DRAFT

MINUTES

May 21, 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. – 12:42 p.m.

BOARD MEMBERS PRESENT:

Herschel Day, Chair
Nathan Houdek, Vice Chair
Nancy Thompson, Secretary
Dan Fields
Jen Flogel
Erin Hillson
Brian Keenan
Katy Lounsbury*
Brian Pahnke
Nathan Ugoretz

PARTICIPATING EMPLOYEE TRUST FUNDS (ETF) STAFF:

Office of the Secretary:
John Voelker, Secretary
Diana Felsmann, Deputy Secretary
Kimberly Schnurr, Board Liaison
Office of Strategic Health Policy (OSHP):
Renee Walk, Director
Xiong Vang, HSA and ERA Accounts Program Manager
Douglas Wendt, Dental and Supplemental Plans Program Manager
OSHP (Cont.):
Luis Caracas, Health Plan Policy Advisor
Division of Benefits Administration:
Gene Janke, Benefit Services Bureau Director
Division of Trust Finance:
Marie Ruetten, Deputy Administrator
Office of Enterprise Initiatives:
Michelle Baxter, Director

OTHERS PRESENT:

Office of the Secretary:
Pam Henning, Assistant Deputy Secretary
ETF Staff:
Shellee Bauknecht*, Phil Borden, Laura Brauer, Beth Bucaida*, Taylor DeBroux, Liz Doss-Anderson, Molly Dunks, Patti Epstein*, Paulina Erdman*, Gina Fischer*, Jessica Goerling,
ETF Staff (Cont.):
Sheila Gubin*, Dan Hayes, Michelle Hoehne*, Bruce Johnson*, Joanne Klaas*, Cindy Klimke, Brittney Kruchten*, Mark Lamkins*, Arlene Larson, Dave Maradiaga*, Matthew Martinelli*, Peggy McCullick, Stacey Novogoratz, Katherine O'Neill, Michele Powers, Kurt Petrie*, Peter Rank, Jessica Rossner,

* Attended virtually.

Board	Mtg Date	Item #
GIB	08.13.25	2A

ETF Staff (Cont.):
Shraddha Shrivastava*, Tricia Sieg, Amelia Slaney*, Tim Steiner*, Ilana Sullivan*, Yikchau Sze*, Sarat Tadi*, Stephanie Trigsted, Barry Tucker, Laura Vang*, Mee Wartgow*, Korbey White, Wade Whitmus, Amanda Williams*, Mona Yee*, Kathryn Young
Ashland County, WI:
Gary Mertig*
Aspirus Health Plan:
Megan Umnus*
Bayside, WI:
Rachel Safstrom*
Dean Health Plan:
Katie Beals*, Penny Bound*, Dan Kelly*, Maria Schneider*
Delta Dental of Wisconsin:
Lyn Polster, Betsy Vinopal
Department of Administration (DOA):
Dana Gehrmann*, Mary Hasselquist*, Sara Hynek*, Jennifer Kraus*, Amy Lauersdorf*, Meghan McKenna*, Derek Sherwin*, Danielle Tesch*, Lisa Tesch*, Tina Updike*
Department of Corrections (DOC):
Tim Harris*
Department of Justice (DOJ):
Sarah Huck
Department of Transportation (DOT):
Becky Reese*
Eli Lilly and Company:
Kelly Ruhland*
Group Health Cooperative of Eau Claire:
Heather Klanderman*, Christina McConaughey*, Shawna Parker*
Group Health Cooperative of South Central Wisconsin:
Tammy Adler*
Hamilton Consulting:
Abbey Rude*
Hawks Quindel, S.C.:
Hadley Brouhard*
HealthChoice Insurance Solutions:
Gary Praznik*
Health Partners:
Kyle Long*
Jefferson County, WI:
Terri Palm*, Jessica Tucker*
Juneau County, WI:
Mechelle Thompson*
Lafayette Hospital + Clinics:
Marie Wamsley*
Legislative Audit Bureau (LAB):
Nathan Heimler*, Jennifer Multerer*, Erin Scharlau*
Little Chute, WI:
Lisa Remiker-DeWall*
Merative:
Oladipo Fadiran
MercyCare Health:
Marc Dinnel*, Lisa Foss*, Michael Lorhan*, Shelly Rick*, Besnik Sadiku*, Sherrie Sargent*, John Trochlell*
MetLife:
Bill Lamb*, Matthew Weimer
Michael Best Strategies:
Adam Barr*
Milliman:
Maxwell Berube, Paul Correia
Network Health Plan:
Vanessa Cagal*, Tammy Harker*
Pepin County, WI:
Micci Weiss*
Quartz:
Brittany Coyne*
Securian:
Kjirsten Elsner
Security Health Plan:
Angela Pero*
Segal:
Patrick Klein, Ken Vieira, Zach Vieira
UnitedHealthcare:
De Arcy Raybuck*
UW Health:
Annette Phelps Revolinski*, Olivia Talma*

UW-Madison:
Marissa Isensee*
UW System Administration:
Brianne Jobke*, Erin Schoonmaker*
Village of Grafton, WI:
Ashley Voigt*
WebMD:
Emily Rosetter*
Wisconsin Association of Health Plans:
HJ Waukau
Wisconsin Department of Health Services:
Margaret Seamans*
Wisconsin Health News:
Sean Kirkby*
WPPI Energy
Julie Zacher*
Public:
Chad Freymiller*, Jim Guidry*, Jack Lawton*, Fran Manka*, Yvonne Mertig*
Others (Unidentified):
9 individuals connected via telephone

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

ANNOUNCEMENTS

- This was the first Board meeting for some new ETF employees, such as Jessica Goerling, the new board liaison in the Office of the Secretary; Stacey Novogoratz, Program Management Section Chief in OSHP; and Michele Powers, an Attorney in the Office of Legal Services.
- The limited authority delegated by the Board to the ETF Secretary for the Insurance Administration System (IAS) Program has not been used since the Board approved it last October. It is set to expire on June 30 this year. At this time, ETF is not asking for a renewal but will bring it to the Board at a future meeting if needed.
- Due to the limited IAS implementation only for the Universities of Wisconsin (UWs) on July 1, 2025, and a full implementation with all employers set for spring of 2026, any policy changes recently approved by the Board contingent on the full IAS implementation will be delayed. These include those on Medicare eligibility and Life Insurance open enrollment dates.
- The Medicare Advantage (MA) and Medicare Plus (M+) contracts had been signed by UnitedHealthcare (UHC). Additionally, Total Administrative Services Corporation (TASC) had signed the contracts for third-party administration of the Health Savings Accounts (HSAs), the Section 125 Cafeteria Plan, Employee Reimbursement Accounts (ERAs), and Commuter Fringe Benefit Accounts. Navitus was close to signing the Pharmacy Benefit Manager (PBM) contract, but some details still needed to be ironed out regarding the Medicare Prescription Payment Program (M3P). ETF would continue to update the Board on the PBM contract status with Navitus.

CONSIDERATION OF OPEN AND CLOSED MINUTES OF FEBRUARY 26, 2025 (Ref. GIB | 05.21.25 | 2A)**, AND MARCH 12, 2025** (Ref. GIB | 05.21.25 | 2D)**, MEETINGS**

MOTION: Mr. Fields moved to approve the open and closed minutes of the February 26, 2025, and March 12, 2025, meetings as presented by the Board Liaison. Mr. Ugoretz seconded the motion, which passed unanimously on a voice vote.

Mr. Keenan joined the meeting at 8:33 a.m.

MOVE TO CLOSED SESSION

Mr. Day announced that the Board would be going into closed session for consideration of Appeal 2024-007-GIB and to discuss 2026 GHIP rate negotiations.

MOTION: Ms. Thompson moved to closed session pursuant to the exemptions contained in Wis. Stat. § 19.85 (1) (a) for quasi-judicial deliberations, and 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. Flogel seconded the motion, which passed on the following roll call vote:

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

Nays: None.

Absents: None.

The Board convened in closed session at 8:35 a.m.

The Board returned to open session at 10:40 a.m.

ANNOUNCEMENT OF ACTION TAKEN ON APPEAL AND BUSINESS DELIBERATED DURING CLOSED SESSION DISCUSSION

Mr. Day announced that the Board met in closed session to consider Appeal 2024-007-GIB, and no action had been taken.

Mr. Day also announced that the Board met in closed session and discussed the 2026 GHIP rate negotiations.

2026 GHIP AND UNIFORM DENTAL BENEFIT RATES

Rates and Reserves Recommendation (Ref. GIB | 05.21.25 | 8A) PPT

Ms. Walk said ETF was recommending the Board to approve the following:

- The recommended health, pharmacy, and dental rates that the Board's actuary, Segal, will be presenting
- The buy-up and three-year reserve strategy Option 1 described on page 5 of the "Rates and Reserves Recommendation" memo
- ETF making any additional minor adjustments to health plan service areas after they are finalized

Ms. Walk provided an overview of the rate negotiation process. She said that the process was the same as prior years, except for MA and M+. The MA and M+ vendor, UHC, submitted rates as a part of the Request for Proposals (RFP) approved by the Board at the January meeting (Ref. GIB | 01.15.25 | 9). Ms. Walk said that UHC was also invited to submit its best and final offers (BAFOs) during broader negotiations.

Ms. Walk said that ETF works with the Office of the Commissioner of Insurance (OCI) to confirm each plan's financial status, and OCI has confirmed that each company participating in the GHIP meets Wisconsin's minimum financial requirements.

Ms. Walk said the 10 fully insured, regional health plans bid on specific Wisconsin counties in which they wish to be offered to GHIP members. To qualify to be offered in a county, plans must meet minimum provider standards. Any county that does not have a plan but wishes to have one that meets the minimum standards will include the State Maintentance Plan (SMP) as its qualified, Tier 1 plan option. Ms. Walk said that the SMP was currently provided by Dean Health Plan (Dean), who had submitted a renewal price workup for both the Access Plan and the SMP for plan year 2026. For plan year 2026, the State program would continue to have only one SMP county: Florence County. Ms. Walk said there were eight new Local SMP counties: Chippewa, Crawford, Eau Claire, Jackson, La Crosse, Monroe, Trempealeau, and Vernon. This brought the total Local SMP counties to 48.

Ms. Walk went over the 2026 weighted average increase for active employees in the State program. Across health plans, the weighted average increase will be 5.6% (5.4% without Access Plan rates). Premium increases by individual plans ranged between 0.0% and 38.5%. Ms. Walk said that pharmacy rates will increase 8.1% for non-graduate assistant employees. Uniform dental rates will increase 3.5%. She said that, altogether, this will result in an increase of 5.9% for active employee premiums before the premium stabilization charge (PSC) is applied.

Ms. Walk continued with the 2026 weighted average increase for active employees in the Local group. The weighted average increase across health plans will be 10.6%. Ms. Walk said that premium changes ranged between -0.1% and 25% by individual plan. Pharmacy rates for active employees will increase 5.3%, and uniform dental rates will increase 3.5%. Ms. Walk said that the SMP, which will be the qualified, Tier 1 plan offering in most counties, will experience a rate increase of 13.1%. The overall increase, inclusive of the SMP option, will be 9.6% before the PSC is applied.

Ms. Walk presented the 2026 Medicare rate increases. Under the GHIP, Medicare-eligible retirees have multiple health insurance product options available, each with its own rate. The rates for the Medicare-coordinated product offered by the 10 regional health plans will have the same rate increases as those for each plan in the State and Local programs. This resulted in premium changes ranging between 0.0% and 38.5% for state retirees and -0.1% and 25% for local retirees.

Ms. Walk said that retirees could also select either MA or M+ products, which would continue to be administered by UHC on behalf of the Board in 2026. For both State and Local retirees, UHC's MA premiums will increase 33.9% and M+ premiums will increase 18.0%. She said that pharmacy rates will increase 7.1% for state retirees and 16.3% for local retirees. Uniform dental rate increases for retirees will be the same as those for active employees: 3.5%. Ms. Walk said that these increases were prior to the application of the PSC.

Ms. Ruetten then went through the fees that were added to the health insurance premiums to cover the costs of ETF administering the GHIP and costs related to the Wellness program. Examples of some of the ETF administrative costs included staff salaries, compliance audits, actuarial services, and system costs (e.g., IAS, Data Warehouse). Wellness program costs included the administration of the wellness and disease management program, coaching, biometric screenings, and incentive payments. Ms. Ruetten presented a history of the health insurance administrative fee from 2021 to 2026. She said that there was a 3% increase in the fee for 2026 due to personnel costs associated with implementing My Insurance Benefits for the IAS program. However, the increase in 2026 is less than previously projected due to lower-than-anticipated Wellness program participation and related costs.

Ms. Ruetten shared the preliminary and on-an-accrual-basis State and Local health insurance program reserve balances as of December 31, 2024. She said that reserve balances continued to decline and are below the target ranges. Under the Board's current policy, target ranges by program are as follows:

- Medical (including wellness incentives): 3% to 5% of projected premiums
- Pharmacy: 8% to 10% of projected claims
- Dental: 5% to 7% of projected claims

Ms. Ruetten said that the largest change in percentage from the prior year is investment income for both State and Local program reserves. In 2024, the State reserve decreased by 70% for a total of $11 million, and the Local reserve decreased by 41% for a balance of $5.1 million.

Ms. Ruetten said that ETF wanted to present the information in Attachment B as a preliminary, accrual statement. To do that, lines were added to the tables for the State and Local program reserves to show pharmacy subsidies (an offset to contributions) and pharmacy rebates (an offset to the benefit expense). As an example, Ms. Ruetten said that under the Local program, there is $11.7 million in pharmacy rebates that are offset by the $48.4 million in benefit expense. However, Navitus has only told ETF what rebates are coming. ETF has not received that cash yet. Therefore, it was earned but not received, which is an accrual basis. Ms. Ruetten said that since the cash from the pharmacy rebates has not been received yet, ETF needed to front a little bit of the benefit expenses to pay vendors. She said that rebates and subsidies are not the only things that impact the cash balance, but they come into play in a very substantial way.

Ms. Ruetten presented the monthly cash balance of the reserve throughout 2024. The cash balance as of December 31, 2024, was negative $12.6 million. Ms. Ruetten said several factors contributing to the reserve's negative cash flow condition, including:

- Reserves were projected on an accrual basis (i.e., considering receivables which is cash to be received in future) versus. cash basis
- Continued increase of pharmacy costs, with actual costs having been greater than projected
- The 2023 rate buy-down of approximately $91 million approved by the Board
- The Board-approved 2024 rates that did not include any cash buy-up
- The existing reserve policy that did not address a negative cash position or being below a minimum cash target

As a result of the reserve experiencing negative cash flow, the GHIP was using cash from the Core Trust Fund to pay premiums and claims (Ref. GIB | 01.15.25 | 12).

Ms. Ruetten said that the Board's contract with Dean for the Access Plan and SMP continues to contain a risk sharing agreement. She said that under this agreement, if loss ratios exceed 90% in the plan, the Board pays 100% of the premium deficiency. That year, in 2025, the Board will pay Dean a total of $9.3 million for program year 2024. This payment will need to be paid by the reserves.

Ms. Walk said that ETF was recommending that the Board implement a PSC or cash buy-up to rates to meet the program targets established in the current Board policy. Options for the charge amounts over the coming three years included the following:

- Option 1: Target low end of the reserve fund range by the end of 2026 and high end by the end of 2028
- Option 2: Target the low end of the reserve fund range by the end of 2026, the midpoint by the end of 2027, and maintain in 2028

Ms. Walk said that ETF recommends that the Board approve Option 1. This approach restores the reserve faster, thereby limiting the amount of interest that the GHIP owes to the Core Fund for the months with negative cash flow. This option also positions the Board's programs to best weather future financial demands.

Segal Analysis and Options: 2026 Service Area Qualifications (Ref. GIB | 05.21.25 | 8B1), 2026 State and Local Rate Setting (Ref. GIB | 05.21.25 | 8B2), and 2026 Additional Buy-Up Scenarios (Ref. GIB | 05.21.25 | 8B3)

Mr. Klein, Mr. Ken Vieira, and Mr. Zach Vieira from Segal presented on the 2026 GHIP renewals. Mr. Zach Vieira provided an overview of the State and Local Health Maintenance Organization (HMO) renewals. For the State program, all plans remained in Tier 1. For the Local program, Mr. Zach Vieira said that Prevea360East moved to Tier 1 and Quartz West moved from Tier 1 to Tier 2.

Mr. Klein then went over the Access Plan and SMP plans. He said the Board's contract with Dean for the Access Plan and SMP continues to contain a risk sharing agreement. Mr. Klein said that under this agreement, if loss ratios exceed 90% of the plan, the Board pays 100% of the premium deficiency. These contract terms incentivize the Board to minimize rate increases to prevent paying Dean more than the 10% retention target. There are no more rate caps for future years. Mr. Klein said that the Board will pay Dean a total of $9.3 million for program year 2024. The projected payments for program year 2025 was $8.7 million and 2026 was $4.6 million. These will need to be paid by the reserve. He said the Access Plan and SMP rates increased 13.1% and included the expected settlements owed to Dean.

Mr. Ken Vieira presented the 2026 BAFO rates for the M+ and MA plans administered by UHC. He said rates had increased by 18.0% for M+ and 33.9% for MA.

Mr. Ken Vieira said that overall medical rates increased 6.1% for State program and 10.8% for the Local program. This resulted in a total increase of 6.8% for 2026. As part of the Board's direction at the March 12, 2025, meeting, ETF had been aggressive in the premium rate negotiations with health plans (Ref. GIB | 05.21.25 | 2D). Mr. Ken Vieira said that the renewal process had resulted in a $117 million savings, a 6.0% reduction from 2026 preliminary bids (6.4% for State and 3.7% for Locals).

Mr. Ken Vieira went over a graph showing the historical pharmacy spend from 2022 to 2026. He said that the "Top Line" claims (before credits) projected trend is averaging 8.5%, while rebates and Employer Group Waiver Plan (EGWP) subsides have increased on average 10.9%. The net impact is a four-year total average increase of 7.1% annually.

Mr. Zach Vieira presented the 2026 prescription drug plan rates. He said the aggregate rate increase for the State program was 7.7% and for Local program the increase was 6.1%. Overall, the recommended rate increase for the prescription drug plan is 7.5%. Mr. Klein said that Segal was seeing increases between 14% and 15% for pharmacy plans that covered GLP-1 drugs for weight loss.

Mr. Zach Vieira provided an overview of the 2026 dental plan rates for the State and Local programs. He said that Segal's recommended overall rate increase for the dental plan was 3.5%.

Mr. Klein presented the 2026 aggregate renewal rates for the State and Local programs broken out by medical, pharmacy, dental, and admin costs. He said the 2026 renewal process resulted in a $147.7 million total premium increase, a 6.8% increase from 2025 in-force Rates (6.3% for State and 9.9% for Local). These renewals were all pre-buy-up.

Mr. Klein then presented on the fund balances for the State and Local program health reserves. He said the State fund balance decreased $25.1 million in 2024 and is projected to decrease an additional $7.7 million in 2025. The Local fund balance had decreased $3.4 million in 2024 and is projected to decrease $3.7 million in 2025.

Mr. Ken Vieira clarified why Segal is assuming a 0% investment return for all future years in the reserve scenarios. He referred the Board to the appendices in Segal's "2026 State and Local Rate Setting" report.

Mr. Ken Vieira provided Segal's calculations of the projected reserve targets for the State and Local programs. He said that both programs are significantly under the lower boundary of the reserve target. Based on the midpoint reserve target, the State has a deficit of $116.5 million. The Local program has a deficit of $16.5 million. As a result of these calculations, Mr. Ken Vieira said that Segal recommended that the Board approve a sizeable buy-up to increase reserves within the target range.

Mr. Klein reviewed the two buy-up options that Ms. Walk had presented and how they relate to in-force rates. Mr. Ken Vieira said that the calculations for the 2027 and 2028 increases aim to reach the low end of the target in 2027 and midpoint in 2028 based on the underlying 2026 increase. He said the greater the 2026 increase, the lower the increases needed in subsequent years. Each option reflects the same underlying future cost increase of 6.0%, the premium differences result from funding the reserve.

The Board discussed the 2026 premium rates with no reserve draw and with the multiyear reserve buy-up options. During the conversation, the Board requested that ETF provide more than two buy-up options for the Board to consider as part of rate setting going forward. The Board also requested that buy-up options that spanned multiple years be provided sooner. The Board discussed that, if they did not move forward with Option #1 (ETF's recommended option), similar conversations would be necessary in 2026 for the 2027 plan year.

Mr. Day asked the Board if any further discussion was needed or if a member was ready to make a motion. Mr. Pahnke raised his hand and was recognized by the chair. He said he was using the following documents to make a motion:

- 2026 State and Local Rate Setting (Ref. GIB | 05.21.25 | 8B2, page 41)
- 2026 Additional Buy-Up Scenarios (Ref. GIB | 05.21.25 | 8B3, page 2)

MOTION: Mr. Pahnke moved to approve the following:

- ***The recommended premium rates presented by Segal for the State program, 5.4%, along with a buy-up of 2.6% for an overall premium rate increase of 8% for plan year 2026***
- ***The recommended premium rates presented by Segal for the Local program, 9.1%, along with a buy-up of 2.4% for an overall premium rate increase of 11.5% for plan year 2026***
- ***ETF's request to make any additional, minor adjustments to health plan service areas after they are finalized***

Mr. Houdek seconded the motion, which passed on the following roll call vote:

Ayes: Fields, Flogel, Hillson, Houdek, Lounsbury, Pahnke.

Nays: Day, Keenan, Thompson, Ugoretz.

Absents: None.

Ms. Hillson left the meeting at 11:55 a.m.

SUPPLEMENTAL PLAN RECOMMENDATIONS: VISION AND ACCIDENT (Ref. GIB | 05.21.25 | 9) PPT

Mr. Wendt and Mr. Caracas began their presentation with a recap of key dates for the current year process. At the November 13, 2024, meeting, the Board approved updates to the Supplemental Insurance Plan Guidelines (ET-7422) (Ref. GIB | 11.13.24 | 5). The document provides instructions on how proposals should be structured and submitted by insurers interested in participating in the supplemental insurance programs. Proposals were due at 2 p.m. on January 31, 2025. On April 16, recommendations were finalized by both the Accident and Vision plan review committees. Both contracts for the Accident and Vision plans would be for three-year terms, effective January 1, 2026.

Mr. Caracas provided an overview of the Accident plan. He said that the Accident plan review committee received proposals from the current contracted issuer, Securian Financial (Securian), and Metropolitan Life Insurance Co. (MetLife). Evaluation of the Securian's and MetLife's proposals included, but was not limited to, the following considerations:

- Premium rates
- Benefit payouts
- Ability to meet all plan requirements described in the Supplemental Insurance Plan Guidelines (ET-7422)
- Actuarial assessment completed by contracted third-party actuaries
- Internal references
- Checks for complaints filed with OCI and the Department of Agriculture, Trade, and Consumer Protection (DATCP)

Mr. Caracas said that Securian submitted a proposal matching the current plan design, with a small premium increase. MetLife offered two plan designs: one closely matched the current Accident plan design and the other increased benefit payouts. Mr. Caracas provided a breakdown of the premium rates for the Securian and MetLife plans that matched the current Accident plan design. He also shared the results of Securian's and MetLife's internal reference checks. Neither Securian nor MetLife had negative reports from OCI or DATCP.

Mr. Caracas said that the Accident plan review committee recommended continuing to contract with Securian for Group Accident insurance coverage for 2026-2028.

Mr. Wendt then provided an overview of the Vision plan. The Board currently contracted with DeltaVision for Supplemental Vision insurance coverage. Mr. Wendt said that the Vision plan review committee received proposals from DeltaVision, MetLife, and VSP Vision (VSP). Due to failure to provide up-to-date financial documents and the required fee for the third-party actuarial review, VSP's proposal was disqualified as incomplete.

Mr. Wendt said that DeltaVision had submitted four plan designs in their proposal. One plan design matched the current plan design and the other three offered variations of enhanced benefits. MetLife's proposal included a single plan design that closely mirrored the current plan design. Like the evaluation of the proposals received for the Accident plan, the Vision plan review committee evaluated proposals based on premium rates, the ability to meet all plan requirements as described in the Supplemental Insurance Plan Guidelines (ET-7422), actuarial assessments completed by contracted third-party actuaries, internal references, and complaints filed with OCI and DATCP. However, the committee also evaluated DeltaVision and MetLife's proposals based on network adequacy and benefits.

Mr. Wendt compared the Vision plan premiums in DeltaVision and MetLife's proposals for active employees and retirees. Only plan designs that matched the current plan design from DeltaVision and MetLife were used. The Vision plan review committee expressed concern regarding the increase for retirees under DeltaVision's proposal. Mr. Wendt said that retiree premiums that were higher than those for active employees could lead to an issue where new retirees want to enroll in COBRA coverage at retirement to keep their premiums low. Once COBRA coverage ends, the member must wait until the next open enrollment to reenroll as a retiree, which created unwanted gaps in coverage.

MetLife's proposal reduced premiums across-the-board by almost 18% from the current 2025 rates. Mr. Wendt said that the Supplemental Insurance Plan Guidelines (ET-7422) required that rates be locked in for the three years of the contract, and MetLife had agreed to this in their proposal. He said that there could be a risk of a higher rate increase during the proposal process for the 2029-2031 contract. The actuarial review conducted by Milliman estimated similar loss ratios for both vendors, with an estimate of 87.5% for DeltaVision and 89.5% for MetLife.

Mr. Wendt said there were key differences between DeltaVision and MetLife's proposals regarding provider networks, laser vision correction surgery, and contact lenses. He also said that neither vendor had negative reports from OCI or DATCP.

The Vision plan review committee recommended that the Board contract with MetLife for the 2026-2028 vision contract. Mr. Wendt said that the Supplemental Insurance Plan Guidelines (ET-7422) includes a provision that if the contract is not signed within 30 days of the meeting, or if it becomes apparent that the vendor would not be able to meet the contractual requirements, the Board can choose an alternate vendor. Therefore, the committee also recommended that the Board begin negotiation with DeltaVision if, for any reason, MetLife did not sign a contract within the required timeframe.

MOTION: Ms. Flogel moved to approve the following contracts for Accident and Vision insurance plans effective January 1, 2026:

- ***Three-year contract with Securian for Group Accident insurance coverage***
- ***Three-year contract with MetLife for Supplemental Vision insurance coverage. If the contract is not signed within 30 days of the meeting, or if it becomes apparent that the vendor would not be able to meet the contractual requirements, the Board can choose an alternate vendor. If for any reason MetLife does not sign a contract within the required timeframe, the committee recommends contracting with DeltaVision for the three-year contract instead.***

Mr. Fields seconded the motion, which passed on the following roll call vote:

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

Nays: None.

Absents: Hillson.

Ms. Hillson returned to the meeting at 12:22 p.m.

ACCEPTANCE OF STATE AND LOCAL INCOME CONTINUATION INSURANCE ACTUARIAL VALUATIONS (Ref. GIB | 05.21.25 | 10) PPT

Mr. Janke introduced himself and representatives from Milliman, Mr. Correia and Mr. Berube, to the Board. Mr. Correia then began the presentation with an overview of the actuarial valuation assumptions that were used in the reports for the State and Local Income Continuation Insurance (ICI) Plans as of December 31, 2024. He said that liabilities were calculated based on the same methodology used for the actuarial valuation reports that were presented to the Board last year (Ref. GIB | 05.23.24 | 9). Mr. Correia said that the Loss Adjustment Expense Liability now assumes a 2% annual increase in expense costs beginning in 2027. Additionally, Expense Projections now use known, rather than estimated, carrier fees for 2025 and 2026.

Mr. Correia then presented on the estimated liabilities as of December 31, 2024, for the State ICI valuations. He provided a comparison of the most recent actuarial valuation liabilities to those that were reported last year. Mr. Correia said that total liability increased by 2.3% from $85.1 million as of December 31, 2023, to $87.0 million as of December 31, 2024.

Mr. Berube then provided an analysis of the reserve balances from the State ICI actuarial valuation report as of December 31, 2022, to the most recent report as of December 31, 2024. He said that the State ICI reserve increased by $8.6 million between December 31, 2023, and December 31, 2024. Mr. Berube also said that the December 31, 2024, reserve balance is equal to 208% of the actuarial liability.

Mr. Berube presented the Board with financial projections for six scenarios representing different contribution rate levels that were provided in the 2024 State ICI valuation report. He added that all scenarios included incurred but not reported (IBNR) claim liabilities based on the new assumptions developed from the IBNR experience study.

Mr. Pahnke requested clarification on the investment return assumptions for the six scenarios. He stated that he did not like scenarios 1 and 2. He felt that the 2025 investment returns of -15% provided in scenario 1 and -30% in scenario 2 were pessimistic.

Mr. Janke stated that ETF recommended that the Board adopt the baseline scenario, which would reduce current premium rates for the State ICI program by 10% in the 2026 plan year. The Board agreed that this scenario was a favorable one.

Mr. Correia then went through the estimated liabilities as of December 31, 2024, for the Local ICI valuations. He compared the liabilities to those from the previous year's report. The total liability increased by 11.0% from $7.5 million as of December 31, 2023, to $8.3 million as of December 31, 2024.

Mr. Correia then provided an analysis of the reserve balances going back to the Local ICI actuarial valuation report as of December 31, 2022. The Local ICI reserve balance is equal to 527% of the actuarial liability as of December 31, 2024. Mr. Correia added that, according to the funding analysis conducted by Milliman, there was an indication that the premium waiver could be continued for the near future.

Mr. Janke stated that scenarios and financial projections had been provided in Milliman's 2024 Local ICI valuation report. The scenarios for the Local ICI plan projected IBNR claim liabilities based on the assumptions developed from the IBNR experience study. Mr. Janke added that ETF recommended that the Board continue to leave the Local ICI premium holiday in place for 2026 as described in the Baseline Scenario.

MOTION: Mr. Pahnke moved to accept the State and Local ICI Actuarial Valuations as of December 31, 2024, and moved to accept ETF's recommendation that the Board adopt the Baseline Scenario for the State ICI plan, which would reduce current premium rates by 10% for the 2026 plan year, and also adopt the Baseline Scenario for the Local ICI plan, resulting in a continuation of the premium holiday in the 2026 plan year. 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.

Absents: None.

LIFE INSURANCE RESERVE POLICY (Ref. GIB | 05.21.25 | 11) PPT

Mr. Caracas started his presentation with background information on the Group Life Insurance Program's reserve policy. He explained that the policy was initially approved by the Board on May 12, 2021. The codified policy statement established Board funding targets and a regular target review cycle. The reserve policy also documented the review process. The Group Life Insurance Program's reserve policy states that the Board will review the policy and funding targets at least every three years.

Mr. Caracas also provided an overview of the annual actuarial valuation of the vendor contracted with the Board to administer the Group Life Insurance Program. Currently, that vendor was Securian Financial (Securian). He also highlighted some of the suggested changes made to the reserve policy. These included adding the following:

- Statutory citations
- Information in the Background section which outlines the plan design description
- The three bulleted principles used to implement the policy for annual valuation
- Risk Management and the methods for mitigating risk.
- Investment Policy summary

The Board expressed concern about explicitly naming Securian throughout the reserve policy. Mr. Caracas stated that ETF could replace any reference to Securian with simply "the vendor" in the final, revised version.

MOTION: Ms. Thompson moved to adopt the updated policy for managing the Wisconsin Public Employers Group Life Insurance Program reserves. 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.

Absents: None.

INSURANCE ADMINISTRATION SYSTEM IMPLEMENTATION UPDATE (Ref. GIB | 05.21.25 | 12) PPT

Ms. Baxter stated that ETF was moving forward with a limited implementation of IAS with the UWs on July 1, 2025. A full implementation with all other employers would follow in the spring of 2026. The decision to execute this contingency plan was made on April 18 after ETF senior management had thoroughly reviewed open issues that may not be resolved and tested by the original full implementation date of July 1, 2025. It was determined that there was significant risk that several critical functions could potentially not be working for the system to be successfully implemented to all employers. Ms. Baxter added that the decision to move forward with a limited implementation was made in close consultation with program leadership and key stakeholders, all of whom expressed their support for this revised approach.

Ms. Baxter explained that a limited implementation with the UWs would include eligibility and enrollment for active employees within My Insurance Benefits (Benefitplace). Other key components to support end-to-end processes would be included in the limited implementation, such as ETF's new Employer Transaction Application (ETA). Ms. Baxter stated that ETA allows for eligibility information to be received and submitted to My Insurance Benefits. Additionally, the limited implementation would include the member and employer portals, which allowed entry into My Insurance Benefits and the ETA.

Ms. Baxter highlighted some of the benefits of a focused IAS implementation with the UWs, including for ETF to:

- Continue to resolve issues in My Insurance Benefits
- Learn from the UWs' experience in the system and making improvements for the launch to all employers
- Look for opportunities to optimize the customer experience within the system
- Facilitate the UWs' successful implementation of Workday, their new technology platform for human resources, finance, and other administrative processes, on July 1

Ms. Baxer stated that ETF would continue to work with both employers and vendors to support a full implementation for other employers in the spring of 2026. Staff were working on the onboarding activities for vendors, such as TASC and MetLife for the 2026 plan year.

Additionally, open enrollment for plan year 2026 will now include two paths for participating groups. Ms. Baxter reported that the UWs' open enrollment will be through My Insurance Benefits, while all other employers will follow current state processes. She noted that this will require additional planning and support, which are currently in full force. ETF staff are actively working to define the steps required to support dual systems during the interim period, including internal process adjustments, data coordination, and user support measures. Ms. Baxter stated that the Board would continue to receive regular updates, as the revised timeline, milestones, and resource needs are further clarified.

Mr. Keenan left the meeting at 12:37 p.m.

OPERATIONAL UPDATES

Ms. Walk highlighted the following Operational Updates:

- GHIP Dashboards (Ref. GIB | 05.21.25 | 13F)
- 2026 Cafeteria Plan Updates (Ref. GIB | 05.21.25 | 13Q)

TENTATIVE AUGUST 2025 AGENDA (Ref. GIB | 05.21.25 | 14)

Ms. Walk provided an overview of the topics planned for the August 2025 meeting. She said that other additions to the August agenda included an IAS implementation update, as well as the consideration of Appeal 2024-007-GIB. ETF also planned to bring a review of the quality credit program and any proposed adjustments to that program for the Board to consider at the August or November meetings.

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 12:42 p.m.

Date Approved: ____________________

Signed: ______________________
Nancy Thompson, Secretary
Group Insurance Board