

DRAFT

MINUTES

January 15, 2025

Group Insurance Board

State of Wisconsin

Location:

Hill Farms State Office Building – CR N108
4822 Madison Yards Way, Madison, WI 53705
8:30 a.m. – 11:07 a.m.



BOARD MEMBERS PRESENT:

Herschel Day, Chair
Nathan Houdek, Vice Chair*
Nancy Thompson, Secretary
Dan Fields
Jen Fogel

Erin Hillson
Brian Keenan
Katy Lounsbury*
Brian Pahnke*
Nathan Ugoretz*

PARTICIPATING EMPLOYEE TRUST FUNDS (ETF) STAFF:

Office of the Secretary:

John Voelker, Secretary
Kimberly Schnurr, Board Liaison

Division of Trust Finance:

Cindy Klimke, Chief Trust Finance Officer

Office of Legal Services:

Diana Felsmann, Incoming Deputy Secretary

Office of Strategic Health Policy (OSHP):

Renee Walk, Director
Jessica Rossner, Data and Compliance Unit Director

OTHERS PRESENT:

Office of the Secretary:

Pam Henning, Assistant Deputy Secretary*

ETF Staff:

Shellee Bauknecht*, Laura Brauer, Beth Bucaida, Luis Caracas, Julie Coleman*, Taylor DeBroux, Liz Doss-Anderson*, Omar Dumdum*, Molly Dunks*, Paulina Erdman*, Sheila Gubin*, Dan Hayes, Bruce Johnson*, Joanne Klaas, Brittney Kruchten*, Mark Lamkins*, Arlene Larson, Peggy McCullick*,

ETF Staff (Cont.):

Noah Muhammad, Laura Patterson*, Peter Rank, Tom Rasmussen, Marie Ruetten, Shraddha Shrivastava*, Tricia Sieg, Amelia Slaney*, Sarat Tadi*, Stephanie Trigsted*, Barry Tucker, Laura Vang*, Mee Wartgow*, Lisa Watts, Douglas Wendt*, Korbey White, Wade Whitmus*, Mona Yee*, Kathryn Young, Julie Zheng*

Anthem:

Jimmy Bunch*, Paul Nobile*

* Attended virtually.

Board	Mtg Date	Item #
GIB	02.26.25	2A

Aspirus Health Plan:

Megan Umnus*

Cottingham and Butler:

Sandy Matz*

Dean Health Plan:

Cherie Boss*, Penny Bound*, Maria Schneider*, Julie Weichbrod*

Delta Dental of Wisconsin:

Megan Wohlfeil*

Department of Administration (DOA):

Dana Gehrmann*, Meghan McKenna*, Julie Perry*, Derek Sherwin*

Duffy Communication Strategies:

Melissa Duffy*

Elevance Health:

Elisabeth Portz*

Eli Lilly and Company:

Kelly Ruhland*

Group Health Cooperative of Eau Claire:

Claire:

Christina McConaughy*

Group Health Cooperative of South Central Wisconsin:

Tammy Adler*

Tammy Adler*

Hamilton Consulting Group:

Abbey Rude*

Humana:

Joe Cowles*, Donna Taylor*

Hubbard Wilson and Zelenkova, LLC:

Dan Romportl*

Jefferson County, WI:

Terri Palm*

Juneau County, WI:

Mechelle Thompson*

Medicare Advantage and Medicare Plus Request for Proposals (RFPs) Evaluation Committee:

Jack Lawton

MedImpact:

Eric McKinnon*

MercyCare Health:

Reid Buerer*, Marc Dinnel*, Karol Frame*, Huma Khan*, Joshua

Mummery*, Sherrie Sargent*

Navitus:

Steven Alexander*, Tara Argall, Nicholas Calhoun*, Abby Kraft*, Ryan Olson*, Felicia Weihert*

Network Health Plan:

Vanessa Cagal*, Kimberly Gehrke*, Tammy Harker*, John Whitemore*

Optum Financial:

Darya Chheav*, Jeffrey Gottlieb*

Pharmacy Benefit Manager (PBM)

RFP Evaluation Committee:

Pat Cory*, Deanna Glatzak*

Quartz:

Brittany Coyne*

Retiree First:

Diane Everett*

Reuters:

Chad Terhune*

Securian:

Kjirsten Elsner*

Security Health Plan:

Angela Pero*

Segal:

George Bognar*, Patrick Klein*, Ken Vieira*

UnitedHealthcare:

De Arcy Raybuck*

UnitedHealth Group:

Karla Ashenhurst*

UW Health:

Sara Broge*, Emily Fairchild*, Olivia Talma*

UW-Madison:

Marissa Isensee*

UW System Administration:

Brianne Jobke*, Erin Schoonmaker*, Amanda Sonnenburg*

WebMD:

Emily Rosetter*

Wisconsin Association of Health Plans:

HJ Waukau*

Wisconsin Health News:

Sean Kirkby*

Public:
Chad Freymiller*, Jim Guidry*

Others (Unidentified):
5 individuals connected via telephone

Mr. Day, Chair, called the meeting of the Group Insurance Board (Board) to order at 8:30 a.m.

ANNOUNCEMENTS

Mr. Voelker made the following announcement:

- Peter Rank had accepted the position of ETF's new chief legal counsel in the Office of Legal Services.

Ms. Walk made the following announcements:

- Introduced the newest board liaison, Lisa Watts.
- The health plan that applied to be part of the Group Health Insurance Program (GHIP) withdrew its application, so that item was removed from February 26 meeting agenda.

CONSIDERATION OF OPEN AND CLOSED MINUTES OF NOVEMBER 13, 2024, MEETING ([Ref. GIB | 01.15.25 | 2A](#))

MOTION: Mr. Fields moved to approve the open and closed minutes of the November 13, 2024, meeting as presented by the Board Liaison. Ms. Thompson seconded the motion, which passed unanimously on a voice vote.

ELECTION OF OFFICERS ([Ref. GIB | 01.15.25 | 3](#))

Mr. Day announced that the current Board officers were Herschel Day as chair, Nathan Houdek as vice chair, and Nancy Thompson as secretary.

Mr. Day asked for nominations for the secretary, vice chair, and chair of the Board.

MOTION: Ms. Flogel moved to nominate the following slate of officers: Nancy Thompson as secretary, Nathan Houdek as vice chair, and Herschel Day as chair of the Board. Mr. Fields seconded the motion, which passed unanimously on a voice vote.

MOVE TO CLOSED SESSION

Mr. Day announced that the Board will be meeting in closed session to hear recommendations from the evaluation committee to administer the contract for the Pharmacy Benefit Programs. The Board will vote to reconvene in open session following the closed session.

MOTION: Ms. Thompson moved to closed session pursuant to the exemption contained in Wis. Stat. § 19.85 (1) (e) to deliberate or negotiate the investing of public funds or to conduct other specified public business, 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. Mr. Keenan seconded the motion, which passed on the following roll call vote.

Ayes: Day, Fields, Flogel, Hillson, Houdek, Keenan, Lounsbury, Pahnke, Thompson, Ugoretz.

Nays: None.

The Board convened in closed session at 8:37 a.m.

The Board returned to open session at 9:07 a.m.

ANNOUNCEMENT AND VOTE ON BUSINESS DELIBERATED DURING CLOSED SESSION DISCUSSION

Announcement of Business Deliberated During Closed Session Discussion

Mr. Day announced that the Board met in closed session and heard recommendations from the evaluation committee to administer the contract for the Pharmacy Benefit Programs.

Vote on Issuance of Letter of Intent to Award Contract for PBM resulting from RFP ETC0049

MOTION: Ms. Hillson moved to grant authority to the ETF secretary to issue a letter of intent to award a contract to manage the Third-Party Administrative Services for the State of Wisconsin Pharmacy Benefit Programs to Navitus Health Solutions, LLC (Navitus) for a period beginning January 1, 2026, through December 31, 2028, with two additional two-year extensions permitted. In the event of failed or prolonged negotiations with Navitus, staff will return to the Board with alternatives for contracting. Mr. Fields seconded the motion, which passed on the following roll call vote.

Ayes: Day, Fields, Flogel, Hillson, Houdek, Keenan, Lounsbury, Pahnke, Thompson, Ugoretz.

Nays: None.

MOVE TO CLOSED SESSION

Mr. Day announced that the Board will be meeting in closed session to hear recommendations from the evaluation committee to administer the contracts for the Medicare Advantage and Medicare Plus plans under the Group Health Insurance Program (GHIP). The Board will vote to reconvene in open session following the closed session.

MOTION: Ms. Lounsbury moved to closed session pursuant to the exemption contained in Wis. Stat. § 19.85 (1) (e) to deliberate or negotiate the investing of public funds or to conduct other specified public business, 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. Ms. Fogel seconded the motion, which passed on the following roll call vote.

Ayes: Day, Fields, Fogel, Hillson, Houdek, Keenan, Lounsbury, Pahnke, Thompson, Ugoretz.

Nays: None.

The Board convened in closed session at 9:13 a.m.

Mr. Ugoretz left the meeting at 9:56 a.m.

The Board returned to open session at 10:23 a.m.

ANNOUNCEMENT OF BUSINESS DELIBERATED DURING CLOSED SESSION DISCUSSION

Announcement of Business Deliberated During Closed Session Discussion

Mr. Day announced that the Board met in closed session and heard recommendations from the evaluation committee to administer the contracts for the Medicare Advantage and Medicare Plus plans under the GHIP.

Vote on Issuance of Letter of Intent to Award Contract(s) for Medicare Advantage and Medicare Plus resulting from RFPs ETD0050-51

MOTION: Ms. Hillson moved to grant authority to the ETF secretary to issue a letter of intent to award contracts to Sierra Health and Life Insurance Company, Inc., dba UnitedHealthcare (UHC) for Medicare Advantage and Medicare Plus plans under the GHIP for the period of January 1, 2026, through December 31, 2027, with the potential for two additional extensions of up to three years each for a maximum of five extension years as determined by the

Board ending no later than December 31, 2032. Mr. Fields seconded the motion, which passed on the following roll call vote.

Ayes: Day, Fields, Flogel, Hillson, Houdek, Keenan, Lounsbury, Pahnke, Thompson.

Nays: None.

Absents: Ugoretz.

The Board took a break from 10:25 a.m. to 10:40 a.m.

GROUP HEALTH INSURANCE PROGRAM RESERVE STATUS ([Ref. GIB | 01.15.25 | 12](#))

Ms. Walk and Ms. Klimke explained that the purpose of their presentation was to provide an update on the status of the reserves of the GHIP in advance of the benefit change and rate setting discussions for plan year 2026. They explained that the GHIP reserve had been experiencing negative cash flows since Quarter Four in 2023. This continued monthly throughout 2024. However, some months were positive due to timing of receiving pharmacy rebates and subsidies at year end. Ms. Klimke explained that the GHIP was using cash from the Core Trust Fund to pay premiums and claims. This will result in the GHIP being allocated negative earnings for 2024.

Ms. Klimke summarized the factors contributing to the current status of the GHIP reserve. These included the following:

- Reserves projected on an accrual basis (i.e., considering receivables which is cash to be received in future) versus cash basis.
- Pharmacy costs continue to increase (and actual costs have been greater than projected).
- 2023 rate buy-down of ~\$91m.
- 2024 rates did not include any cash buy-up.
- Reserve policy did not address negative cash position or being below a minimum cash target.

Ms. Klimke explained that up through calendar year 2022, the cash balance of the GHIP reserve remained high. However, the reserve decreased throughout 2023, driven by the approximately \$91 million buy-down approved by the Board. She referred the Board to “Chart 1. Health Funds Cash Balance, Calendar Years 2022–2024” on page 2 of the memo, which illustrated the monthly cash balance of the reserve from January 2022 through November 2024. She noted that the net position as of December 31, 2022, was \$149.6M, and the net position as of December 31, 2023, was \$46.5M. December 2024 was not available, but ETF staff projected it to remain negative.

Ms. Klimke provided a break down the statement of net position as of December 31, 2023. She highlighted that a significant amount of pharmacy receivables would be received over the next two years. She then provided an analysis of the statement of change in net position. Ms. Klimke noted that contributions were less than benefit expenses due to draw down (use of reserves).

Ms. Walk went through considerations for future rate setting discussions. She explained that the Board had approved a premium stabilization credit (PSC) of 1.6% of average premiums for the state group and 1.4% for the local group as a part of 2025 rates. This charge was primarily intended to incrementally build the reserve to reach the target range by the end of 2027. The PSC is estimated to result in approximately \$17M additional dollars in 2025. This will help to return the program to a positive cash flow position. She reminded the Board that the contract with Dean Health Plan for the Access and State Maintenance Plans includes a risk-sharing arrangement. As discussed at the May 2024 Board meeting ([Ref. GIB | 05.23.24 | 4](#)), the Board was projected to owe Dean another settlement payment for 2024. This is expected to be another ~\$8M that will need to be paid by the reserve. Additionally, at the May 2024 meeting, ETF provided information on administrative fee increases that are due, in part, to the implementation of the Insurance Administration System (IAS) ([Ref. GIB | 05.23.24 | 4B](#)). These increases will continue to factor into rates in the coming years.

Ms. Walk said that ETF and Segal were working on additional projections for the reserve that consider the monthly cash reserve needs and would use those projections to inform the coming rate-setting cycle. ETF plans to bring a preliminary discussion of rates to the Board at the February meeting. ETF will also review the Board's health insurance reserve policy and offer any appropriate changes for the Board's consideration at the May meeting.

Mr. Pahnke asked for clarification on timing, and when ETF will know when the GHIP might experience a negative cash flow. Ms. Klimke responded that the financials for 2023 weren't available until late into 2024. ETF was monitoring the GHIP reserve status closely and performing monthly calculations. Ms. Klimke reported that eight of 11 months of data was available for 2024, and each of the eight months resulted in a negative cash flow. At the end of December 2024, the cash balance was approximately \$12.5M.

The Board asked for more information on the 2024 incurred costs for pharmacy to be provided in February. Board members were curious to know what ETF and Segal could find that would explain why the projected claims and actual costs for pharmacy were so different. The Board asked that ETF and Segal look at alternative information like cash basis data to determine what the minimum balance would need to be for the GHIP to stop having a negative cash flow each month.

The Board also requested that ETF and Segal take a historical look at projections for pharmacy and reserve surplus. They asked that this be presented at the May meeting. The Board also wanted an update on the projection of fees related to IAS.

OPERATIONAL UPDATES

Mr. Day observed that the only operational update included in the Board materials was the "Proposed 2026 Meeting Dates" memo ([Ref. GIB | 01.15.25 | 13A](#)). Board members were encouraged to notify the Board Liaisons if they had any conflicts with the dates proposed.

ADJOURNMENT

MOTION: Ms. Thompson moved to adjourn the meeting. Mr. Fields seconded the motion, which passed unanimously on a voice vote.

The meeting adjourned at 11:07 a.m.

Date Approved: _____

Signed: _____

Nancy Thompson, Secretary
Group Insurance Board