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Correspondence Memorandum

Date: May 7, 2025
To: Group Insurance Board
From: Molly Dunks, Disease Management and Wellness Program Manager
Office of Strategic Health Policy
Subject: WebMD Contracts Update

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

Background

At the February 22, 2023, Board meeting, the Board approved three contracts ([ETB0047-49](#) for well-being, mental health, and condition management) with WebMD Health Services (WebMD), for the term of January 1, 2024, through December 31, 2026, with the option for two, two-year extensions. This memo provides an update on the contracts, including a change in WebMD's subcontractor for pain management, return-on-investment (ROI) methodology, resetting the health assessment, and an audit of the contracts.

Pain Management Subcontractor

The condition management contract includes the Fern Health pain management program. In September 2024, ETF was notified that RealizedCare, the parent company of Fern Health, was ending its Fern Health program at the end of 2024 due to unexpected issues affecting its business.

WebMD is negotiating a new contract with Kaia Health to provide an evidence-based pain management program to replace Fern Health. The expected launch date of the Kaia Health pain management program is June 2, 2025. WebMD indicated the pricing for the Kaia program will mirror the pricing for the Fern Health program. 500 participants are included in the per subscriber per month condition management fee paid by ETF. Each participant in the pain management program over 500 costs ETF \$300 per year. For reference, there were 324 participants who enrolled in Fern Health before new enrollments were restricted in October 2024. ETF will include the updated pain management program information in the next contract amendment.

Reviewed and approved by Renee Walk, Director, Office of Strategic Health Policy
Electronically Signed 04/30/2025

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GIB	05.21.25	13P

Return-on-Investment Methodology

The contracts include a performance guarantee with a minimum of a 1:1 ROI beginning in program year 2025 (measurement period B from Table 4). An agreed-upon methodology has been established among ETF, WebMD, and Merative, who will perform the analysis.

The analysis will compare participants' (study group) actual cost trends to expected cost trends (control group) to calculate "savings." All program costs, including fees paid to WebMD and incentives paid to participants, will be used to determine the final ROI.

Table 4: ROI Time Periods

Measurement Period	Baseline (Claims)	Measurement Year (Claims)	Study Group: Participant engaged for at least two years during time period	Analysis
A	2021	2024	2022 – 2024	2025
B	2022	2025	2023 – 2025	2026
C	2023	2026	2024 – 2026	2028
D	2024	2027	2025 – 2027	2028
E	2025	2028	2026 – 2028	2030
F	2026	2029	2027 – 2029	2030

The timeline in the agreed-upon methodology included completing two years of analysis every other year to help streamline resources. However, ETF is considering doing the first analysis, measurement period A, as a standalone to review the process and check on results. Fees will not be at risk for measurement period A. Fees at risk are included in the contract for measurement periods B through F. The goal is to have ROI results available in November of each analysis year, as noted in the table.

The methodology will be included in the next contract amendment.

Health Assessment Reset

Risk change performance guarantees use the annual health assessment (HA) as the measurement tool. ETF learned in 2025 that WebMD did not reset/remove participant answers from participants' HAs for the 2023 program year. Participants who had completed the HA in 2022 had their answers pre-populated when they completed it in 2023. Participants were able to update their answers but were not required to.

Data analysis shows changes made to the HA were biased in the direction of improvement, which impacted the risk change results for 2023 to 2024. ETF discussed

different options to measure risk change with WebMD to account for this error but concluded with using the risk change terms included in the contract, with one exception. The assumption that the HA is cleared annually will be disregarded for this measurement period since WebMD was at fault. WebMD has agreed to pay the penalty associated with missing the lifestyle management risk change guarantee.

Going forward, WebMD has agreed to reset the HA annually. If they do not, WebMD will owe all penalties associated with risk change. The current contracts will be amended to include this information.

Contract Audit

ETF is currently auditing the WebMD contracts for 2022, 2023, and 2024, and will validate performance reporting, incentive payments, and invoicing. Audit results will be reported to the Board later this year.

Staff will be at the Board meeting to answer questions.