

Welcome to the Group Insurance Board

August 14, 2024

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

- Scan the QR Code
- Available at etf.wi.gov



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

Announcements

Item 1 – No Memo

Shirley Eckes, Deputy Secretary
Office of the Secretary

Renee Walk, Director
Office of Strategic Health Policy



**Consideration of:
Open and Closed Minutes of May 23,
2024, Meeting**

 **Items 2A – 2B – Memos Only**





Action Needed

- Motion needed to accept the Open and Closed Minutes of the May 23, 2024, Meeting as presented by the Board Liaisons.

Mergers and Acquisitions in the Healthcare Market

Item 3 - Group Insurance Board

Luis Caracas, Health Plan Policy Advisor

Office of Strategic Health Policy

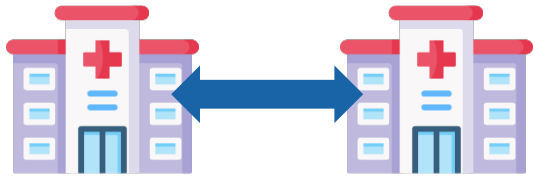


Informational Item Only

- No Board action is required.

Healthcare Consolidation

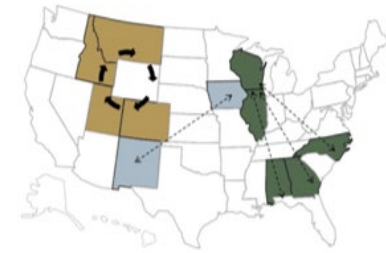
Different Types of Mergers and Acquisitions



Horizontal
Mergers



Vertical
Mergers



Cross-
Market
Mergers

Other Forms of Consolidations



Private
Equity
Investment



Affiliations

Why do Mergers and Acquisitions Occur?

- Reduce health care expenses and financial stability
- Drive quality
- Improve access in rural and underserved communities
- Driven by federal policies and programs

Challenges and Risks of Mergers and Acquisitions

Lead to price increases of 5% or more

Raised spending by \$204M in one year alone

Reduction of operating expenses by 6%, but 5% increase of costs for patients

No improvement in performance

Decrease in patient experience scores

Less access to critical services

Mergers and Acquisition in Wisconsin

May 2024

Common Ground Healthcare Cooperative by CareSource

Dec 2023

MercyCare Insurance Company and MercyCare HMO, Inc by MercyCare Merger Sub, Inc.

Nov 2023

Aspirus Health Plan, Inc by St. Luke's Hospital of Duluth

Sept 2023

Network Health Insurance Company and Network Health Plan by ThedaCare, Inc

Jan 2022

Quartz Health Plan Corporation, Quartz Health Insurance Corporation, and Quartz Health Benefit Plan Corporation by Bellin Gundersen Health System, Inc.

Aug 2021

Dean Health Insurance and Dean Health Plan by Medica Holding Company

Strategies Utilized by the Board

Competition

Data Protection

Customer Service Expectations

The background is a dark blue gradient with numerous bokeh light effects in shades of blue and purple, scattered across the frame. The text "Questions?" is centered at the bottom in a large, white, sans-serif font.

Questions?

Thank you



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ETF E-mail Updates



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

Weight-Loss Drugs Analysis and Coverage Considerations

Item 4 – Group Insurance Board

Tricia Sieg, Pharmacy Benefits Program Manager

Office of Strategic Health Policy



Informational Item Only

- No Board action is required

What to Expect

- Weight loss drug history
- Other states' public employee weight-loss drug coverage
- Weight loss drug current events
- Future weight loss drug coverage options
- Next steps

Weight-Loss Drug History

GLP-1 Drugs Information

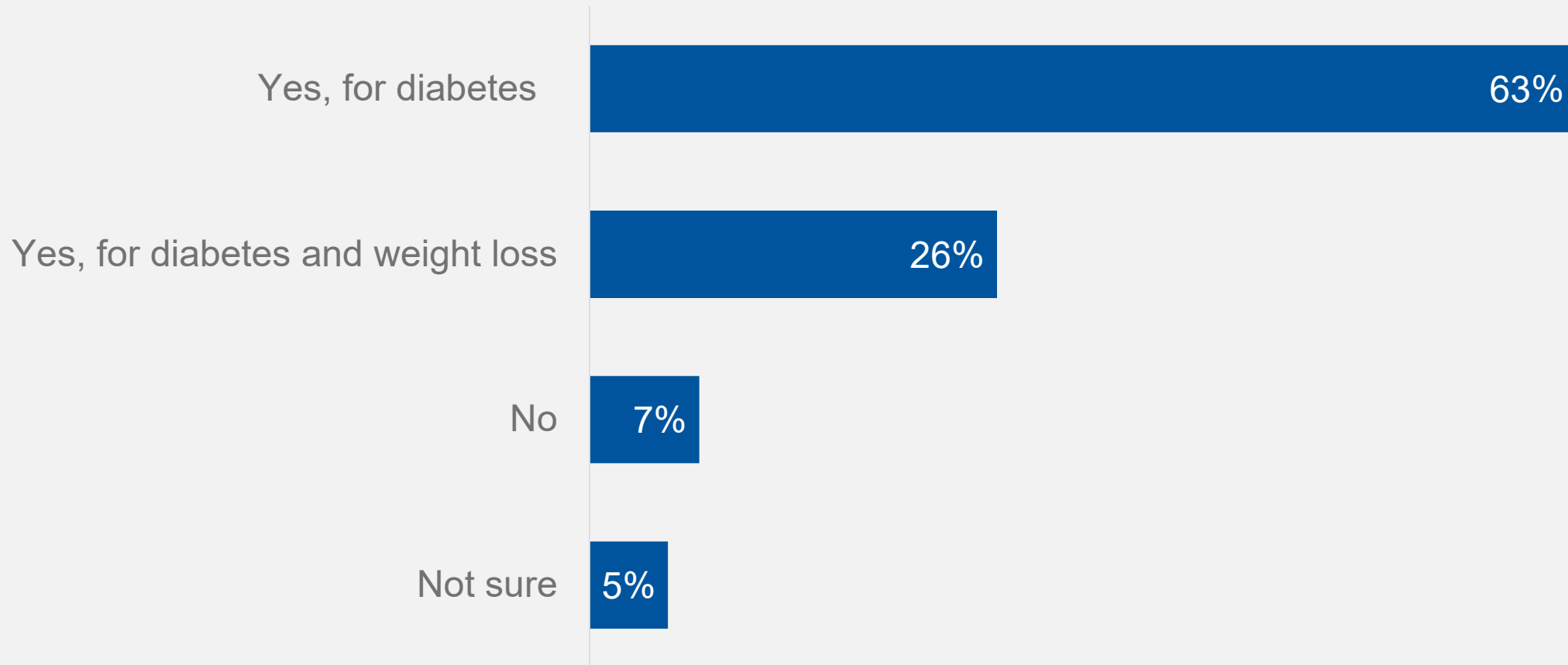
Drug	Approval Year	FDA Approved Indications	Covered by the GHIP
Saxenda	2014	Chronic weight management in adults	No
Ozempic	2017	Lower blood sugar levels in adults with type 2 diabetes	Yes
Wegovy	2021	Chronic weight management in adults and certain children with obesity. Reduces the risk of cardiovascular death, heart attack, and stroke in adults with cardiovascular disease and those who are either obese or overweight.	No
Mounjaro	2022	Improve glycemic control in adults with type 2 diabetes	Yes
Zepbound	2023	Chronic weight management in adults	No

The Board and Weight-Loss Drugs

- Weight-loss drugs have been excluded from the Group Health Insurance Program.
- Bariatric surgery added in 2020.
- Segal's cost analysis have evolved with new research and experience.
- Many factors affect the Board's weight-loss drug costs.

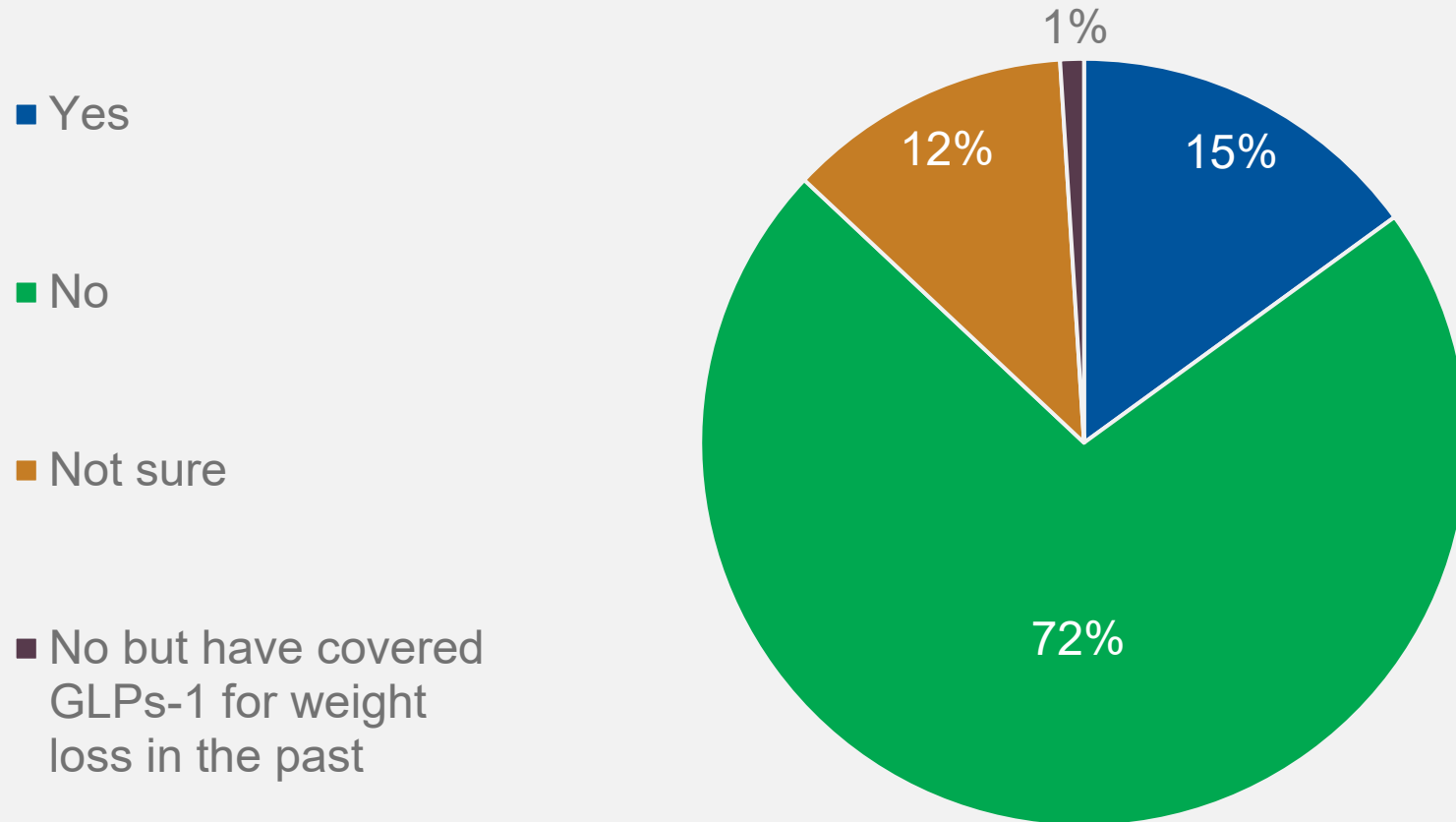
Other States' Public Employee Weight-Loss Drug Coverage

2024 Coverage of GLP-1 Drugs



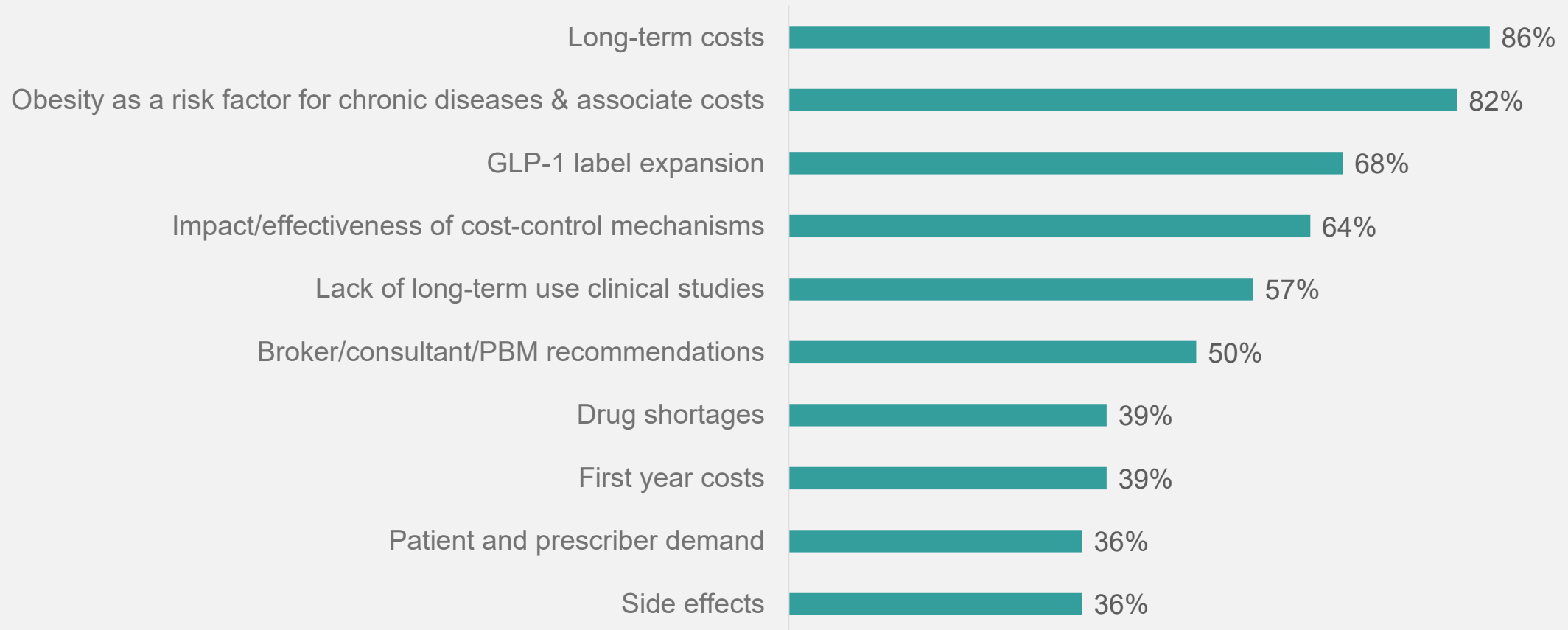
Source: International Foundation of Employee Benefit Plans (2024).

Considering Offering Coverage for GLP-1 Drugs for Weight Loss



Source: International Foundation of Employee Benefit Plans (2024).

Top 10 Factors When Considering GLP-1 Coverage for Obesity Care



Source: International Foundation of Employee Benefit Plans (2024).

What Are Other States Doing?

- Illinois
- Iowa
- Michigan
- Minnesota

- Connecticut
- Delaware
- North Carolina
- West Virginia



Weight-Loss Drug Current Events

Weight-Loss Drug New Indications

Wegovy
Cardiovascular
Disease

Zepbound
Sleep Apnea
Heart Failure

Semaglutide
Cravings for
Addictive
Substances

New Weight-Loss Drugs



Roche CT-996



Viking Therapeutic VK2735

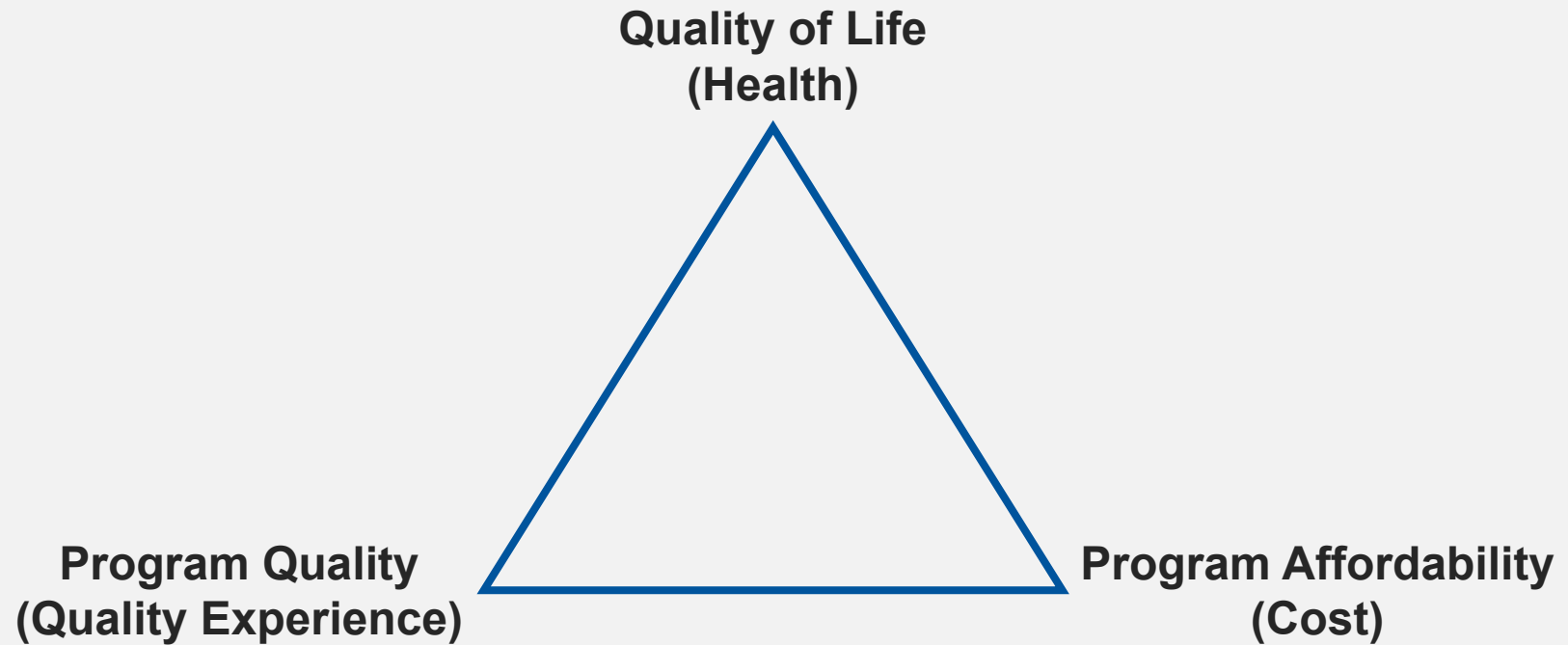


Changes to current weight-loss drugs

Future Options

Considerations

Wisconsin State
Statute §40.03 (6)(c)



Prescription Drug Benefit Reduction

- Pharmacy benefit reduction or premium increase to offset the cost of weight loss drugs.
- Reduction or increase would affect all commercial members.
- Initial increase on top of medical, wellness, and other pharmacy insurance premium increases until savings, in any, are realized.
- Members who do not take weight-loss drugs would be affected.

Copay/Deductible Increases

Plan Design	2024 copays and deductibles	Proposed change to offset AOM cost
Deductible (Individual/Family)	\$250/\$500	\$300/\$600
Out-of-Pocket Maximum (Individual/Family)	\$1,250/\$2,500	\$1,400/\$2,800
Primary Care Office Visit	\$15 copay	\$25 copay
Specialist Office Visit	\$25 copay	\$35 copay
Urgent Care	\$25 copay	\$35 copay
Emergency Room	\$75 copay	\$100 copay
Pharmacy Specialty/ Tier 4	\$50 copay	\$75 copay
Pharmacy Maximum (Preferred/Non-Preferred/Specialty)	\$50/\$150/\$200	\$75/\$175/\$250

- Cost increase to all non-Medicare members.
- Copays and deductibles would remain below the national average.
- Medical vendors would need to recognize plan design savings in their renewals.

Other Benefit Reductions

- Would spread the changes out across the GHIP.
- Would be limited by state and federal law as to what changes could be made.
- Use data from the data warehouse to identify benefits where maximums are rarely met.
- Reductions could cause disruptions for members.

Pilot Program

- Allows the Board a chance to examine the fiscal effects of coverage on a limited basis.
- Possible contractual and legal issues need to be fleshed out.
- Ending coverage in a pilot program would end coverage for members.

Lifetime Limit

- Allows coverage for members but with ceiling to limit the Board's costs.
- After maximum is met, member would have to pay the whole cost of the drug.
- May reduce or remove manufacturer rebates the Board receives for drugs on the formulary.
- Maintaining records of members' limits could lead to administrative costs.

New AOM Drug Formulary Level

- Would only require those taking AOMs to shoulder the higher cost.
- The higher cost would be an increase to members out-of-pocket costs.
- A new formulary tier could lead to member and pharmacy confusion.
- May reduce or remove manufacturer rebates the Board receives for drugs on the formulary.

Increase Body Mass Index (BMI) Requirements

- Lowers the cost of weight-loss drugs to the Board.
- Higher BMI requirement could match BMI requirement for bariatric surgery.
- Higher BMI could lead to members having more comorbidities before they gain coverage.
- May reduce or remove manufacturer rebates the Board receives for drugs on the formulary.

Options Summary

Premium
Increases

Copay &
Deductible
Increase

Other Benefit
Reductions

Pilot Program

Lifetime Limit

New AOM
Drug
Formulary
Level

Increase BMI
Requirements

Next Steps

- November 2024 Meeting:
 - Board will receive an operational update on the ever-changing AOM landscape.
 - Update to the Board regarding bariatric surgery.



Questions?

Thank you



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Group Life Insurance Program Annual Report

Item 5 – Group Insurance Board

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

Hans Larsen, Actuarial Senior Consultant
Securian Financial





Action Needed

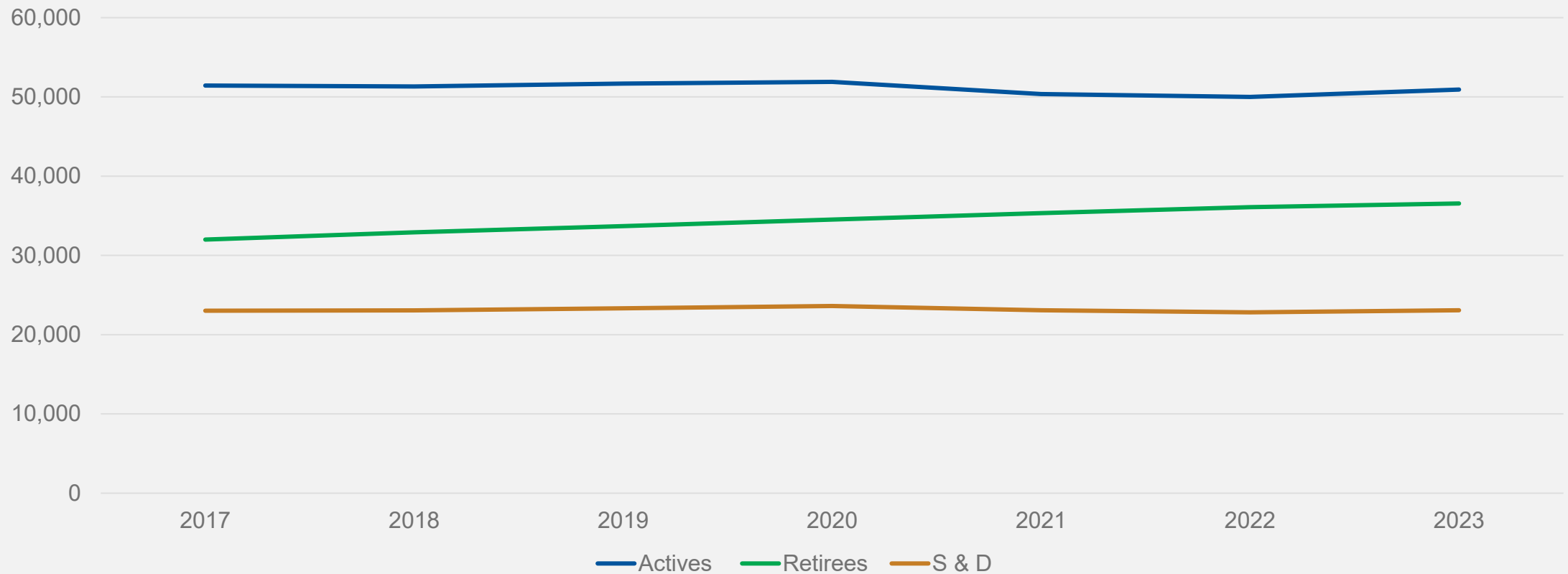
- ETF requests the Board accept the annual Wisconsin Public Employers Group Life Insurance 2023 Policy Year Report.

A photograph of a family of three walking on a dirt path through a forest. The mother is on the left, wearing a red and black plaid shirt and blue jeans. The father is on the right, wearing a blue and white plaid shirt over a white t-shirt and blue jeans. A young girl is in the center, wearing a white dress with a polka-dot pattern and a white headband. They are all smiling and holding hands. The background is a dense forest with tall trees and green foliage.

Enrollment and Valuation Trends

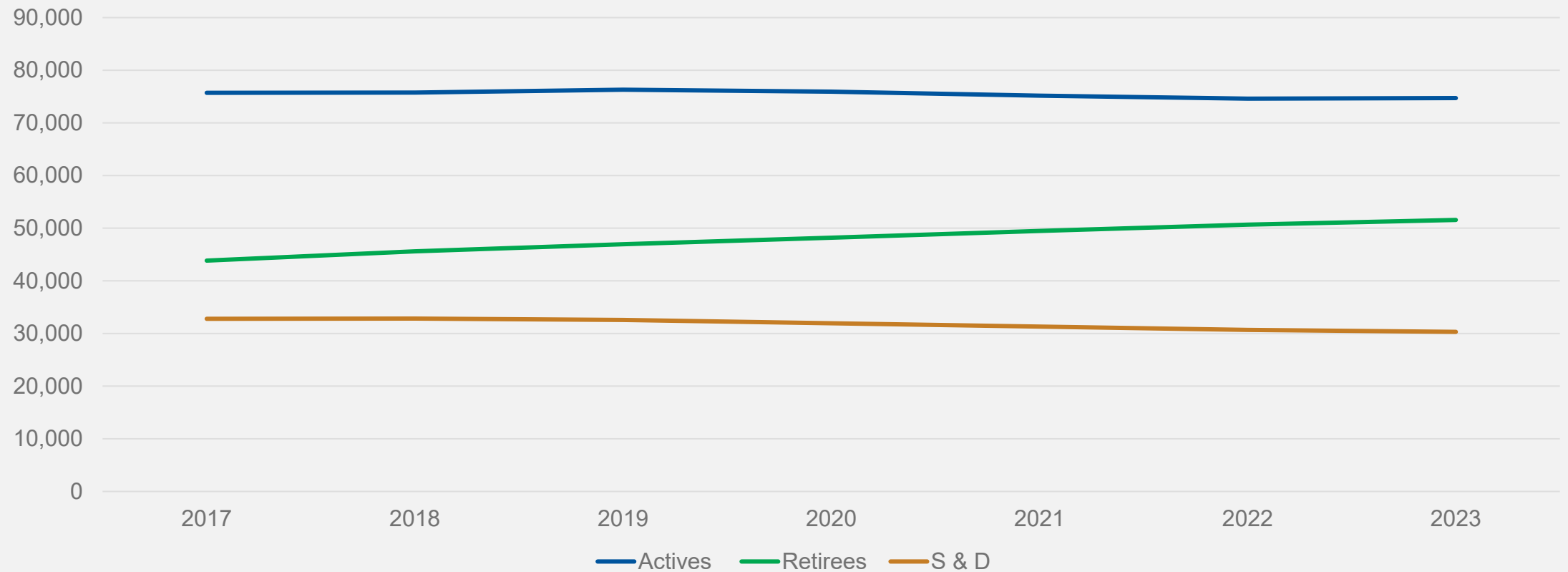
State Plan

Enrollment Plan Years 2017 - 2023



Local Plan

Enrollment Plan Years 2017 - 2023



Group Life Insurance Valuation

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

Date	State Plan	Local Plan
12/31/2023	88.2	110.6
12/31/2022	88.5	105.8
12/31/2021	85.4	117.5
12/31/2020	96.5	108.0
12/31/2019	99.1	106.1
12/31/2018	74.3	115.7
12/31/2017	68.1	105.6

State Plan Premiums

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

Empathy

- Value-add service available enrolled members and beneficiaries.
- Comprehensive support for preparing for a loss and after the loss of a loved one.
- Access services at the time of claim.
- No additional cost.



Employee Benefits Solutions
Insurance products issued by: Minnesota Life Insurance Company
or Securian Life Insurance Company

Together, Securian Financial and Empathy help support insured individuals and their beneficiaries

Empathy offers a comprehensive support system for preparing for a loss and after the loss of a loved one. 

What is Empathy?
Empathy offers a holistic approach to bereavement support by providing insured individuals and beneficiaries on-demand personalized guidance and care for the administrative, emotional, legal and financial challenges both when preparing for a loss and after their loved one passes away.
Insured individuals and beneficiaries gain access to a dedicated Care Manager, who provides guidance through the emotional and practical challenges of a loss. Users receive a personalized, step-by-step Care Plan tailored to their unique situation and needs.

Grief support
Empathy provides a compassionate and understanding space where families can find support that resonates most with their personal experience of loss and preparing for a loss. Options include:

- On-demand access to the Care Team for personal guidance
- Guided meditations
- In-depth library of resources on bereavement-related topics

And in the days and weeks after loss, when grief and shock can make tasks overwhelming, additional features available include:

- A smart tool for locating and comparing trusted funeral homes and personal assistance planning a funeral
- Receive an expertly crafted obituary honoring their loved one

Performance Standards



2023 Annual Performance Standards

- 36,325 transactions subject to performance standards
- Overall performance success rate of 99.65%
- Met or exceeded 8 of 9 standards

The background of the slide is a photograph of the Wisconsin State Capitol building in Madison, Wisconsin. The building is a grand, classical-style structure with a prominent central dome topped by a golden statue. The facade is made of light-colored stone and 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

Hans Larsen

Actuarial Senior Consultant

August 14th, 2024

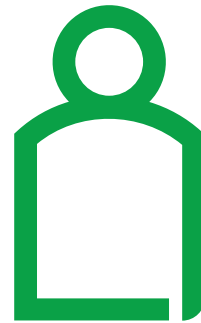


Group Life Insurance Program

State Plan and Local Government Plan Components



**Active
Employees**



Retirees



**Spouse &
Dependents**



2023 Policy Year Report Highlights

State Plan

Employees

- 2023 Claims lower than expected
- Recent three years' mortality experience higher than expected, driven by COVID in 2021 and 2022

Spouse & Dependent

- 2023 Claims in line with expectation of drawing down the reserve
- Recent three years' experience in line with expectation as well

Aviation AD Benefit

- Work-related accidental deaths
- No claims in 2023



2023 Policy Year Report Highlights

State Plan

Plan Growth

- Insurance in force increased 5.2% to \$13.8 billion
- More than 87,000 active and retired insured lives

Other Benefits

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

Reserve Funds

- Funding of future benefits is at 88.2%
- Earned 3.03%
- 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:

- No change to premium rate
- Current premium rate allows for gradual draw down of the stabilization reserve



2023 Policy Year Report Highlights

Local Government Plan

Employees

- 2023 Claims lower than expected
- Recent three years' experience better than expected despite COVID-19

Spouse & Dependents

- 2023 Claims in line with expectation of drawing down the reserve
- Recent three years' experience in line with expectation as well



2023 Policy Year Report Highlights

Local Government Plan

Plan Growth

- 759 local governments participate
- Insurance in force increased by 2.7% to \$13.9 Billion
- More than 126,000 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 110.6%
- Earned 3.04%
- Incorporates a premium rate hold strategy through 2025

❁ Report to the Group Insurance Board

Local Government Plan



Employee Life Insurance

Recommendation:

- No change to premium rates in 2025
- 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 2025
- Premium rates are set to gradually draw down the stabilization reserve



Rate Changes for 2025



State Plan

- Continue the employee premium rate increase schedule approved in 2019
- No premium rate changes for the Spouse & Dependent premium rate for 2025

Local Plan

- No premium rate changes for 2025



Questions?



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Action Needed

- ETF requests the Board accept the annual Wisconsin Public Employers Group Life Insurance 2023 Policy Year Report.

Thank you



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BREAK

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



Vendor Security Framework and Contract Considerations

Item 6 – Group Insurance Board

Steve Hurley, Director, Office of Policy, Privacy and Compliance

David Maradiaga, Chief Information Security Officer, Bureau of Information Security Management

Renee Walk, Director, Office of Strategic Health Policy



Informational Item Only

- No Board action is required.

Background

- Requirement for SOC-2, Type II issued by Board in November 2023.
- Further review of Board contracts and other ETF programs raised questions and additional considerations.
- November motion suspended in May 2024, pending alternatives.

Privacy and Information Protection

State Level Requirements

- Wis. Stat. § 40.07: Individual Personal Information (IPI / PII), and Medical Record information
- Wis. Stat. § 134.98: Notice of Unauthorized Acquisition of Personal Information (Non-HIPAA breaches)

Federal Level

- Health Insurance Portability and Accountability Act (HIPAA) Privacy Rule: Protected Health Information

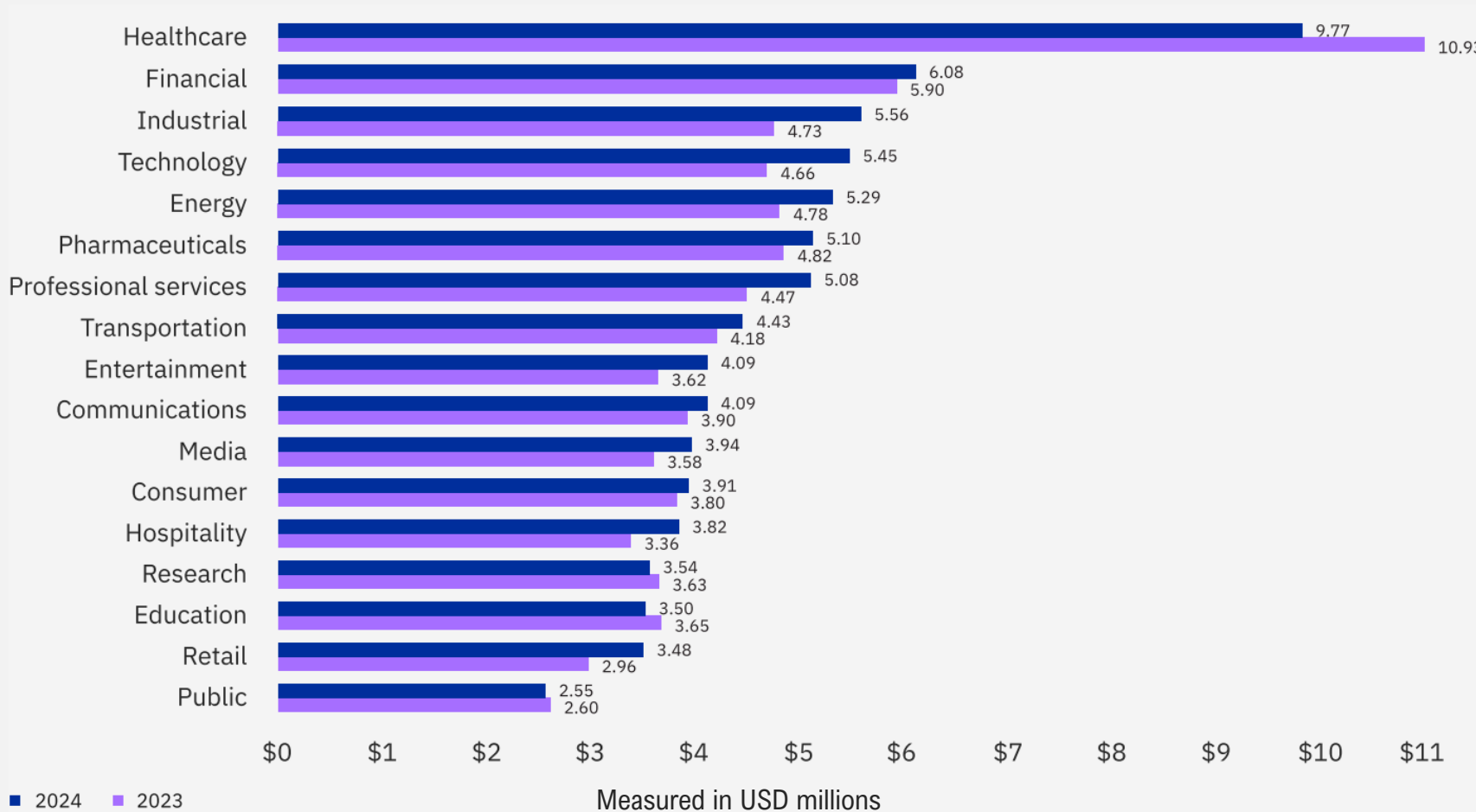
HIPAA-Covered Board Programs

GIB Benefit Program/Area	HIPAA-Covered	GIB Benefit Program/Area	HIPAA-Covered
State/Local Group Health Insurance Plan	Yes	Vision Insurance (Employee Pay-All)	Yes*
Pharmacy Benefits	Yes	Dental (Employee Pay-All)	Yes*
Wellness Program	Yes	Board Actuaries	Yes
Dental Insurance (Self-Insured)	Yes	Accident Insurance (Employee Pay-All)	No
Health Savings Accounts	Yes	Long Term Disability Insurance	No
Health Reimbursement Accounts/FSA	Yes	Income Continuation Insurance	No
DAISI Data Warehouse	Yes	Group Life Insurance	No
Long Term Care Insurance (Employee Pay-All)	Yes*		

* ETF provides no PHI, but administrator itself is regulated by HIPAA



Cost of Breaches by Industry



“Healthcare topped industry costs, again. The average breach cost for healthcare fell 10.6%, to USD 9.77 million. But that factor wasn’t enough to remove it from the top costliest industry for breaches—a spot it’s held since 2011. Healthcare remains a target for attackers since the industry often suffers from existing technologies and is highly vulnerable to disruption, which can put patient safety at stake.”

Source: *IBM Cost of Data Breach Annual Report*. (July 2024).

Vendor Risk Management Framework

ETF assessment built on National Institute of Standards and Technology (NIST) standards.

Framework assesses risk profile of a vendor across cyber security functions.

Vendors will provide a report to demonstrate control effectiveness.

In some cases, SOC-2, Type II may meet the highest level of control reporting.

Other reports approved on a case-by-case basis.

Post-Framework Risk Scoring

ETF will provide a risk-based score based on the provided report.

Three risk levels: low, medium, and high

Risk levels of existing Board vendors will be shared each November.

Risk levels of new/potential vendors will be shared when recommendations are made to the Board.

Vendors Unable to Report

If a vendor cannot provide a report, ETF will attempt to negotiate alternatives.

If unable to negotiate alternatives, ETF will bring the Board options, considering:

- Necessity of contracting with the specific vendor
- Financial risks to the program with/without vendor
- Reputational risks with/without vendor
- Options to mitigate risks

Vendors with Medium/High Risk Scores

ETF will report to Board each November on all vendors.

Medium or High-risk scores due to findings will require a corrective action plan.

ETF will report on corrective action plans periodically as appropriate, depending upon progress.

Application of Framework

- Framework applied to all vendors, not just those affiliated with GIB.
- All vendors will be reviewed versus framework by December 2025.
- ETF will negotiate any needed reporting changes at next contract renewal.
- For in-progress procurements:
 - Comprehensive SOC-2, Type II will typically meet the reporting required.
 - Addendum issued to allow “alternative independent service auditor reports,” which will be evaluated for sufficiency versus the framework.

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Questions?

CLOSED SESSION

The Board may meet in closed session pursuant to the exemptions contained in Wis. Stat. § 19.85 (1) (d) and (e) to consider strategy for crime detection or prevention, and to deliberate or negotiate the investing of public funds or to conduct other specified public business, whenever competitive or bargaining reasons require a closed session. If a closed session is held, the Board may vote to reconvene into open session following the closed session.



Item 7 – No Memo



Announcement of Business Deliberated During Closed Session Discussion

Item 11 – No Memo

Herschel Day, Chair

Group Insurance Board



Long-term Care Insurance Contract Recommendation

 Item 12 – Group Insurance Board

Jessica Rossner, Data and Compliance Unit Director
Douglas Wendt, Supplemental Plans Program Manager
Office of Strategic Health Policy



Action Needed

- The Department of Employee Trust Funds (ETF) recommends the Group Insurance Board (Board) approve the recommended contract term with HealthChoice (as agent) and Mutual of Omaha (as insurer) for long-term care insurance (LTC), starting Jan. 1, 2025.

Program & Contract Uniqueness

- Three-party agreement between ETF, HealthChoice (agent), and Mutual of Omaha (insurer).
- No involvement in the enrollment or premium payment process.
- Limited data shared for marketing outreach.
- Only the member and/or provider provides protected health information.
- Interested members apply for the insurance online directly through Mutual of Omaha.
- Coverage is underwritten and issued to approved eligible members as an individual plan, not group plan.
- Coverage continues with the member regardless of contractual relationship with ETF and the Board or WRS eligibility.

Process

Invitation to negotiate was posted on-line on Nov. 27, 2023.

ETF received an inquiry from a broker on Jan. 18, 2024, wanting to bypass the procurement process and do a sales call.

Proposals were due Jan. 31, 2024.

Only one proposal was received from the current vendor.

Inquiries were sent to OCI, DATCP, and ETF Ombudsperson Services to check for consumer complaints, with positive results.

Contract Requirements

- The LTC contract incorporates the LTC standards (ET-7423) approved by the Board in November 2023. These standards reflect the Board's decision to require SOC 2 Type II reports from all vendors for contracts starting after Dec. 31, 2025.

Potential Risks

Does not have a SOC 2 Type II contract requirement.

HealthChoice has been working with ETF in good faith to obtain the needed transparency and documentation for ETF to be able to assess their existing security posture.

Provisions and Protections

- In the LTC Standards (ET-7423), the insurer and, if applicable, the agent, shall comply with all applicable state and federal laws and regulations concerning the confidentiality, privacy, or security of personally identifiable information created, received, or otherwise accessed by the insurer.

Contracting Options

Option 1:

Approve a three-year contract with HealthChoice and Mutual of Omaha for LTC insurance for the term from Jan. 1, 2025, to Dec. 31, 2027, as specified in the Board's November LTC standards (ET-7423).

Option 2:

Approve a one-year contract from Jan. 1, 2025, to Dec. 31, 2025, according to the Board's November LTC standards (ET-7423) and work to negotiate a contract extension from Jan. 1, 2026, to Dec. 31, 2027, that incorporates the new security framework into the contract.

Recommendation

Option 1:

Approve a three-year contract with HealthChoice and Mutual of Omaha for LTC insurance for the term from Jan. 1, 2025, to Dec. 31, 2027, as specified in the Board's November LTC standards (ET-7423).

Action Needed

- The Department of Employee Trust Funds (ETF) recommends the Group Insurance Board (Board) approve the recommended contract term with HealthChoice (as agent) and Mutual of Omaha (as insurer) for long-term care insurance, starting Jan. 1, 2025.



Questions?

Thank you



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Operational Updates

Items 13A–13M – Memos Only



Tentative November 2024 Agenda

Item 14 – Memo Only

Renee Walk, Director

Office of Strategic Health Policy



Informational Item Only

- No Board action is required.

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Questions?

CLOSED SESSION

The Board may meet in closed session pursuant to the exemption contained in Wis. Stat. § 19.85 (1) (a) for quasi-judicial deliberations. If a closed session is held, the Board may vote to reconvene into open session following the closed session.



Item 15 – No Memo



Announcement of Action Taken on Appeals Deliberated During Closed Session

Item 18 – No Memo

Herschel Day, Chair

Group Insurance Board



Adjournment



Item 19 – No Memo

