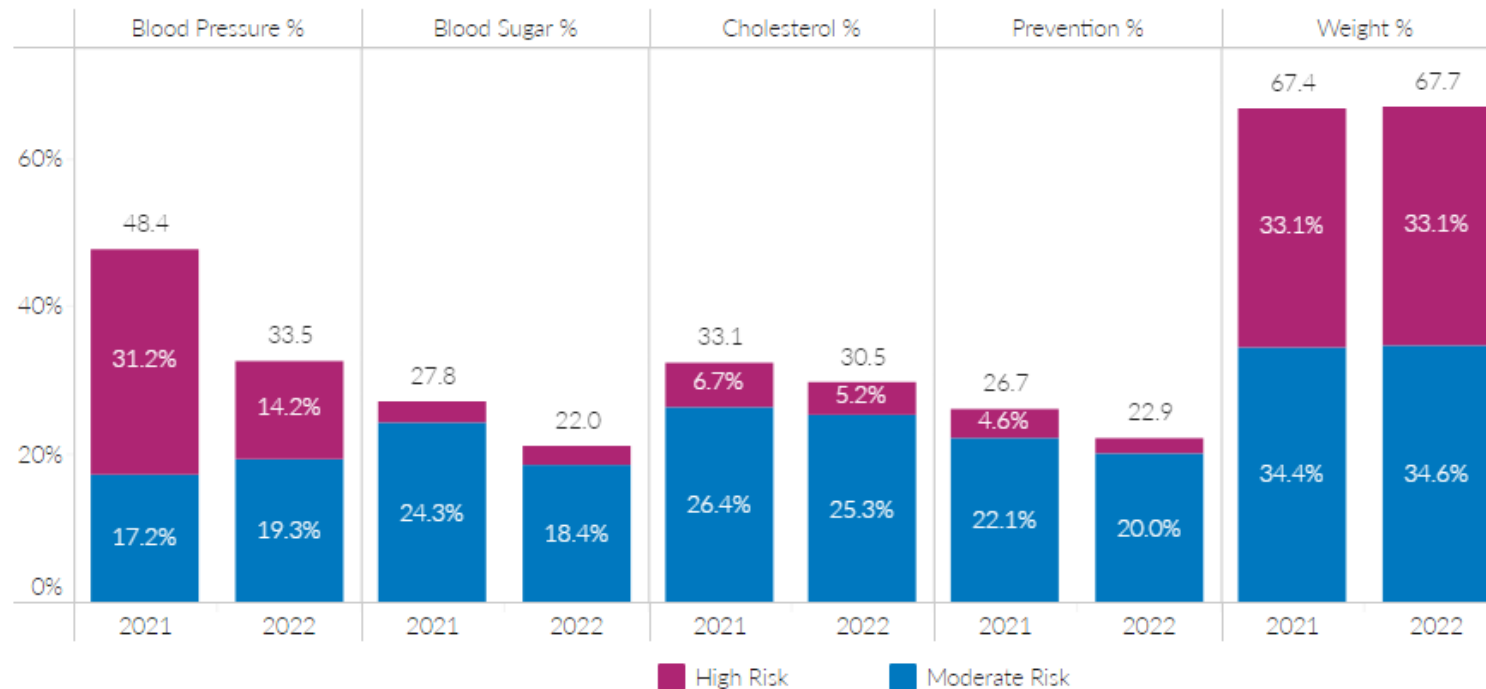
- Saw a slight increase in those at-risk for weight overall in the HA cohort group which is like what we have seen across our book-of-business.
- When comparing 2021, the greatest improvements in risk were seen with blood pressure and blood sugar.



Based on values reported by HA completers or professionally sourced biometrics imported prior to HA completion; data restricted to users who reported a value or a range as indicated by the HA question.

# Change in Clinical Risk Prevalence

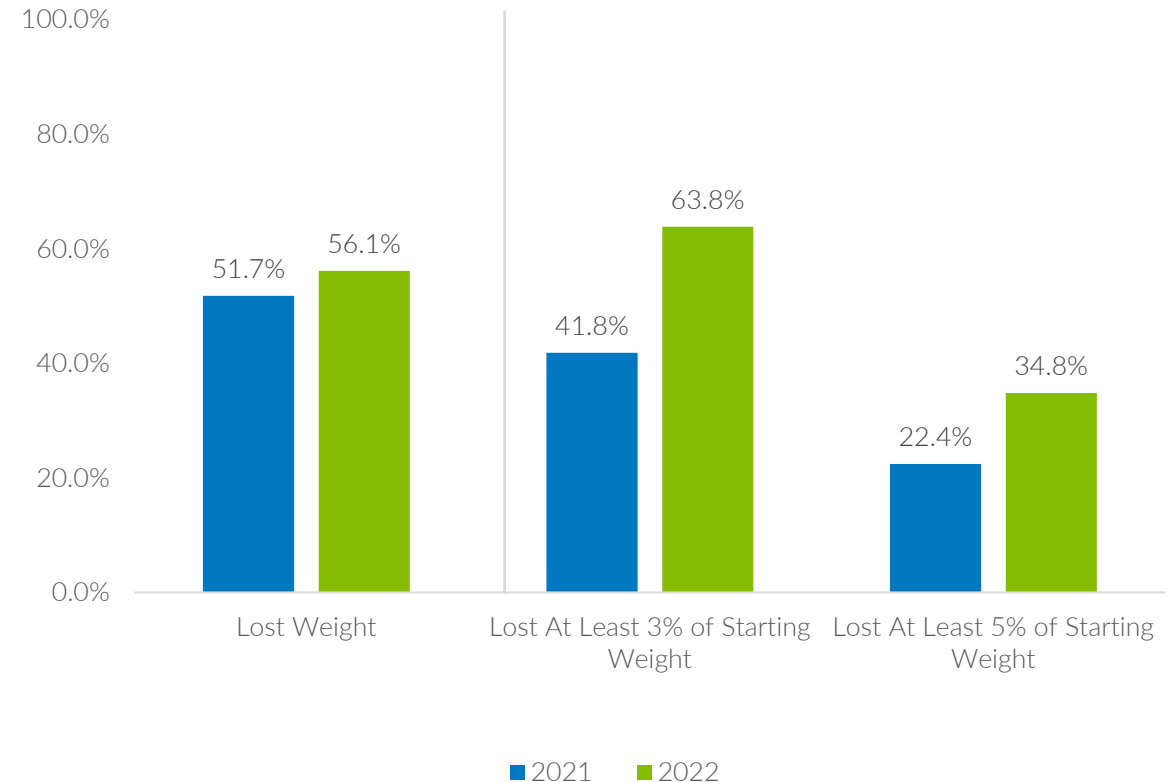
- For those who engaged with a health coach, risks maintained or decreased for moderate and high-risk with the biggest impact seen with blood pressure and blood sugar.



Based on values reported by HA completers or professionally sourced biometrics imported prior to HA completion; data restricted to users who reported a value or a range as indicated by the HA question.

# 2022 Positively Me Program Impact

- Among individuals who engaged in the Positively Me program, 56% lost weight.
- Average weight loss among individuals who lost weight was 13 pounds (average 3.8% of starting weight).
- Of those who lost weight, 64% lost at least 3% of their starting weight; 35% lost 5% or more of their starting weight.
- While 5% weight loss is typically considered “clinically significant”, research has shown that significant health benefits can be achieved in association with weight loss of 3%.



Source: WHS Positively Me Coaching Interim Risk Questionnaire. State of Wisconsin Program Years 2021 and 2022; Based on Positively Me participants who completed 2 or more sessions with a health coach and reported an improvement in specific behaviors. Restricted to participants who lost weight (n=134 in 2021 and n=123 in 2022).

# 2023 Focus Areas

# 2023 Focus

## Build Participation and Engagement in the Well-Being Program

- Continue to address the high weight risk by organizing and promoting all weight management resource options available to participants, including the DPP program and Positively Me.
- Implement a targeted approach in collaboration with Navitus to engage more asthmatic participants into the Chronic Condition Management Program.
- Planning to execute the Culture of Health survey for key locations/agencies.
- Work to spread the word on the Well WI program through engaging onsite events (e.g., raffles for small item giveaway items, etc.).
- Increase the number of participants who are utilizing the app. Current engagement is 2,481 unique users.
- Address the mental health risk by organizing and promoting all mental health resource options available to the population. Collaborate with health plans to mention benefit options available to participants.
- Increase collaboration with and impact of the Wellness Champion Network.
- Maximize the engagement number of those eligible for the meQ, stress and resiliency program.





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?**

# Operational Updates

Items 9A – 9H – Memos Only



# Informational items only

- No Board action is required.

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?**

# Tentative November 2023 Agenda

Item 10 – Memo Only

Eileen Mallow, Director

Office of Strategic Health Policy



# Informational item only

- No Board action is required.



**Questions?**

# Adjournment



Item 11 – No Memo





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# Thank you

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