



STATE OF WISCONSIN
Department of Employee Trust Funds

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CORRESPONDENCE MEMORANDUM

DATE: January 23, 2007
TO: Group Insurance Board
FROM: Bill Kox, Director, Health Benefits & Insurance Plans
Joan Steele, Manager, Alternate Health Plans
SUBJECT: GUIDELINES/Uniform Benefits – Timeline and Discussion Regarding Contract Changes and Clarifications for Year 2008

In the past, a staff discussion group has developed recommendations for changes to the GUIDELINES and Uniform Benefits for the next contract year. More recently, Board members or their designated staff have also participated. Should the Board wish to continue this process for contract year 2008, we are providing the following information on the expected issues and timelines for the development of the GUIDELINES.

The anticipated timeline for the 2008 contract is as follows:

- With the input of the Board's actuary, staff establishes preliminary recommendations for changes/clarifications for the 2008 contract year. The health plans have been asked to identify any issues that warrant clarification in the GUIDELINES or Uniform Benefits.
- On or about February 20th, an ETF staff discussion group will meet and identify those issues to be included in the first draft of the GUIDELINES.
- On or about February 23rd, we will send health plans the draft of the 2008 GUIDELINES/ Administrative Provisions and Uniform Benefits. Health plans' comments on the draft changes will be due on or about March 2nd.
- On or about March 6th, the discussion group will meet to finalize recommendations to the Board. The discussion group's written recommendations are due by March 27th.
- The recommendations will be presented for approval at the April 17th meeting of the Board.

The following briefly summarizes several issues that may be reviewed during this process. It is not an exhaustive list. Participants, health plans or staff have raised these issues over the course of the past year. We also welcome any comments or suggestions from the Board about issues to be reviewed for the 2008 contract.

Some items may have a cost impact while others are clarifications of existing practice with no expected cost. Such costs, if any, will be identified by the discussion group and presented to the Board in the final recommendation.

Reviewed and approved by Tom Korpady, Division of Insurance Services.	
Signature _____	Date _____

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GUIDELINES/Administrative Provisions:

- Allow for flexibility to initiate quality initiatives mid-contract year and review for opportunities to encourage members to utilize quality, cost-effective providers.
- Incorporate value-added data into the addendum submission and require health plans to submit addendum data earlier in the process.
- Clarify the cancellation of a contract for a subscriber paying the premium directly to the health plan (“direct pay”) when premium is not paid when due.
- Limit the amount of the pharmacy portion of the premium that is reimbursed to health plans in situations when health plans fail to notify the Department on a timely basis of direct pay contracts that have terminated.
- Review of provider criteria for determining the availability of a Tier 1, qualified plan.

Changes to the Local Contract:

- Review the actuary’s recommendation to expand the underwriting provisions in order to protect the existing risk pool.
- Consider adding a surcharge to those local employers who have been unsuccessful in removing “opt-out” provisions from labor agreements, which provide financial incentives to employees who decline coverage in this program.
- Discuss offering local employers another deductible option and/or increase the current deductible amounts on the deductible option. If no action is taken, revise the rate sheets to specify the rate for the deductible option is not to exceed a percentage of the traditional option, as determined by the actuary.

Uniform Benefits:

- Consider charging pharmacy copayments as a percentage of the drug cost.
- Review pharmacy out-of-pocket maximum limits.
- Change administration from the health plans to the pharmacy benefit manager (PBM) for certain high-cost specialty drugs administered in physician offices.
- Consider gastric bypass surgery benefits and/or clarify the exclusions for weight loss services.
- Review limits for alcohol and other drug abuse (AODA) benefits.
- Clarify coverage for cranial bands.
- Clarify coverage in situations when a member is confined prior to the effective date of coverage.
- Review benefits for bone marrow and other transplants to ensure they are consistent with current standards of care.
- Remove the requirement for a prior authorization for durable medical equipment (DME) exceeding \$200.00 and allow health plans to specify DME prior authorization requirements. This can be noted on the plan descriptions in Section G of the *It’s Your Choice* book.
- Review coverage of flu shots administered at employer sites.
- Review and clarify the exclusion for services related to non-covered services.