

MINUTES OF MEETING

**STATE OF WISCONSIN
GROUP INSURANCE BOARD**

Tuesday, November 18, 2003

**Sheraton Hotel - Madison
706 John Nolen Drive
Madison, WI 53719**

BOARD PRESENT: Stephen Frankel, Chair
Randy Blumer, Vice-Chair
Martin Beil
Janis Brodeur
Jane Hamblin
Esmer Olson, Secretary
David Schmiedicke
Karen Timberlake

DRAFT

**BOARD
NOT PRESENT:** Robert Baird

**PARTICIPATING ETF
STAFF:** Eric Stanchfield, Secretary
Dave Mills, Deputy Secretary
Tom Korpady, Administrator, Division of Insurance Services
Christina Licari, Acting Group Insurance Board Liaison
Audrey Koehn, Director, Disability Programs Bureau
Ed Main, Special Assistant to the Deputy Secretary
Vicki Poole, Director of Legislation and Planning

OTHERS PRESENT: Steve Bablitch, Blue Cross Blue Shield
Larry Bach, Blue Cross Blue Shield
Laura Barnard, Minnesota Life Insurance Company
Stephanie Beardsley, Legislative Audit Bureau
Paul Brazeau, Wisconsin Physicians Service Insurance Corp.
Christopher Burke, CORE, Inc.
Dave Burnett, Health Choice
Sue Chamberlain, University of Wisconsin System
Brian Eck, Gundersen Lutheran Health Plan
Kendra Eppler, Legislative Audit Bureau
Brian Fusie, Office of State Employment Relations
Craig Grindle, Williams Young
Lisa Halbach, Blue Cross Blue Shield
Emily Halter, Blue Cross Blue Shield
Kathy Ikeman, Unity Health Insurance
Joy Kaiser, Medical Associates Health Plan
Jana Knapp, Cobalt Corporation
Jon Kranz, Department of Administration
Wendy Krueger, Touchpoint Health Plan
Kathy Ledvina, Blue Cross Blue Shield

Zach Mayer, Williams Young
Tom Millmann, Blue Cross Blue Shield
Cliff Morris, Health Choice
Debra Nelson, Dean Health Plan
Robert Parr, Delta Dental Plan of Wisconsin
Jason Perlman, CompCareBlue
Van Peterson, Minnesota Life Insurance Company
Stan Proffitt, Network Health Plan
Chris Schmelzer, Minnesota Life Insurance Company
Ron Sebranek, Physicians Plus Insurance Corp.
Mel Sensenbrenner, State Engineers Association
Deb Therson, Wisconsin Rx
John Vincent, Office of State Employment Relations
Mike Weber, Dean Health Plan
Tom Wendlick, Blue Cross Blue Shield
Art Zimmerman, Legislative Fiscal Bureau

Mr. Frankel, Chair, called the meeting to order at 8:38 a.m.

Mr. Korpady announced that David Schmiedicke had been designated to serve on the Group Insurance Board by Department of Administration Secretary, Marc Marotta.

Consideration of Minutes of July 9, 2003, Meeting.

MOTION: Mr. Blumer moved approval of the minutes of the July 9, 2003, meeting as submitted by the Board Liaison. Ms. Doleschal seconded the motion, which passed without objection on a voice vote.

2004 Meeting Dates. The following dates were proposed by staff for 2004 Board meetings:

Tuesday, February 17, 2004
Tuesday, April 20, 2004
Tuesday June 8, 2004
Tuesday, August 24, 2004
Tuesday, November 16, 2004

MOTION: Mr. Beil moved approval of the 2004 meeting dates as proposed by staff. Ms. Olson seconded the motion, which passed without objection on a voice vote.

STATE GROUP LIFE INSURANCE PROGRAM

Minnesota Life Insurance Company (MLIC) Contract Revisions. Included for the Board's information. Mr. Korpady noted that policy and administrative agreement revisions had been made in accordance with the Group Insurance Board's (GIB) authorization for the Department to negotiate a new contract with MLIC. The revised contract language was included in the memorandum provided.

Williams Young Audit of the Wisconsin Public Employers Group Life Insurance Program for Plan Years 2000 through 2002. The audit report prepared by Williams Young for the administration of the group life insurance program was provided for the Board's information.

HEALTH INSURANCE PROGRAM

Pharmacy Benefit Manager (PBM) Formulary Development and Management Presentation. Mr. Korpady introduced Tom Hirsch, M.D. and Mark Huetten of Navitus Health Solutions. Dr. Hirsch gave a PowerPoint presentation regarding the development and management of the Navitus formulary. Main points of the presentation included the makeup of the Navitus Pharmacy and Therapeutics Committee; the philosophy driving formulary decisions; and explanations of the prior authorization process, grandfathering, and exception and grievance processes. Dr. Hirsch and Mr. Huetten answered several questions from Board members and Dr. Hirsch noted that this benefit had been structured with many more consumer options than a traditional three-level PBM. Mr. Huetten added that educational efforts for participants, pharmacists and physicians have begun.

Mr. Korpady announced that implementation of the PBM was moving forward as planned. He also confirmed that other organizations have expressed interest in contracting with Navitus, but that consideration would not be given to adding members until at least mid-2004 when the Department of Employee Trust Funds and Navitus are confident that all transition-related efforts are complete.

Blue Cross Blue Shield United of Wisconsin Utilization Review Presentation. Mr. Korpady introduced Steve Bablitch of Blue Cross Blue Shield United of Wisconsin. Mr. Bablitch spoke briefly about corporate changes within the organization following the recent merger of Cobalt Corporation and WellPoint Health Networks, Inc. He also noted that the organization is dropping "United" from their name, becoming Blue Cross Blue Shield of Wisconsin (BCBSW).

Emily Halter of BCBSW gave a PowerPoint presentation on the November 2003 Healthcare Utilization Summary. Ms. Halter's presentation covered utilization statistics on the insured population and cost comparisons for inpatient, outpatient and professional services as well as pharmacy benefits.

Secretary Stanchfield noted that positive changes have occurred under the leadership of Mr. Bablitch and that the Department continues to appreciate the cooperative and responsive manner in which our self-insured health plans have recently been managed.

Blue Cross Blue Shield Wisconsin Audit. Included for the Board's information. Mr. Korpady noted that positive progress continues to be made and that the audit is a basis for continued improvement.

INCOME CONTINUATION INSURANCE (ICI) PROGRAM

ICI Program Redesign Update. Included for the Board's information. Mr. Korpady commented briefly on the report summarizing the status of changes to the ICI plan that were approved by the Board in April 1998.

ICI Program Proposed Contract Revisions. Ms. Koehn and Mr. Main presented recommended revisions to the State and Local ICI plans. They discussed three main areas of change, including proposed contract revisions based on appeal decisions, adding an optional increased maximum benefit with an employee-paid cost and adding a requirement for all long-term ICI and Long-Term Disability Insurance claimants to receive their benefit payments via automated clearing house deposit. Board members discussed all three areas and agreed with the concept of the changes.

The Board decided to delay action on these changes and form an informal workgroup (consisting of Board members, Department of Employee Trust Funds (DETF) staff and the Board's legal counsel) that will meet separately to discuss the proposed changes, exchange ideas and review the contract language. Ms. Hamblen, Ms. Doleschal and John Vincent (representing Ms. Timberlake) will participate in the workgroup. An updated proposal will be presented at the February 2004 Board meeting.

LONG-TERM CARE INSURANCE PROGRAM

Replacement Policy for John Hancock Insurance. Mr. Korpady reviewed the memorandum addressing the recommendation to approve the replacement policy for John Hancock Insurance. He noted that Deloitte & Touche, the Board's actuary, had reviewed the replacement policy and found it to be in line with current industry trends.

MOTION: Beil moved approval of the John Hancock Insurance replacement policy for the Long-Term Care Insurance Program. Ms. Doleschal seconded the motion, which passed without objection on a voice vote.

MISCELLANEOUS

Legislative Update. Ms. Poole provided the Board with an update on current legislative issues. Specific items of interest included Senate Bills 202 and 279, described in detail in the memorandum provided. DETF staff have testified in opposition to Senate Bill 202. Also noted were two newly introduced bills – Assembly Bill 638, which would allow rehired annuitants to opt into the health insurance program; and Senate Bill 288, which expands coverage of prosthetic and orthotic devices. The Department is currently analyzing potential effects of the two new bills and will keep the Board informed of any new development that may be of interest.

Pending Appeals Status Report. Included for the Board's information.

Local Annuitant Health Plan Rates. Included for the Board's information. Mr. Korpady noted that the overall rate increase for 2004 is 0.9%.

2003 Quality Assurance Report. Included for the Board's information. Ms. Doss-Anderson was available to answer questions.

Health Plan Employer Data and Information Set (HEDIS) Update. Included for the Board's information.

Office of Strategic Health Policy. Secretary Stanchfield introduced Nancy Nankivil Bennett, new Director of Strategic Health Policy. He added that Ms. Nankivil Bennett brings a strong background in health policy to the Department and that Board members will hear from her in the future on health policy-related issues.

Letter from Legislators. Distributed for the Board's information. Mr. Korpady briefly discussed the letter submitted by several State legislators regarding the State Maintenance Plan (SMP) and their concerns that SMP does not offer the uniform benefit levels required of health maintenance organizations in other counties. Staff will bring these issues up as benefit levels are discussed for 2005 coverage. Board members and staff discussed the need for continued consumer education efforts in areas where SMP is offered, and regarding plan participation in general.

MOTION TO CONVENE IN CLOSED SESSION

Mr. Frankel announced that the Group Insurance Board would convene in closed session pursuant to the exemptions contained in Wis. Stats. § 19.85 (1) (a) for quasi-judicial deliberations. Ms. Licari was invited to remain during the closed session.

MOTION: Mr. Beil moved to convene in closed session pursuant to the exemptions contained in Wis. Stats. § 19.85 (1) (a) for quasi-judicial deliberations. Mr. Blumer seconded the motion, which passed without objection on the following roll call vote:

Members Voting Aye: Beil, Blumer, Doleschal, Frankel, Hamblen, Olson and Timberlake.

Members Voting Nay: None.

The Group Insurance Board convened in closed session at 10:33 a.m. and reconvened in open session at 12:30 p.m.

ANNOUNCEMENT OF ACTION TAKEN ON BUSINESS DELIBERATED DURING CLOSED SESSION

Mr. Frankel announced that the Board took the following action during the closed session:

Appeals

- **98-096-GIB.** The Board adopted the Hearing Examiner's proposed decision with amendments as recommended by counsel.
- **98-081-GIB.** The Board adopted the Hearing Examiner's proposed decision with amendments as recommended by counsel.
- **2002-046-GIB.** The Board adopted the Hearing Examiner's proposed decision with amendments as recommended by counsel.

- **98-139-GIB.** The Board adopted the Hearing Examiner's proposed decision with amendments as recommended by counsel.
- **2002-044-GIB and 2002-079-GIB.** The Board adopted the Hearing Examiner's proposed decision with modifications as recommended by counsel.

ADJOURNMENT

MOTION: Mr. Beil moved adjournment. Ms. Olson seconded the motion, which passed without objection on a voice vote.

The Group Insurance Board adjourned at 12:35 p.m.

Dated Approved: _____

Secretary: _____
Esther Olson