

**MINUTES OF MEETING**

**STATE OF WISCONSIN  
GROUP INSURANCE BOARD**

**Tuesday, June 21, 2005**

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

**DRAFT**

**BOARD PRESENT:** Stephen Frankel, Chair  
Randy Blumer, Vice-Chair  
Esther Olson, Secretary  
Martin Beil  
Janis Doleschal  
Jane Hamblen  
David Schmiedicke  
Karen Timberlake

**BOARD ABSENT:** Robert Baird  
Gary Sherman

**PARTICIPATING ETF  
STAFF:** Dave Stella, Deputy Secretary  
Tom Korpady, Administrator, Division of Insurance Services  
Bill Kox, Director, Health Benefits & Insurance Plans Bureau  
Vicki Poole, Legislative Liaison  
Sharon Walk, Group Insurance Board Liaison  
Robert Weber, Chief Counsel  
Robert Willett, Division of Trust Finance and Employer Services

**OTHERS PRESENT:** Sue Chamberlain, University of Wisconsin System Administration  
Lydia Colon, Blue Cross Blue Shield of Wisconsin  
Liz Doss-Anderson, Division of Management Services  
Rhonda Dunn, Executive Assistant  
Colleen Evans-Carter, CompCare Blue  
Brian Fusie, Office of State Employment Relations  
Charlotte Gibson, Department of Justice  
Steve Grob, Division of Insurance Services  
David Grunke, Wisconsin Physicians Service  
Lisa Halbach, Blue Cross Blue Shield of Wisconsin  
Emily Halter, Group Health Cooperative South Central  
Ross Hampton, Wisconsin Education Assoc. Insurance Trust  
Carrie Helms, Network Health Plan  
Pamela Henning, Division of Management Services  
Sue Hill, Navitus Health Solutions  
Kathy Ikeman, Unity Health Insurance  
Joy Kaiser, Medical Associates Health Plan  
Nancy Ketterhagen, Office of the Secretary  
Sari King, Division of Retirement Services  
Dana Klauk, Legislative Audit Bureau

Jessica Kottwitz, Wisconsin Physicians Service  
Bill Krumpf, Senior Care-John Hancock  
Arlene Larson, Division of Insurance Services  
Christina Licari, Division of Management Services  
Eileen Mallow, Office of the Commissioner of Insurance  
Paul Merline, Wisconsin Association of Health Plans  
Peg Narloch, Division of Insurance Services  
Deb Nelson, Dean Health Plan  
Kathryn Otto, Dean Health Plan  
Tim Ottosen, Wisconsin Physicians Service  
Robert Parr, Delta Dental Plan of Wisconsin  
Mary Pierick, Division of Insurance Services  
Diane Poole, Division of Insurance Services  
Beth Ritchie, University of Wisconsin System Administration  
James Searcy, Deloitte Consulting LLP  
Chris Schmelzer, Minnesota Life Insurance Company  
Ron Sebranek, Physicians Plus Insurance Corporation  
Mel Sensenbrenner, State Engineers Association  
Joan Steele, Division of Trust Finance and Employer Services  
Jill Thomas, Office of State Employment Relations  
John Vincent, Division of Trust Finance and Employer Services  
Al Wearing, Blue Cross Blue Shield of Wisconsin  
Tom Wendlick, Blue Cross Blue Shield of Wisconsin  
Nancy Wenzel, Wisconsin Association of Health Plans  
Steve Werner, Wisconsin Professional Police Association  
Marilyn Windschiegel, Wisconsin Education Association Trust  
Kari Zika, Division of Insurance Services  
Allan Zimmerman, Navitus Health Solutions

Mr. Frankel, Chair, Group Insurance Board (Board), called the meeting to order at 8:33 a.m.

#### **CONSIDERATION OF MINUTES OF APRIL 19, 2005, MEETING**

***MOTION: Mr. Beil moved approval of the minutes of the April 19, 2005, meeting as submitted by the Board Liaison. Mr. Blumer seconded the motion, which passed without objection on a voice vote.***

#### **INCOME CONTINUATION INSURANCE (ICI) PROGRAM**

Mr. Searcy, the Board's consulting actuary, presented the State Income Continuation Insurance Plan Actuarial Review to the Board. The funded status of the plan is not in the targeted range. An examination of the fund balance reveals a history of fluctuations rather than a defined negative trend in the experience of the plan. Mr. Searcy noted that this situation will continue to be monitored. A premium increase is not being recommended at this time.

***MOTION: Mr. Beil moved to accept the actuary's recommendation to keep premium rates for the State Income Continuation Insurance program the***

***same as the previous year. Ms. Hamblen seconded the motion, which passed without objection on a voice vote.***

Mr. Searcy presented the Local Income Continuation Insurance Plan Actuarial Review to the Board. Mr. Searcy reported that the program is in a very strong financial position. He is not recommending a rate increase at this time.

***MOTION: Ms. Olson moved to accept the actuary's recommendation to keep premium rates for the Local Income Continuation Insurance program the same as the previous year. Mr. Beil seconded the motion, which passed without objection on a voice vote.***

### **LONG-TERM CARE INSURANCE PROPOSALS**

Two long-term care proposals were submitted to the Board for consideration, one from Mutual of Omaha and one from Genworth. Mr. Kox informed the Board that Genworth has withdrawn their proposal.

The Mutual of Omaha proposal was reviewed by Deloitte Consulting and Department of Employee Trust Funds (ETF) staff. The effective date of this policy would be January 1, 2006. Mr. Kox noted that the addition of this policy, with its competitive rates plus the long-standing commitment of Mutual of Omaha, is a good proposal to offer to state employees, state annuitants and their spouses and parents.

***MOTION: Ms. Hamblen moved to accept the Mutual of Omaha long-term care proposal. Ms. Olson seconded the motion, which passed without objection on a voice vote.***

### **MISCELLANEOUS**

**Quality Assurance Services Bureau Reports.** Mr. Korpady noted that the Controlled Correspondence Summary, Annual Grievance and Independent Review Report, and the Annual ETF Complaint Report were provided for the Board's information.

**Pending Appeals Status Report.** The Board currently has 24 appeals pending.

**Badger Rx.** The Badger Rx Gold program continues to grow. As of the end of last week, there were approximately 5,500 citizens of the state enrolled in the program.

**Legislative Update.** Ms. Poole provided a written legislative report to the Board and gave a verbal report of pending legislation. Of interest to the Board were SB 149 and its companion bill AB 329. This bill would add a new appointed member to the Board. The new member must be either the chief executive or a member of the governing body of a local unit of government that is a participating employer in the Wisconsin Retirement System (WRS). A hearing was held in May on AB 329 but no action was taken. A vote was scheduled for June 21, 2005. A hearing is scheduled on Thursday, July 23, 2005, for the Senate version of the bill. Ms. Poole will testify at the hearing to provide information to the legislative committee about the fiduciary responsibility of Board members.

Another bill that has received considerable attention is AB 341. The bill would require the Board to offer a health care option to state employees that consists of a high deductible plan and establishment of a health savings account. Mr. Korpady testified at the hearing in opposition to this bill.

#### **MEDICARE PART D – UNIFORM BENEFITS CHANGES**

Mr. Kox discussed the four Medicare Part D options available to employers with Medicare beneficiaries. These options were outlined in detail by Mr. Searcy at the April 19, 2005, Board meeting. They were summarized in a memo the Board received prior to this meeting. Mr. Searcy determined that the 28% subsidy option would be the best choice for the program due to the cost-effectiveness and ease of administration. The subsidy application to the Center for Medicaid & Medicare Services (CMS) is due September 30, 2005.

Changes to the Uniform Benefits will be needed if participants in our program enroll in a separate Medicare Part D plan. Staff proposed language to clarify changes to “Section IV., Exclusions.”

A change to Uniform Benefits for “Benefits and Services, Section III., C., 5. Congenital Defects and Birth Abnormalities” was proposed. The change clarifies coverage of orthodontia and dental services needed for correction of congenital defects and is based on the final decision of Appeal No. 2003-118-GIB.

Staff requested approval of the Uniform Benefits changes and authority to proceed with development of an application to CMS for the 28% subsidy. Mr. Korpady stated that the Department would make a very concerted effort to inform members about Medicare Part D.

***MOTION: Ms. Timberlake moved to accept the recommendation of staff regarding changes to Uniform Benefits and application to CMS. Ms. Olson seconded the motion, which passed without objection on a voice vote.***

#### **MOTION TO CONVENE IN CLOSED SESSION**

Mr. Frankel announced that the Board would convene in closed session pursuant to the exemptions contained in Wis. Stat. § 19.85 (1) (a), (c), and (e) for the purposes of quasi-judicial deliberations, discussion of personnel matters and the use of public funds. Department of Employee Trust Funds staff and Office of State Employment Relations staff were invited to remain during selected portions of the closed session.

***MOTION: Mr. Beil moved to convene in closed session pursuant to the exemptions contained in Wis. Stats. § 19.85 (1)(a), (c) and (e) for the purposes of quasi-judicial deliberations, discussion of personnel matters and the use of public funds. Ms. Timberlake seconded the motion, which passed without objection on the following roll call vote:***

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

***Members Voting Nay: None.***

The Board convened in closed session at 9:25 a.m. and reconvened in open session at 11:09 a.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:

**ALTERNATE PLAN FINANCIAL STATUS**

The Board accepted the report provided by Mr. Willett and the recommendation that all plans be approved for participation in the state group health insurance program in 2006.

**WISCONSIN PHYSICIANS SERVICE (WPS) HEALTH INSURANCE PROPOSAL**

The Board approved the proposal by WPS Health Insurance to offer its Patient Choice preferred provider organization in Milwaukee, Ozaukee, Racine, Washington, and Waukesha counties, contingent upon the acceptability of premium rates and rate information, which is due by July 23, 2005.

**CONSULTATION WITH LEGAL COUNSEL**

- The Board was updated on *Helgeland, et al. v. DETF, et al.*, Case No. 2005-CV-1265.
- Pursuant to the decision of the Wisconsin Supreme Court, the Board reversed its earlier decision in the matter of *Luann Gehin v. GIB*, Case No. 03-0226, and remanded the matter to the Department for further consideration.

➤ **APPEALS**

- ***2000-058-GIB***  
***The Board issued an Interim Decision finding that the appellant is the proper beneficiary and remanded the appeal to the hearing examiner to make a finding on the issue of attorney costs and fees.***
- ***2003-114-GIB***  
***The Board rejected the hearing examiner's proposed decision.***

The Board directed Attorney Gibson to write a letter to the Department asking that they look at all materials regarding disability benefits for clarity. It is the Board's hope that a form which triggers the entire disability process could be developed. The form would become the basis for the start date for whatever option is eventually selected.

**ADJOURNMENT**

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

The Board adjourned at 11:15 a.m.

Dated Approved: \_\_\_\_\_

Signed: \_\_\_\_\_

Esther Olson, Secretary  
Group Insurance Board