



State of Wisconsin Group Health Benefits Annual Report

*More than health; integrating ingenuity,
respect and transparency*

2018

ET-1112 (5/15/2019)



The 2018 Group Health Benefits Annual Report is the first of its kind from the Department of Employee Trust Funds. It includes goals and results for different benefit offerings.

Alongside the Group Insurance Board, ETF works to improve the quality and value of health benefits and programs for members and their families.

As we continue to work towards improvement, we will use this report to track our progress.

In good health,

A handwritten signature in black ink that reads "RJ Conlin". The signature is stylized and cursive.

Robert J. Conlin
Secretary
Wisconsin Department Employee Trust Funds

Table of Contents

Section	Page
Introduction	2
Health Insurance (Participants without Medicare)	5
Health Insurance (Participants with Medicare)	9
Well Wisconsin	12
Pharmacy Benefits	16
Uniform Dental Benefits	22
Supplemental Benefits	24
Life Insurance	27
Employee Reimbursement & Health Savings Accounts	29
Conclusion	35

Background

The State of Wisconsin health benefits are governed by federal and state law, the Group Insurance Board and administered by the Department of Employee Trust Funds (ETF).

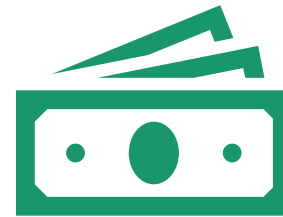
The Group Health Insurance Program is available to employees and retirees of:

- State agencies and authorities
- University of Wisconsin System
- University of Wisconsin Hospital & Clinics
- Local government employers who are part of the Wisconsin Retirement System and choose to participate

The supplemental programs are not available to local participants except for the Group Life Insurance Program.

2018 Highlights

Premiums Managed



0% increase for state

3.3% overall increase for locals

Premiums paid by employers and participants: **\$1.6 billion**

New Virtual Benefits Counselor: ALEX[®]



ALEX is like providing employees and retirees with their own personal benefits counselor. ALEX asks a few questions about health care needs, crunches some numbers and points out what makes the most sense for the user.

ALEX is for active employees and pre-Medicare retirees from state agencies, the UW System and UW Hospital & Clinics.

2018 Highlights (Continued)

Improved Benefits Education

Several short videos were created to help employees and retirees get the most out of their benefits. Videos can be found at etf.wi.gov



For All Participants:

- 2018 Important Changes
- How to Choose Your Health Benefits
- Pharmacy Benefits – Saving on Your Prescriptions
- Planning to Retire? What You Need to Know About Your Health Benefits
- Accessing Your Health Benefits While Out of State
- New to Medicare

For State/UW participants:

- Your Plan Design Options
- High Deductible Health Plan
- Paying for Your Health Benefits in Retirement
- Supplemental Benefits in Retirement
- Accumulated Sick Leave: Overview
- Accumulated Sick Leave: As You Approach Retirement
- Accumulated Sick Leave: Escrowing Your Credits



Health Insurance (Participants without Medicare)

The Group Health Insurance Program delivers high-quality health benefits to employees and retirees

Goals

- Improve population health
- Maintain program affordability for employers and participants
- Benefits meet participant needs

Background

- Employer-sponsored program
- Provides a uniform set of covered benefits
- Available to employees and retirees of state agencies, the UW system, UW Hospital & Clinics and participating local employers

Offerings

10 Health Plans

- 9 with local coverage
- 1 with nationwide coverage

Program Structure

State Program

Available to employees and retirees of state agencies, the University of Wisconsin System and UW Hospital & Clinics

4 plan designs available to participants without Medicare:

IYC Health Plan

- Local coverage
- Out-of-Network care: urgent & emergency only
- 2nd lowest premium
- Lower cost when visiting providers

High Deductible Health Plan (HDHP)

- Local coverage
- Out-of-Network care: urgent & emergency only
- Lowest premium
- Higher cost when visiting providers

Access Health Plan

- Nationwide version of IYC Health Plan
- Out-of-Network coverage
- Highest premium

Access HDHP

- Nationwide version of the HDHP
- Out-of-Network coverage
- 3rd highest premium

Local Programs

Available to local employees and retirees whose employers join the program

- 4 program options available
- The program available to a participant depends on which option their employer chooses

Each program has 2 plan designs for participants without Medicare:

Local IYC Health Plan

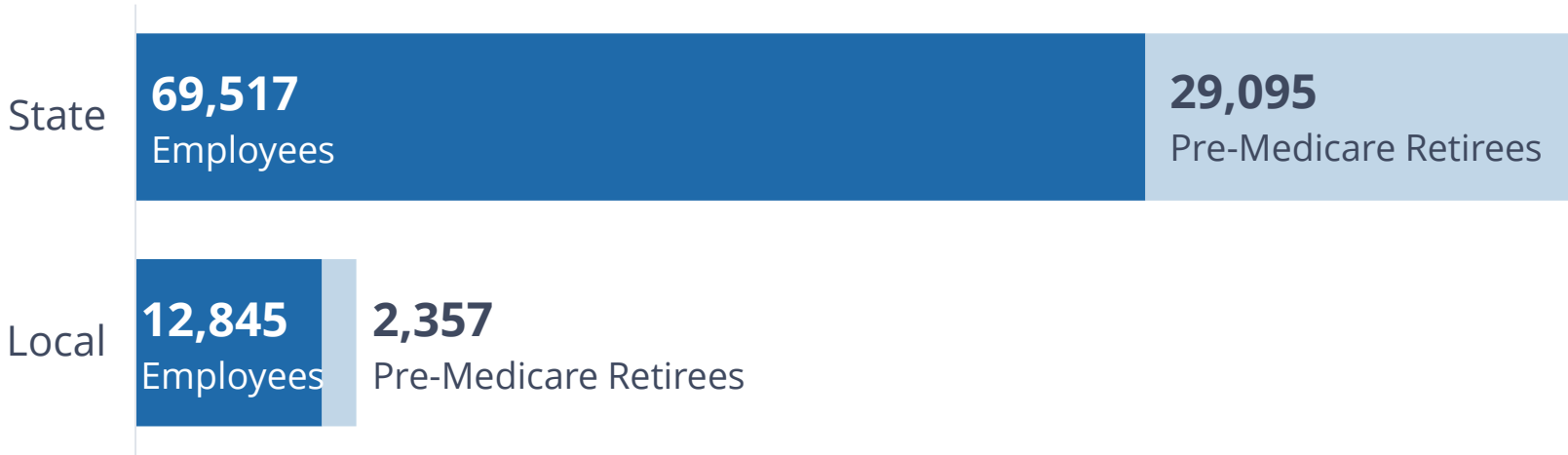
- Local coverage
- Out-of-Network care: urgent & emergency only
- Lower premium

Access Health Plan

- Nationwide version of regular health plan
- Out-of-Network coverage
- Higher premium

Group Health Insurance Program

Participation



Employers

Coverage provided to employees and retirees of:

52 state agencies & authorities

372 local government employers

Demographics



2.19

Average family size

↓ 1%



51

Average subscriber age

→ 0%

Participant In-Network Cost Trends

January 1 - October 31, 2018

Met deductible



of HDHP Participants



of non-HDHP Participants

Met out-of-pocket limit



of HDHP Participants



of non-HDHP Participants

Group Health Insurance Program

Changes for 2018



18 health plans → 10
~ 60,000 participants successfully transitioned to a new plan



All health plans required to offer telehealth services
1,776 visits



Participants must select a primary care provider

Opportunities

Top 5 Manageable Conditions

January 1 – October 31, 2018

Condition	Cost to Program
Diabetes	\$45 million
Depression	\$19 million
Coronary Artery Disease	\$16 million
High Blood Pressure	\$11 million
Asthma	\$10 million

Preventive Care Use



5 out of 10 participants had a preventive visit last year



8 out of 10 male participants, ages 18 – 34, did **not** have a preventive visit last year

Opioid Safety Focus

- **Affordable substance abuse counseling:** \$15 copay for most
- **Preventing abuse by monitoring for:**
 - Duplicate prescriptions
 - High-dose prescriptions
 - Prescription from multiple providers
- **Limited prescription fills;** opioids aren't usually effective for long-term pain management



Health Insurance

(Participants with Medicare)

An important aspect of retirement, Medicare allows eligible retirees to spend less money out of pocket when they see a doctor or use other medical services

Goals

- Cost-effective premiums
- Value-based benefits
- Cover most costs that Medicare does not
- Understand participant preferences

Offerings

Health Plan Medicare

- Offered by 10 health plans
- Local, county-based coverage area
- Covers uniform set of benefits

Medicare Plus

- Offered by WEA Trust
- Worldwide coverage
- Only covers what Medicare partially pays for

Prescription Drug Coverage (Part D)

- Offered by Navitus Health Solutions
- Same coverage for all plans
- Fills coverage gap known as the “donut hole”

Benefits & Enrollment

Benefits

Most participants enjoy:



- \$0 Annual medical deductible
- \$0 Coinsurance
- \$0 Copay for office visits

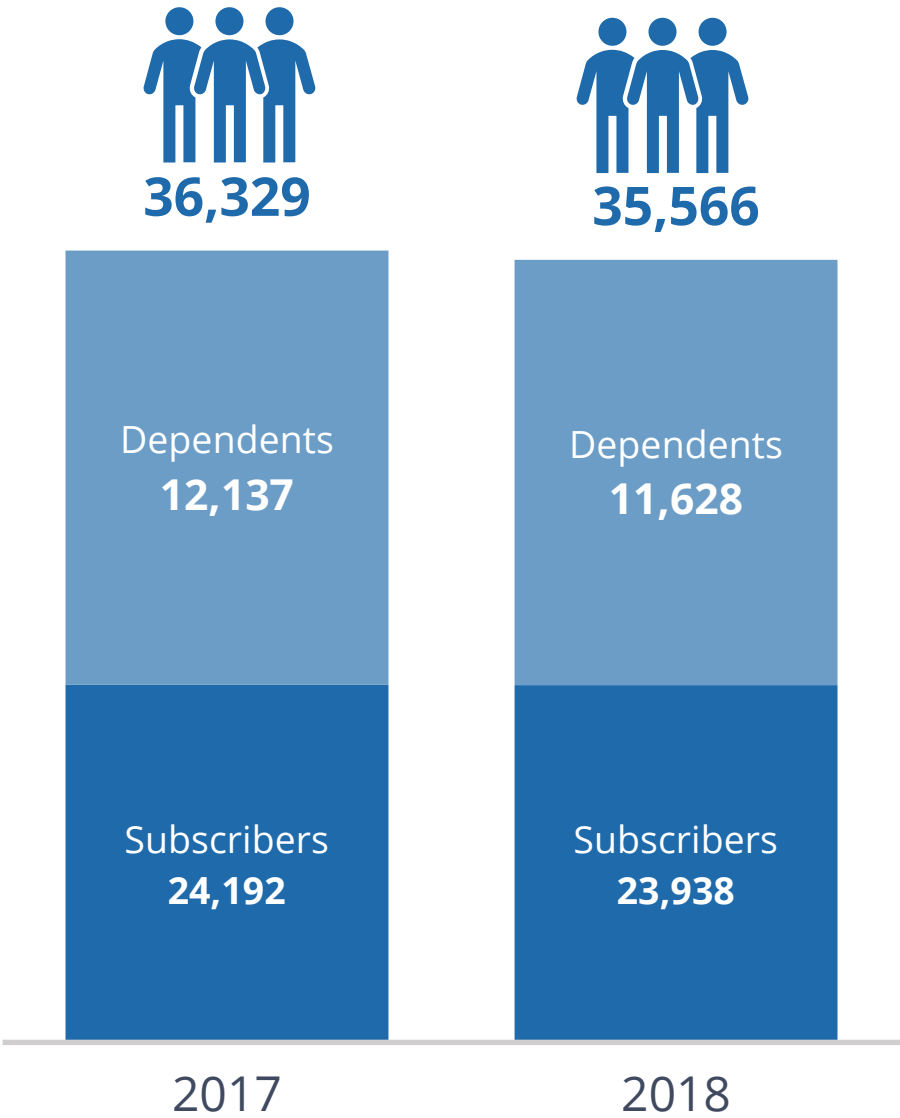


- Coverage for things Medicare doesn't pay for, such as:
- Hearing aids
 - Vision exams
 - Hearing exams



Robust prescription drug coverage

Participation



Medicare Survey

Sent November 2017

Who Received It

1,500 participants

- Age 62 or older
- Active employees & retirees
- State & local
- Enrolled & not enrolled in Medicare
- Random sample

Who Responded

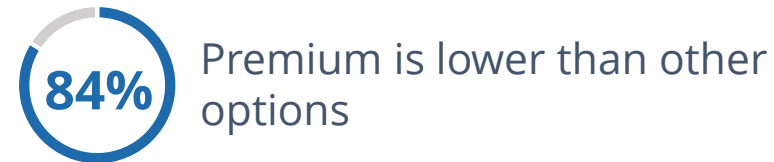
61%

- Average age: 71
- 83% were retired
- 43% female | 57% male
- 91% live in WI | 9% outside

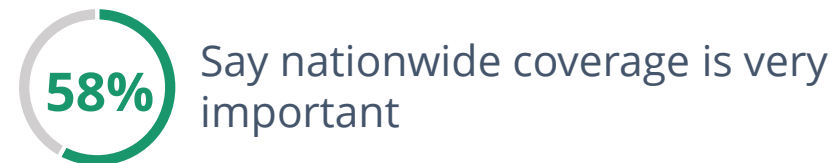
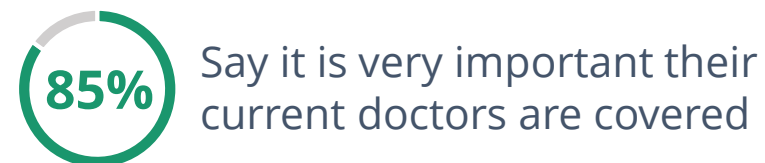
Key Findings

Open to Medicare Advantage

Willing to explore if:

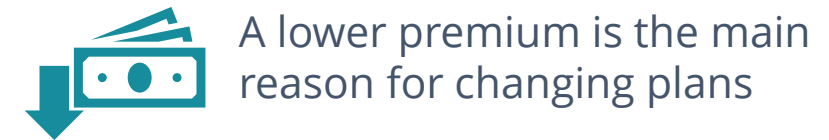


Provider Network is Critical

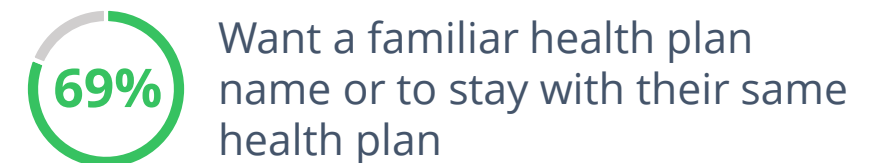


Low Costs are Important

Monthly premium & when receiving care:



Prefer Familiar Options



What Happened

ETF offered a new Medicare Advantage option for 2019 with lower cost premiums and a nationwide network



Well Wisconsin

A wellness program designed to improve members' health and well-being through education and activities that support a healthy lifestyle

Goals

- Increase participation
- Reach & maintain high satisfaction rates
- Improve health outcomes

Background

- Began in 2013
- Available to subscribers & spouses
- New administrator in 2017: StayWell

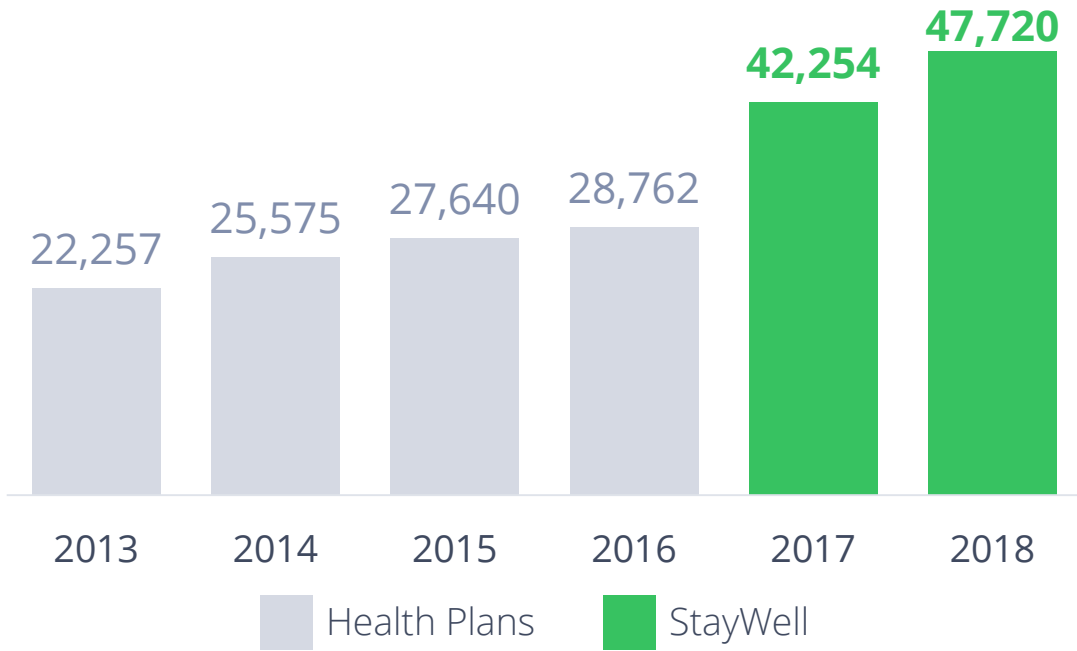
Offerings

- Activities to earn \$150 incentive:
 - Health screenings
 - Health assessments
 - Well-being activities
- Health coaching
- Disease management
- Flu shot clinics
- Online portal & educational materials
- Communications
- Customer service

Participation

Incentive Program

↑ **66%** since StayWell became the administrator



By Group

Employees & spouses:

- 33% of state
- 34% of UW
- 26% of local

Retirees & spouses:

- 18% of state
- 15% of local

Overall



Health Coaching Programs

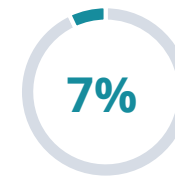
% participating of those eligible



Lifestyle management

A program to help decrease health risks and promote healthy behavior

Disease Management Programs



Asthma



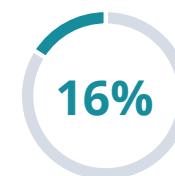
Congestive heart failure



Diabetes



Coronary artery disease



Chronic obstructive pulmonary disease

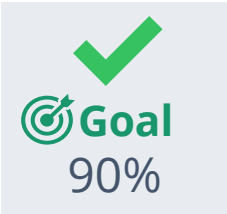
2022 Goal: 40% participation

Overall Status: 73% **On Track**

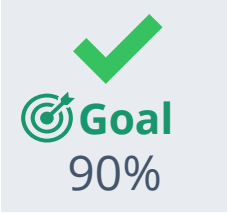
Satisfaction



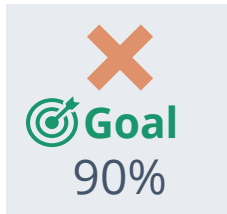
Were satisfied with the health screening experience



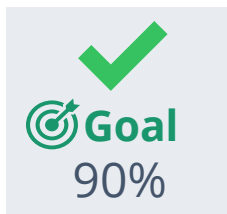
Were satisfied with the usefulness of the health assessment



Were satisfied with their lifestyle management experiences



of disease management participants were satisfied with the program quality



Chronic Conditions

Number of participants experiencing the condition out of every 100 participants



Health Risks

Top Risk Areas

Weight



Stress



Cholesterol



Blood Pressure



Average Health Risks

Participants on average have **2.41** risks out of 9
This is below StayWell's customer average of 2.52

Group	Risks
Local employees	2.67
State employees	2.61
Local retirees	2.49
UW employees	2.23
State retirees	2.16

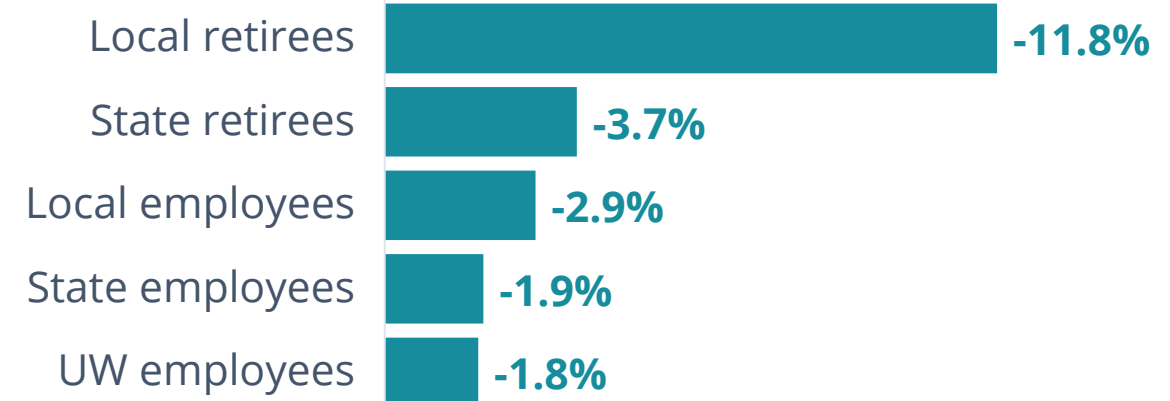
Decrease in Health Risks

On average there was a **↓2.1%** decrease in health risks for repeat participants

By Program



By Group



Yearly Goal: Reduce health risks by:

- ✓ 1% for all participants
- ✓ 6% for lifestyle management participants
- ✓ 4% for disease management participants



Pharmacy Benefits

With the pharmacy benefit, members can save on a variety of generic and specialty prescription drugs



Goals

- Increase member satisfaction
- Ease of access to prescriptions
- Increase mail-order utilization
- Lower prescription drug costs



Background

- Pharmacy benefits are separate from medical benefits
- Administered by Navitus, a Pharmacy Benefits Manager



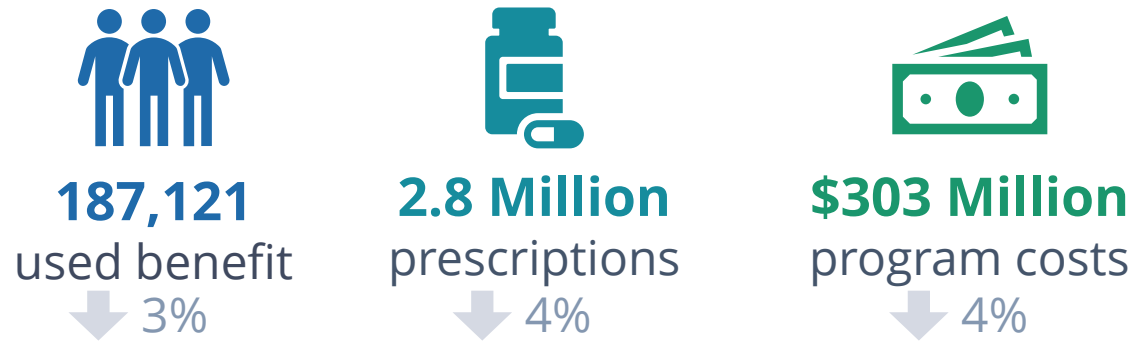
Offerings

- Prescriptions are grouped into four levels to determine cost for participants
- The benefit includes coverage for participants with and without Medicare

Pharmacy Benefit Overview

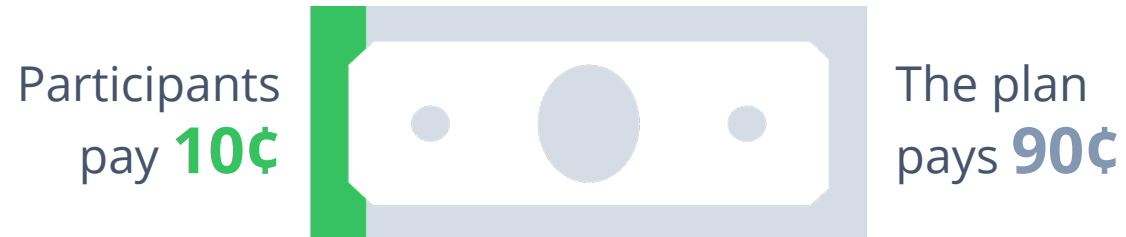
What's Provided

Participants can choose from a nationwide network of retail pharmacies and a mail-order pharmacy



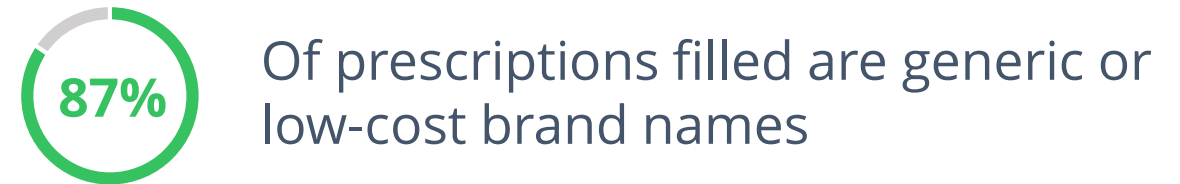
Cost Breakdown

On average, for every dollar spent on prescriptions:



Benefit Structure

Prescriptions are grouped into levels to determine cost:

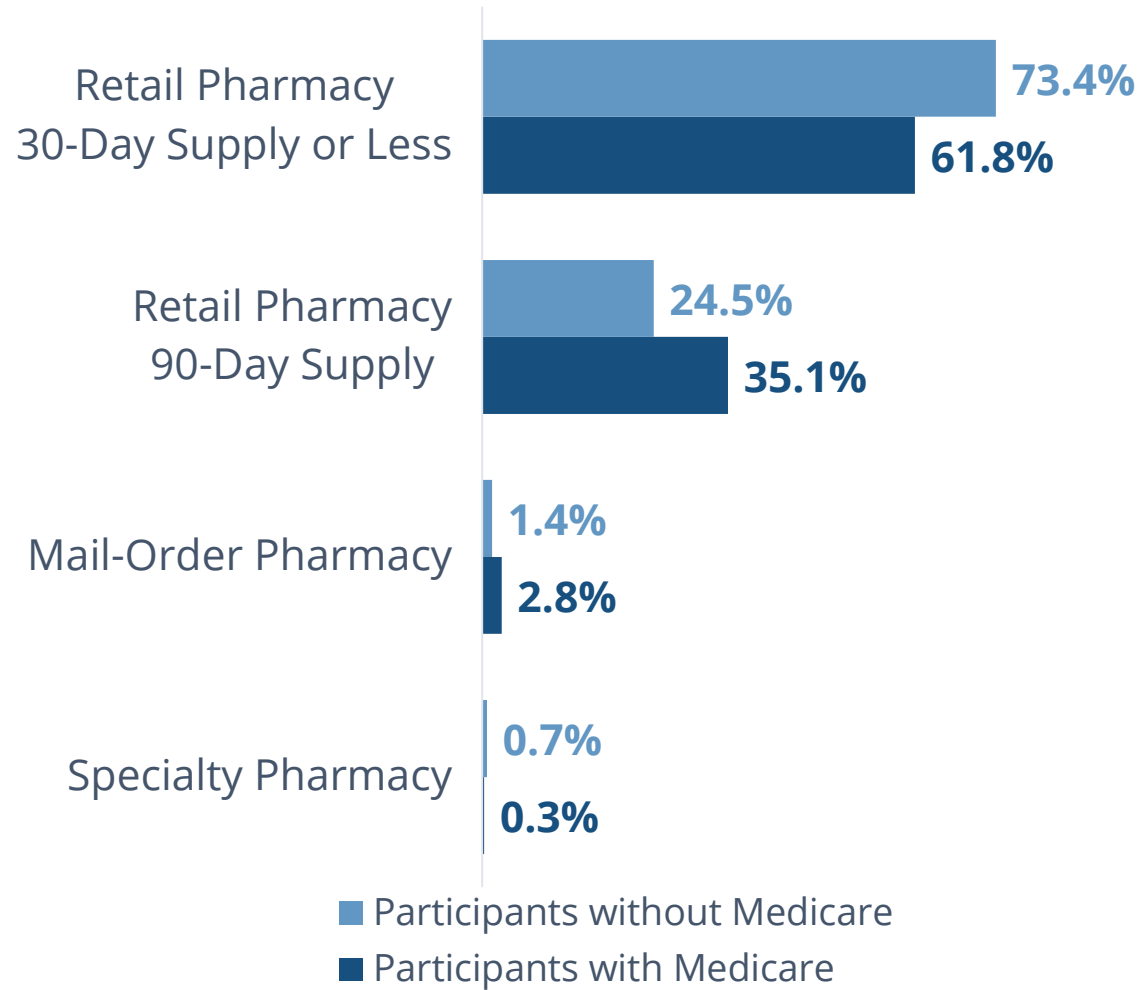


Most of the time, participants pay \$5 or less when they fill a prescription

 **Goal**

Continue high use of low-cost, effective prescriptions instead of high-cost options

Where Participants Get Prescriptions



Goals

- Double mail-order participation by 2021
- Continue to improve 90-day supply at retail use

Network Change in 2018

CVS and a few other pharmacies were removed from the network



Program Savings

\$15.4 million was saved by the network change



Pharmacy Access

99% of Wisconsin participants have an in-network pharmacy near their home:

- Urban: within **2 miles**
- Suburban: within **5 miles**
- Rural: within **15 miles**

Specialty Prescriptions

Why They Are Prescribed

A specialty medication is prescribed to a person with a complex or chronic medical condition such as:

- Rheumatoid arthritis
- Cancer
- Multiple sclerosis
- Hepatitis C

Characteristics



High monthly cost



Unique storage or shipment requirements, such as refrigeration



Not stocked at most retail pharmacies

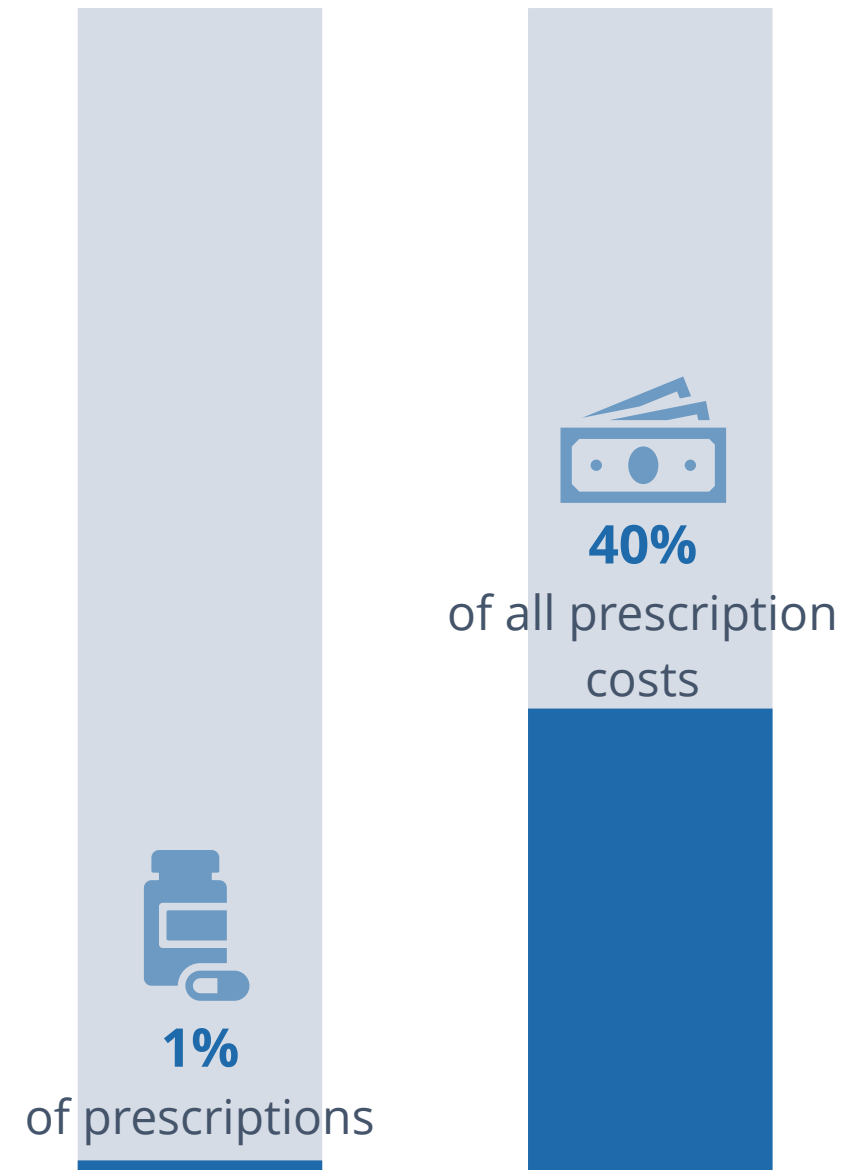


Typically require significant patient education so they are used correctly



May be taken orally, but often have to be injected or infused

Impact on the Program



Clinical Programs

Medication Adherence Program



Goal

Get participants to take their medications as prescribed by helping them form better medication-taking habits

How it Works

- Certain participants receive a letter explaining how important it is to take their medications as prescribed
- Their prescribers receive an educational letter and patient profile

Results

Providing positive member impact – program will continue

Type II Diabetes – 40 with Medicare contacted



High Cholesterol – 165 with Medicare contacted



High Blood Pressure – 165 with Medicare contacted



Depression – 6,680 without Medicare contacted



Clinical Programs

Respiratory Health Program



Goal

Help participants with asthma and Chronic Obstructive Pulmonary Disease (COPD) improve their use of controller medications, which reduce the need to use rescue inhalers

How it Works

Certain participants receive a letter explaining ways to manage their asthma or COPD symptoms

Results

6-month outcomes from participants who received letters in April 2017

Continuing to monitor impact on members

Asthma

618 without Medicare contacted



130 with Medicare contacted



COPD

69 without Medicare contacted



75 with Medicare contacted





Uniform Dental Benefits

A basic dental plan available to employees and retirees enrolled in Health Insurance

Goals

- Increase enrollment
- Increase value for the cost
- Improve member satisfaction

Background

- Employer-sponsored benefit
- Available to employees and retirees from state agencies, the UW and select local employers
- Administered by Delta Dental

Offerings

A dental plan that offers coverage for:

- Diagnostic services
- Preventive services
- Basic services
- Children's orthodontics services

Uniform Dental Benefits

Features



Low monthly premium



Only available to health insurance participants

Visits & Services



Got a cleaning

2019 Goal
2% increase



Did not go to the dentist

2019 Goal
2% decrease

Participants



199,374
participants
↓ 2%



Of eligible health insurance participants are enrolled
↓ 1%



Of participants are satisfied or very satisfied with the benefit

New for 2018

Enhanced Dental Benefits

Specialized dental health to participants with certain health conditions, such as:

- Diabetes
- Cardiac conditions
- Pregnancy



Used by **7,077** participants

2020 Goal

Increase participants using benefit by 10%



Supplemental Benefits

A variety of additional coverage options to round out health care coverage



Goals

- Increase enrollment
- Increase value for the cost
- Improve member satisfaction



Background

- Participants pay the full cost for all programs
- Available to state and UW employees and retirees only




Offerings


- 6 Dental plans
- 2 Vision plans
- 2 Accidental Death & Dismemberment (AD&D) plans
- 1 Long-Term Care plan

Supplemental Dental

EPIC


 3 dental plans


 58,748 participants
↑ 7%

 Cover diagnostic, preventive, basic, major/restorative and children's orthodontics services

Anthem

 3 dental plans

 19,407 participants
↑ 7%

 Cover diagnostic, preventive, basic, major/restorative and orthodontics (at any age) services

Streamlining Plans

 Area for Improvement

Members and employers have a hard time comparing the many dental plans

 Goal

Limit plans to:

- Ensure high-value plans
- Reduce benefit overlap
- Reduce member confusion

 Analysis

Conducted in 2017

Changes recommended for 2019 plan year

Vision



69,809

participants

↑ 16%

EPIC
14,777

VSP
55,032

EPIC

- Freedom to visit any provider
- Low out-of-pocket costs
- Discounts on vision services and products

VSP

- Access to a high-quality network of providers
- Yearly WellVision Exams
- Members can choose their provider
- Quality eyewear that's affordable
- Discounts on laser vision correction, sunglasses and lens enhancements

AD&D



44,792

participants

↑ 6%

EPIC
38,755

Zurich
6,037

EPIC

- AD&D
- Hospital and surgical indemnity
- Dental
- Vision (optional)

Zurich

- AD&D (payable within 1 year of incident)
- Travel assistance
- Identity theft protection
- 24/7 worldwide protection
- Low-cost coverage



Life Insurance

Participants choose from a variety of affordable coverage options



Goals

- Affordable Premiums
- Increase enrollment
- Provide peace of mind



Background

- Administered by Securian Financial Group since 1958
- Coverage for state and local employees and retirees



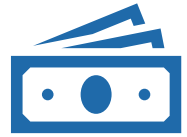
Offerings

Group term life insurance plans:

- Basic Plan
- Supplemental Plan
- Additional Plan
- Spouse & Dependent Plan

Life Insurance

Highlights



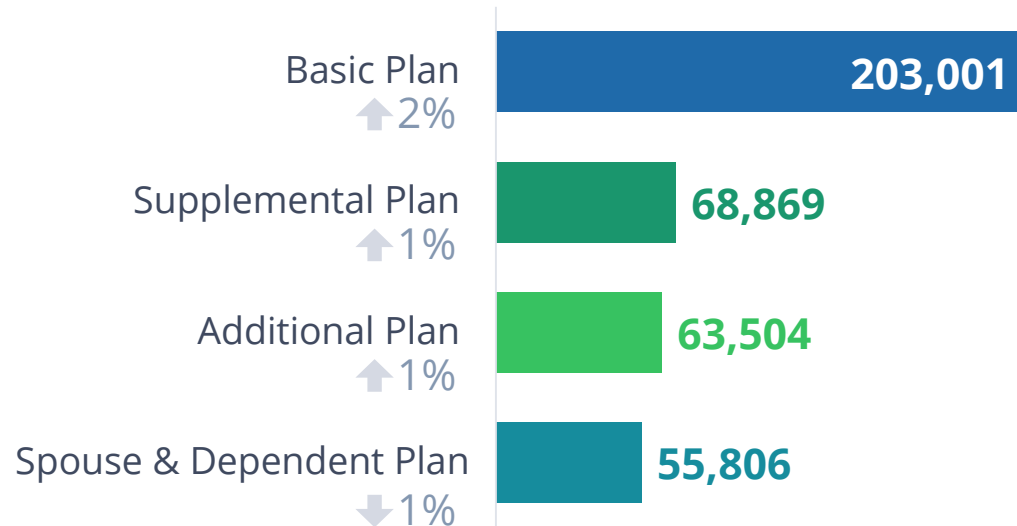
Premiums remain low and stable



Coverage provided to employees and retirees of:

- **746** local government employers
- **52** state agencies & authorities

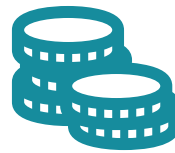
Enrollment



Coverage



55
Average age



\$132,178 (State)
\$98,161 (Local)
Average coverage



Claims



15 people received a living benefit due to a terminal illness



4,267 claims paid



99.7% of claims were paid within 10 calendar days

Death Claims



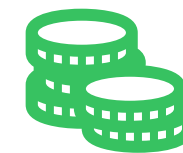
77.38
Average age



39%
Female



61%
Male



\$38,640.26 (State)
\$20,180.97 (Local)
Average paid claim



Health Savings & Employee Reimbursement Accounts

Pre-tax savings accounts that let members grow their savings and save on medical and everyday expenses

Goals

- Increase participation
- Increase employer and employee savings
- Provide optimal benefits
- Provide easy-to-use accounts

Background

- Administrator: Total Administrative Services Corporation (TASC)
- Local employees not eligible

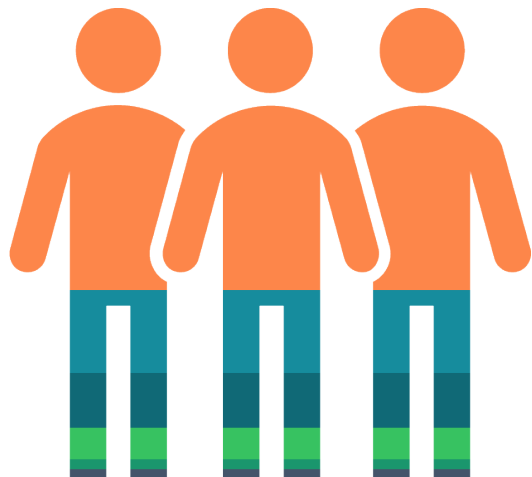
Offerings

- Health Savings Account (HSA)
- Employee Reimbursement Account (ERA) expenses including:
 - Medical
 - Dental
 - Vision
 - Day care
 - Parking & Transit

Participation

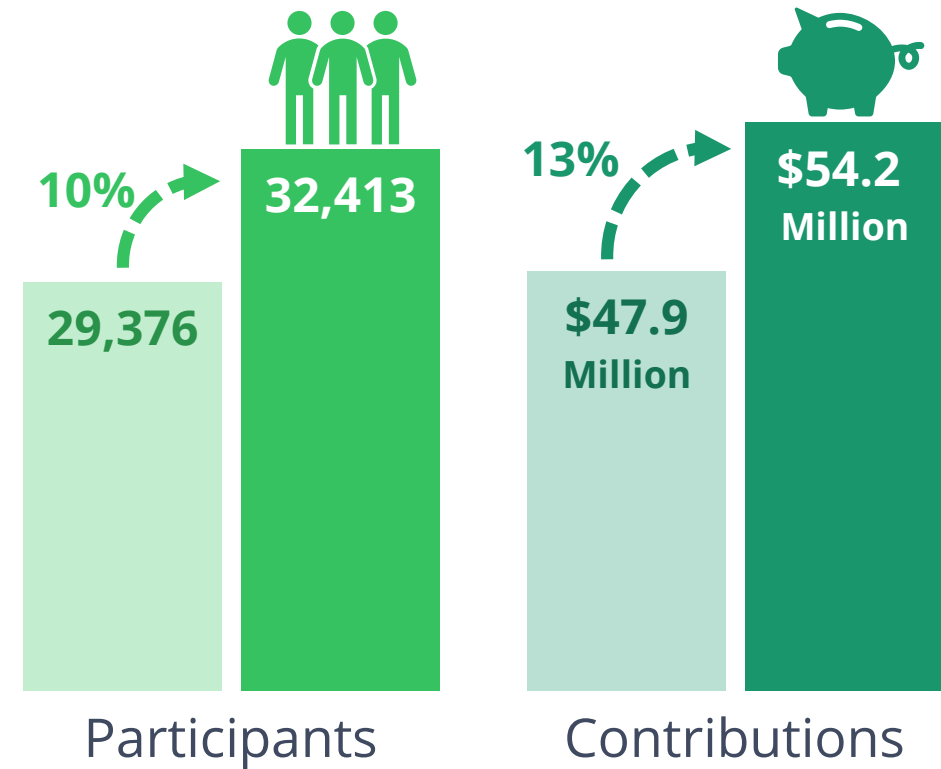
Breakdown by Program


Program	Participants	Contributions
Health Care Flexible Spending (FSA)	19,541	\$22.8 million
Health Savings Account (HSA)	5,709	\$15.1 million
Dependent Day Care	3,647	\$14.3 million
Parking	2,248	\$1.6 million
Transit	724	\$223,000
Limited Purpose Flexible Spending Account (LPFSA)	544	\$230,000



Growth

Participation and contributions grew from 2017 to 2018



 **Yearly Goal for 2019 - 2022**
5% Increase in participants

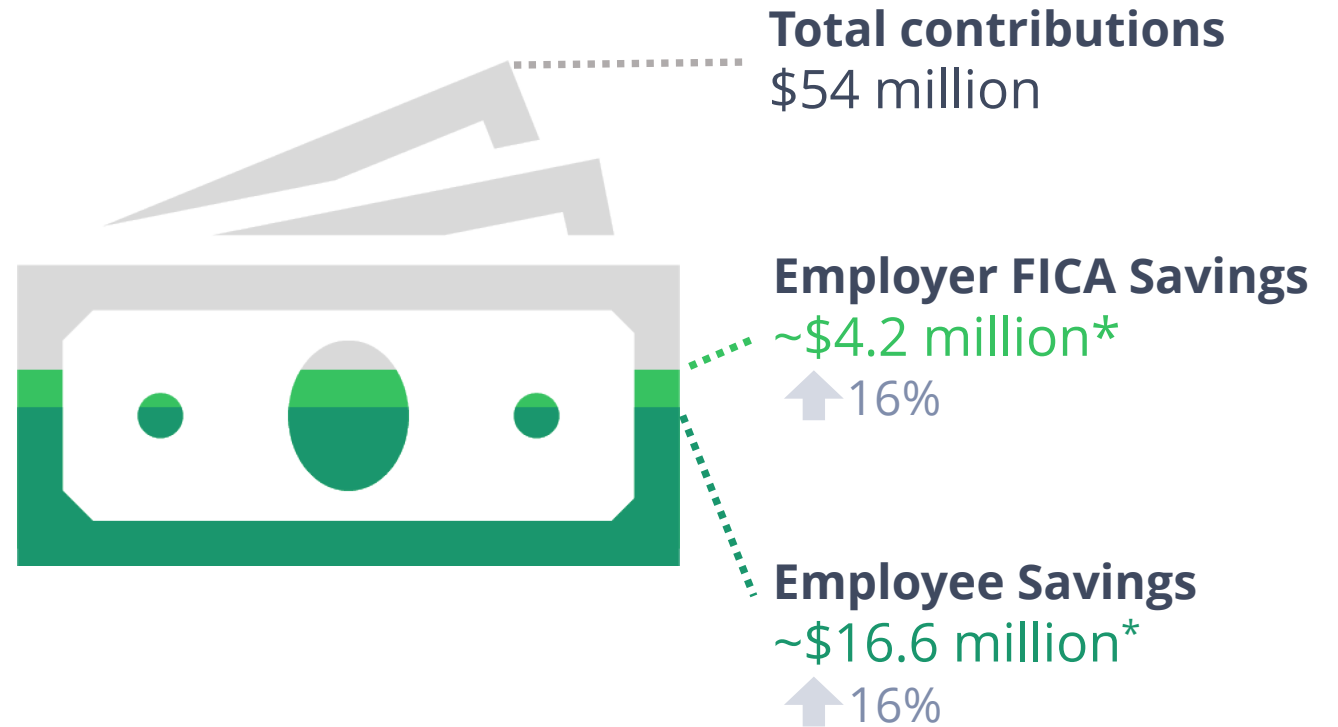
Tax Savings

Compare the Savings

Money in a pre-tax account means less money going to taxes

	No Pre-Tax Account	Pre-Tax Account
Annual income	\$55,000	\$55,000
Pre-tax contribution	- \$0	- \$1,500
Taxable income	\$55,000	\$53,500
Taxes	- \$16,500	- \$16,050
Post-tax health care	- \$1,500	- \$0
Spendable income	\$37,000	\$37,450

Potential Savings:
\$450



Yearly Goal for 2019 - 2022
Increase tax savings by 7.5%

**Tax savings are approximate. Employee tax savings estimates are based on a 30% total tax rate (federal, state and FICA combined). Individual taxes will vary.*

Health Savings Accounts

Participants save money tax-free for health care expenses and retirement

Available to It's Your Choice High Deductible Health Plan (HDHP) participants only

Top 5 Benefits



Contributions stay with a participant even if they retire or change employment



Unlimited funds carry over from year-to-year



Anyone can contribute



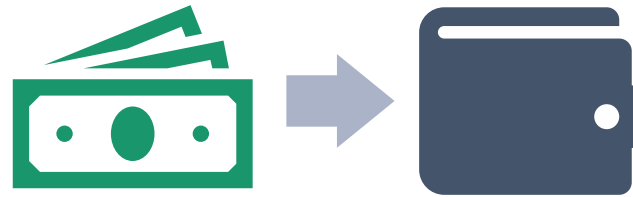
Savings grow

- Savings earn interest over time
- Balances over \$2,000 can be invested in mutual funds



Another way to save for retirement
After age 65, funds can be withdrawn for any reason without penalty

Triple Tax Savings



There are no taxes on:

1. Contributions
2. Money withdrawn for eligible expenses
3. Investment earnings

~\$4.5 million
in tax savings for employees

~\$1.2 million
in FICA savings for employers
↑ 50%

Participation & Contributions



\$15.1 million
Contributed
↑ 51%



5,709
Participants
↑ 37%



Yearly Goal for 2019 - 2022

30% increase in contributions

Health Care Flexible Spending Accounts

Participants save money tax-free to use on themselves, their spouses or eligible dependents

Top 5 Benefits



Cover health expenses at any time



Immediate access to funds with a personal payment card



Any reimbursements can be deposited directly into a bank account



Minimal “use it or lose it” risk
\$500 can be rolled over each year



Seamless payroll deduction

Participation, Contributions & Savings

	FSA	LPFSA
Participants	19,541 4% increase	544 82% increase
Contributions	\$22.8 million 1% increase	\$230,000 65% increase
Tax Savings Employees Employers	~\$7 million ~\$1.8 million 4% increase	~\$70,000 ~\$18,000 69% increase

Health Care Flexible Spending Account (**FSA**)

For health care expenses not covered by insurance

Annual contribution limit: \$2,650

Limited Purpose Flexible Spending Account (**LPFSA**)



Available to HDHP participants only

For dental, vision care and post-deductible medical expenses

Annual contribution limit: \$2,650

Employee Reimbursement Accounts

Participants save money tax-free

	 Participants	 Contributions	 Tax Savings Employees Employers
 <p>Dependent Day Care For eligible day care expenses for qualified dependents in order for a participant (or spouse) to work, look for work or attend school full-time</p> <p>No annual carryover Annual contribution limit: \$5,000</p>	<p>3,647 9% increase</p>	<p>\$14.3 million 7% increase</p>	<p>~\$4.4 million ~\$1.1 million 10% increase</p>
 <p>Parking For eligible work-related parking expenses</p> <p>Unlimited carryover Monthly contribution limit: \$260</p>	<p>2,248 6% increase</p>	<p>\$1.6 million 3% increase</p>	<p>~\$511,000 ~\$130,000 7% increase</p>
 <p>Transit For eligible expenses related to the commute to and from work</p> <p>Unlimited carryover Monthly contribution limit: \$260</p>	<p>724 14% increase</p>	<p>\$223,000 5% increase</p>	<p>~\$70,000 ~\$18,000 10% increase</p>

2019 Preview

- Increased health outcome data
- It's Your Health: Diabetes pilot program
- ALEX (virtual benefits counselor) analytics and satisfaction
- New Medicare Advantage plan
- New supplemental dental benefits
- No-cost telehealth for most

Sources

Health claims and related data: Data Analytics and Insights Data Warehouse and Analytics Tool administered by IBM Watson Health

Vendor information provided by: Navitus Health Solutions, Total Administrative Services Corporation (TASC), The StayWell Company, LLC, EPIC Specialty Benefits, Anthem Delta Blue, Delta Dental of Wisconsin, VSP Global, Zurich Insurance Group and Securian Financial Group, Inc.

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