

**MINUTES OF MEETING**

**STATE OF WISCONSIN  
GROUP INSURANCE BOARD**

**DRAFT**

**Tuesday, June 13, 2006**

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

**BOARD PRESENT:** Stephen Frankel, Chair  
Esther Olson, Secretary  
Martin Beil  
Janis Doleschal  
Cindy O'Donnell  
David Schmiedicke  
Gary Sherman  
Paul Ostrowski (designee for Karen Timberlake)

**BOARD  
NOT PRESENT:** Robert Baird  
Randy Blumer, Vice-Chair

**PARTICIPATING ETF  
STAFF:** Eric Stanchfield, Secretary  
Dave Stella, Deputy Secretary  
Tom Korpady, Administrator, Division of Insurance Services  
Bill Kox, Director, Health Benefits and Insurance Plans Bureau  
Sharon Walk, Group Insurance Board Liaison  
Robert Willett, Chief Trust Financial Officer

**OTHERS PRESENT:** Brian Bellford, Legislative Audit Bureau  
Jeff Bogardus, Division of Insurance Services  
Penny Bound, Dean Health Plan  
Chris Bruni, Security Health Plan  
Bob Conlin, Office of the Secretary  
Andy Dole, Anthem Blue Cross Blue Shield  
Liz Doss-Anderson, Division of Management Services  
Rhonda Dunn, Office of the Secretary  
Elizabeth Dye, Group Health Cooperative  
Linda Esser, Division of Management Services  
Colleen Evans-Carter, Compcare Blue  
David Fee, Humana  
Beth Fish, Security Health Plan  
Caitlin Frederick, Department of Administration  
Charlotte Gibson, Department of Justice  
David Grunke, Wisconsin Physicians Service Insurance Corporation  
Emily Halter, Group Health Cooperative South Central  
Ross Hampton, Wisconsin Education Association Trust  
Sandy Hayes, Dean Health Plan

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Carrie Helms, Network Health Plan  
Sue Hill, Navitus  
Steve Hurley, Division of Management Services  
Kathy Ikeman, Unity Health Insurance  
Sari King, Division of Retirement Services  
Jon Kranz, Office of Internal Audit and Budget  
Christina Keeley, Division of Management Services  
Arlene Larson, Division of Insurance Services  
Michael McDermid, Deloitte Consulting LLP  
Paul Merline, Wisconsin Association of Health Plans  
Nancy Nankivil Bennett, Office of the Secretary  
Peg Narloch, Division of Insurance Services  
Kris Nichols, Wisconsin Physicians Service Insurance Corporation  
Kathryn Otto, Dean Health Plan  
Patrick Pechacek, Deloitte Consulting LLP  
Paul Perkins, Group Health Cooperative  
Diane Poole, Division of Insurance Services  
Beth Ritchie, University of Wisconsin System Administration  
Deb Roemer, Division of Insurance Services  
Paul Romuald, Minnesota Life Insurance Company  
James Searcy, Deloitte Consulting LLP  
Chris Schmelzer, Minnesota Life Insurance Company  
Sam Schmirler, Gundersen Lutheran Health Plan  
Ron Sebranek, Physicians Plus Insurance Corporation  
Mel Sensenbrenner, State Engineers Association  
Sonya Sidky, Division of Insurance Services  
Joan Steele, Division of Insurance Services  
John Verberkmoes, American Federation of Teachers-Wisconsin  
John Vincent, Division of Trust Finance and Employer Services  
Steve Werner, Wisconsin Professional Police Association  
Sharon Whitwam, Wisconsin Physicians Service Insurance Corporation  
Allan Zimmerman, Navitus

Stephen Frankel, Vice-Chair, Group Insurance Board (Board), called the meeting to order at 8:36 a.m.

#### **CONSIDERATION OF MINUTES OF APRIL 18, 2006, MEETING**

***MOTION: Mr. Beil moved approval of the open session minutes of the April 18, 2006, meeting as submitted by the Board Liaison. Ms. Doleschal 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 Local Income Continuation Insurance Plan Actuarial Review as of December 31, 2005, to the Board. Mr. Searcy

reported that the program is in a 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. Ms. Doleschal seconded the motion, which passed without objection on a voice vote.***

Mr. Searcy also presented the State Income Continuation Insurance Plan Actuarial Review as of December 31, 2005, to the Board. The program is slightly below the 100% funded mark this year due to an unfavorable experience year and the asset-smoothing techniques which are still reflecting significant losses from several years ago. This is dampening the effect of the good investment years since then. Mr. Searcy stated that 100% funding is simply a benchmark and the program is not in danger. He noted that premiums were reinstated in 1996. The population in this plan has aged an average of almost six years since the last premium action. Mr. Searcy believes that an increase in the range of \$700,000 to \$800,000 per year should be enough for the program to regain equilibrium. A premium increase would take effect in April 2007. The Board should expect the funding status to diminish next year. After that, there should be a fairly dramatic improvement in funding.

Based on the above, Mr. Searcy is recommending a premium increase.

***MOTION: Ms. Olson moved to accept the actuary's report and recommended premium increase for the State Income Continuation Insurance Program. Ms. O'Donnell seconded the motion, which passed without objection on a voice vote.***

## **MISCELLANEOUS**

Mr. Korpady referred the Board to the miscellaneous items that had been provided for their information.

## **HEALTH INSURANCE PROGRAM**

### **Wellness Management Evaluation Discussion**

Mr. Korpady mentioned that the Department is increasing its efforts in the areas of wellness and quality of health care. Secretary Stanchfield stated that disease management is one key area that will help improve care for our members as well as keep costs down.

### **Alternate Plan Financial Status**

Mr. Willett discussed the financial stability of the Health Maintenance Organizations (HMOs). The financial condition of the HMOs showed some improvement in 2005. All of the plans are meeting our standards and are qualified to be included in our program.

***MOTION: Mr. Beil moved to accept the report as submitted by Mr. Willett. Ms. O'Donnell 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)(e) for the purposes of discussion of the use of public funds. Mr. Searcy, Mr. McDermid and Mr. Pechacek from Deloitte Consulting, Ms. Frederick from the Department of Administration, and Department of Employee Trust Funds staff were 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)(e) for the purposes of the discussion of the use of public funds. Ms. O'Donnell seconded the motion, which passed on the following roll call vote:***

**Members Voting Aye: Beil, Doleschal, Frankel, O'Donnell, Olson, Schmiedicke, Sherman and Ostrowski.**

**Members Voting Nay: None**

The Board convened in closed session at 9:12 a.m. and reconvened in open session at 9:50 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:

##### **New Participating Health Plan Proposal**

The Board reviewed the application for a new participating health plan. The Board gave conditional approval for Security Health Plan to participate in the state program for next year. The conditions the Board imposed will be disclosed to the health plan by Department staff.

##### **Navitus**

The Board took action to extend the administrative services contract with Navitus for a four-year period, subject to the successful negotiations of the terms of the contract extension.

**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) for the purposes of quasi-judicial deliberations. Assistant Attorney General Charlotte Gibson, Ms. Esser and Ms. Walk were invited to remain during closed session.

***MOTION: Mr. Beil moved to convene in closed session pursuant to the exemptions contained in Wis. Stats. § 19.85 (1)(a) for the purposes of quasi-judicial deliberations. Ms. Olson seconded the motion, which passed on the following roll call vote:***

**Members Voting Aye: Beil, Doleschal, Frankel, O'Donnell, Olson, Schmiedicke, Sherman and Ostrowski.**

**Members Voting Nay: None**

The Board convened in closed session at 9:54 a.m. and reconvened in open session at 10:58 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:

**Case No. 05-CV-3413**

The Board voted to adopt February 26, 2001, as the date of the appellant's application.

**Appeal No. 2005-021-GIB**

The Board voted to uphold the decision of the Department.

**ADJOURNMENT**

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

The Board adjourned at 11:00 a.m.

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

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

Esther Olson, Secretary  
Group Insurance Board