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Correspondence Memorandum

Date: May 7, 2025

To: Group Insurance Board

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Subject: Requests for Proposals Updates

This memo is for informational purposes only. No Board action is required.

The purpose of this memo is to provide updates on the progress of negotiations for the contracts that were awarded by the Group Insurance Board (Board) at their January and February 2025 meetings.

Medicare Advantage and Medicare Plus Requests for Proposals (RFPs)

Background

At the Board's January 15, 2025 meeting the Board awarded the It's Your Choice (IYC) Medicare Advantage and Medicare Plus contracts to UnitedHealthcare (UHC), effective January 1, 2026 ([Ref. GIB | 01.15.25 | 9](#)). The Board requested that the Department of Employee Trust Funds (ETF) discuss several items with UHC during contract negotiations.

In 2025, there are over 12,000 Medicare Advantage subscribers and over 17,600 members enrolled in the Board's program. There are over 3,300 Medicare Plus subscribers, and over 4,400 members enrolled.

UHC Contract Negotiations

ETF and UHC met several times, starting on February 17, 2025, to discuss UHC exceptions to the Program Agreement, 2026 premium rate bids, ongoing enrollment discrepancy issues with premiums and the full file compare process, and UHC's HITRUST security submission.

Reviewed and approved by Renee Walk, Director, Office of Strategic Health Policy
Electronically Signed 05/01/2025

Board	Mtg Date	Item #
GIB	05.21.25	13B

UHC Exceptions to the Program Agreement

During the RFP process, UHC submitted recommendations for changes to the Program Agreement. After ETF discussed the recommendations with UHC, UHC withdrew a number of them. ETF and UHC did agree to make some modifications to the language regarding performance standards and reports, based on UHC's recommendations, including:

- A. Supporting documentation for performance reports.
- B. Penalty for late taxable income report for participant incentive payments.
- C. Privacy violation.

A. Supporting Documentation for Performance Reports

The Program Agreement includes a performance standard that states ETF may request data and documentation to validate any UHC performance report and that such information will be provided within five business days or a \$500 per business day penalty would be assessed. In its proposal, UHC struck the entire provision. UHC stated that they would provide the numerator and denominator but would not provide more information or be subject to the \$500 per day penalty, indicating, "This is in part due to the complexity of the various systems the data is housed in and the pure volume of data we would be required to send."

UHC added, "We are confident that the regulations mandated upon UHC by Centers for Medicare and Medicaid Services (CMS), and the regular and routine audits and oversight they require from us in order to validate our compliance, that WI ETF can be assured that the numbers we do provide for the numerator/denominator calculation are precise and accurate."

UHC's responses were shared with ETF's Office of Internal Audit (OIA). OIA indicated the level of information provided by UHC today, which UHC plans to continue to provide under the new contract, is insufficient and does not allow ETF to determine the accuracy of UHC's calculations (numerators and denominators). Subsequently, this issue was discussed with ETF's Office of Legal Services (OLS). The level of risk for allowing this concession was discussed with OIA, OLS, Office of Strategic Health Policy (OSHP), and Budget, Contract Administration and Procurement (BCAP) staff and it was agreed ETF would allow UHC to provide numerator/denominator for their supporting documentation. ETF's decision to allow this concession was based on the rigorous checks and balances that CMS applies to Medicare programs and UHC's consent to have further discussions with ETF on this issue. The performance standard and the penalty were restored to the Program Agreement.

B. Penalty for Late Taxable Income Report for Participant Incentive Payments

The Program Agreement includes a performance standard that states the IYC Medicare Advantage contractor must provide an incentive report to ETF annually, by January 10, that includes all incentive payments or other items of monetary value that do not qualify as an IRS Section 213 (d) medical expense and that were issued to members for tax reporting purposes. The penalty associated with the performance standard is \$1,000 per day if it is late. UHC requested a cap of \$50,000 on the amount of the penalty, annually, which ETF agreed to.

C. Privacy Violation

The Program Agreement includes a performance standard for the disclosure of participant identifying data with associated penalty amounts for the first, second, and third violations of \$10,000, \$15,000, and \$20,000, respectively. After that, there is an additional \$1,000 penalty for each participant record affected. UHC proposed removing the \$1,000 additional penalty and adding a \$100,000 annual cap. The level of risk for allowing these changes was discussed with OLS, OSHP, and BCAP staff, and it was agreed ETF would allow these changes if the dollar amounts for the first, second, and third violations were increased to \$15,000, \$20,000, and \$25,000, respectively. Additionally, the changes would require that the privacy violation penalty would not be subject to the 3% quarterly cap on penalty amounts applied to other performance standards under the data management section. UHC agreed to this.

II. 2026 Premium Cost

The Board requested that ETF have further discussions with UHC about their 2026 rates. On April 11, 2025, UHC received information about CMS' Medicare Advantage subsidy payments based on the plan's Star Rating. ETF and UHC met on April 14 to discuss that, as well as a detailed renewal calculation for Medicare Plus. UHC provided their Best and Final Offers (BAFOs) on April 18. The rate for Medicare Plus dropped from a 22.79% increase to the amounts shown in Table 1. UHC would not offer a multi-rate guarantee for Medicare Plus. Its IYC Medicare Advantage rate and two-year rate guarantee offer did not change.

Table 1: Medicare Plus Per Member Per Month Rate Bid

Health Plan	Initial 2026	BAFO 2026	Current 2025	Dollar increase for 2026	Percent increase for 2026
UHC State	\$307.80	\$295.69	\$250.68	\$45.01	18%
UHC Local	\$327.04	\$314.17	\$266.34	\$47.83	18%

III. Ongoing Enrollment Issues

At the January 15, 2025, Board meeting, ETF discussed two ongoing data discrepancy issues. The Board asked for an update on the following issues:

- A. Premium discrepancies
- B. Full File Compare (FFC) discrepancies.

A. Premium Discrepancies

In late 2023, UHC identified over 800 members with premium discrepancies going back to 2020. For some, UHC was expecting more in premium and for others, less. It was found at that time that UHC and ETF did not have a standard process to investigate and resolve these. The teams met multiple times to determine the process, address concerns, and work through specific discrepancies. Since that time, UHC has been sending ETF a monthly report for review and reconciliation. We have been successful in resolving most except for the most recent, monthly items. In March 2025, there were 17 members whose accounts required research and potential adjustments. In April 2025, there were 13.

B. FFC Discrepancies

The current FFC process compares the following 10 data fields to ensure alignment across the enrollment systems of ETF and health plans:

1. Social Security Number (SSN) for subscriber and dependents
2. Member ID (ETF assigned)
3. Name (first and last)
4. Date of birth
5. Member type (subscriber or dependent)
6. Health plan name
7. Health plan (Carrier Code meaning benefit design)
8. Employer group number
9. Effective date
10. Termination date.

If discrepancies are found, ETF and plans work together to resolve them.

In early 2024, there was a sudden increase in data mismatches. UHC extracts data from two systems to develop the FFC report. Extracts from UMR, UHC's third-party administrator, have been flawed. The most common error shows members who had their coverage terminated, and ETF agrees they are currently canceled, but since UHC included them in the report, ETF notes them as an error. Further, there are several SSN mismatches due to the vendor's insertion of a 0 at the start of the SSN. These data mismatches do not affect member enrollment or claim payments. ETF and UHC continue to work on this issue.

IV. HITRUST

Staff from ETF's Bureau of Information System Management (BISM) and OSHP have been working together on a path forward for UHC's information security submissions. BISM, OSHP, and UHC's security team had several meetings in April so BISM could learn more about UHC's security controls. UHC is willing to meet often and is forthcoming with information. BISM is concluding their review as soon as possible.

UHC Timeline

Below is an approximate timeline of next steps:

- I. Late May 2025: Contract signed
- II. October 6 – 31, 2025: Open enrollment period

Pharmacy Benefits Manager RFP

ETF and Navitus have exchanged draft contract language. On April 4, 2025, CMS released the *Contract Year 2026 Policy and Technical Changes to the Medicare Advantage Program, Medicare Prescription Drug Benefit Program, Medicare Cost Plan Program, and Programs of All-Inclusive Care for the Elderly Agency*. The release of this new guidance for the 2026 Medicare Prescription Drug Benefit Program (M3P) has slowed down finalizing the contract due to the need to include this new CMS guidance in the contract. ETF and Navitus remain committed to finalizing the new Pharmacy Benefit Manager contract as soon as possible.

Pre-Tax Benefits RFPs

Contract Negotiations

On April 7, 2025, ETF and Total Administrative Services Corporation (TASC) held their initial kickoff meeting to begin contract negotiations for the administration of the pre-tax benefit programs. These programs include Health Savings Accounts (HSAs), Flexible Spending Accounts (FSAs), Dependent Day Care Accounts, Parking and Transit Accounts, and the Section 125 Cafeteria Plan. ETF introduced several new key terms to support a smooth implementation and transition process:

- *Dedicated Staff for Implementation* – TASC will assign staff specifically to assist ETF and Benefitfocus with implementing TASC into the Insurance Administration System.
- *Support for Trust Finance and Payroll* – TASC will assign staff to assist ETF's Division of Trust Finance and employer Payroll Centers with tasks like reporting, training, file testing, and communication.
- *Clear Reporting and Performance Expectations* – ETF included detailed requirements for data reporting and penalties if performance standards aren't met.
- *Non-Discrimination Testing Timeline* – A clear timeline will be created for non-discrimination testing, including due dates for deliverables from TASC and the Payroll Centers.

ETF anticipates that contracts will be signed by the end of April 2025.

TASC Implementation

TASC and ETF are meeting weekly to discuss implementation activities. A detailed implementation plan was provided by TASC and is currently under review. Implementation kickoff meetings with state employers will begin in early May 2025, focusing on onboarding the payroll centers and conducting file testing. TASC assigned two dedicated implementation managers and a support team to assist throughout the transition from Optum Financial (Optum) to TASC.

Communication Plan and Strategy

ETF staff have developed a communication plan to guide the distribution of information to payroll centers and participants throughout the transition of the pre-tax programs to TASC. This plan emphasizes key milestone deliverables and outlines how the upcoming vendor change may affect participants' pre-tax benefits.

Information regarding the change in vendors will be featured in 2026 open enrollment materials, including a multi-channel approach with printed brochures, websites, and instructional videos. To support effective planning, concise timelines will be communicated well in advance, allowing participants to manage their account balances proactively.

Transition of Programs from Optum to TASC

ETF and Optum met to discuss the upcoming transition of the pre-tax benefit programs to TASC. Optum is expected to provide a detailed transition plan to ETF by April 30, 2025, outlining all key deliverables and timelines associated with the transition to TASC. ETF has established a dedicated internal team to support the transition of services from Optum to TASC, and information will be shared with payroll centers and participating members as timelines and deliverables are finalized.

Staff will be at the Board meeting to answer any questions.