

**DRAFT**

**MINUTES OF MEETING**

**STATE OF WISCONSIN  
GROUP INSURANCE BOARD**

**Tuesday, April 17, 2007**

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

**BOARD PRESENT:**

Stephen Frankel, Chair  
Cindy O'Donnell, Vice-Chair  
Esther Olson, Secretary  
Robert Baird  
Martin Beil  
Jeannette Bell  
Eileen Mallow  
Paul Ostrowski (for Jennifer Donnelly)  
David Schmiedicke

**BOARD**

**NOT PRESENT:**

Janis Doleschal  
Gary Sherman

**PARTICIPATING ETF  
STAFF:**

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:**

Jeanette Anderson, Aetna  
Barbara Belling, Office of the Commissioner of Insurance  
Michelle Baxter, Division of Trust Finance and Employer Services  
Marcia Blumer, Division of Insurance Services  
Jeff Bogardus, Division of Insurance Services  
Penny Bound, Dean Health Plan  
Christopher Burke, Broadspire  
Phil Dougherty, Wisconsin Association of Health Plans  
Liz Doss-Anderson, Division of Management Services  
Rhonda Dunn, Office of the Secretary  
Colleen Evans-Carter, CompCare Blue  
David Grunke, Wisconsin Physicians Service Insurance Corporation  
Emily Halter, Group Health Cooperative South Central  
Ross Hampton, Wisconsin Education Association Trust  
Carrie Helms, Network Health Plan  
Pamela Henning, Division of Management Services  
Sue Hill, Navitus  
Steve Hurley, Division of Management Services  
Kathy Ikeman, Unity Health Insurance

Barbara Johnson, Security Health Plan  
Christina Keeley, Division of Management Services  
Arlene Larson, Division of Insurance Services  
Nancy Nankivil Bennett, Office of the Secretary  
Peg Narloch, Division of Insurance Services  
Ted Osthelder, Anthem Blue Cross and Blue Shield  
Kathryn Otto, Dean Health Plan  
Roxanne Perillo, Humana  
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  
Chris Schmelzer, Minnesota Life Insurance Company  
Ron Sebranek, Physicians Plus Insurance Corporation  
Mel Sensenbrenner, State Engineers Association  
Joan Steele, Division of Insurance Services  
John Verberkmoes, American Federation of Teachers-Wisconsin  
Rob Weber, Legal Services Office

Stephen Frankel, Chair, Group Insurance Board (Board), called the meeting to order at 8:32 a.m.

#### **ANNOUNCEMENTS**

Mr. Stella updated the Board members on the status of Eric Stanchfield's condition since his recent back surgery. His recovery is progressing and he hopes to be back to work soon.

Mr. Frankel mentioned that Jennifer Donnelly has been appointed to the position of Director of the Office of State Employment Relations, replacing Karen Timberlake. He also noted that Paul Ostrowski is present at the meeting today in place of Ms. Donnelly.

#### **CONSIDERATION OF MINUTES OF FEBRUARY 13, 2007, MEETING**

***MOTION: Ms. Mallow moved approval of the open and closed session minutes of the February 13, 2007, meeting as submitted by the Board Liaison. Ms. O'Donnell seconded the motion, which passed without objection on a voice vote.***

#### **HEALTH INSURANCE PROGRAM**

**Dual-Choice Enrollment Period** Mr. Korpady recommended that the Board establish October 8-26, 2007, as the period for Dual-Choice Enrollment for coverage effective on January 1, 2008.

***MOTION: Ms. Mallow moved to establish October 8-26, 2007, as the Dual-Choice Enrollment dates. Ms. Olson seconded the motion, which passed without objection on a voice vote.***

## **2008 Guidelines and Uniform Benefits**

Mr. Kox discussed the Guidelines and Uniform Benefits for the 2008 Benefit Year. As in past years, a study group convened and made recommendations. This year there was representation from the Office of the Commissioner of Insurance (OCI), Office of State Employment Relations (OSER) and the Department of Employee Trust Funds (Department). A comprehensive memorandum describing the proposed changes and clarifications was presented to the Board for review. Mr. Kox discussed the attachments to the memo. He recommended that the Board adopt the changes discussed in the memo and grant Department staff the authority to make any additional technical changes as necessary.

### **Recommended Changes to the Guidelines and State and Local Contracts**

**Quality Initiatives:** Mr. Kox noted the need for improvements in language related to quality initiatives. The Wisconsin Collaborative is one group of providers trying to establish health care quality standards for providers. The Department believes it will be beneficial for health plans to encourage their participating providers to be aware of, and participate in, this collaborative. The Department is also encouraging health plans to become more active in technology and automation advances such as electronic medical records and a diabetes registry. The Department will be asking the health plans to report back on their activities.

**Incorporating Value-Added Data into Addendum Submission:** It is recommended that health plans submit diagnostic data that would be evaluated by Dr. Ron Harms, the Department's medical advisor.

**Review of Provider Criteria for Determining Tier 1 Qualified Plan:** In follow-up to a request from an employer, the group discussed the determination of the Tier 1 qualified plan. It is believed that current process allows flexibility to ensure the Tier 1 qualified plan provides adequate access. However, the group recommends a contract language clarification.

### **Recommended Changes to the Local Contract**

**Underwriting:** For the past three years, there has been a requirement that large employers (over 100 employees) go through a medical underwriting process, and, if necessary, a surcharge be placed on them. The actuary recommends that this underwriting be expanded to employers with 51 or more eligible employees.

**Deductible Option:** The group considered increasing the amounts on the deductible option in the local employer plan from \$500 per individual/\$1000 per family to \$600 per individual/\$1200 per family, at the recommendation of the actuary. Staff recommends that this be set by the actuary upon review of the claims information that is due in June 2007.

### **Recommended Changes to Uniform Benefits**

**Cost-neutral recommendations:** Mr. Kox discussed the out-of-pocket (OOP) maximum for prescription drugs and the options available to the Board. If the OOP maximum is increased according to the change in its relative value for the three years during which it was not adjusted, it would need to be set at \$410 per individual/\$820 per family in 2008. To maintain the OOP value from last year, the OOP maximum would have to be increased to \$340 per individual/\$680 per family. As an alternative to increasing the OOP maximum, this could be changed to a plateau. After the plateau is met, the copayment for Level 1 drugs would be waived, and the copayment for Level 2 drugs would be reduced from \$15 to \$6. This might create a stronger incentive for participants to utilize Level 1 drugs whenever possible.

**Recommendations affecting costs:** Mr. Kox discussed three recommendations that would have a cost impact:

1. Pharmacy brand-generic differential;
2. Flu shots administered at employer sites; and
3. Coverage for dental implants.

### **Discussion of Other Issues**

There were other issues considered by the guidelines discussion group that resulted in no recommended changes. These issues included:

1. Premium refunds upon termination of contract;
2. Removal of opt-out provision for local employers;
3. Malocclusion benefit;
4. Emergency room visit copayments;
5. Imaging copayment;
6. Kidney disease benefit;
7. Weight loss surgery (gastric bypass) benefits;
8. Alcohol and other drug abuse benefits;
9. Developmental delay benefits;
10. Bone marrow/transplant benefits;
11. Cranial orthotic benefits; and
12. Specialty drug benefits administration.

***MOTION: Ms. O'Donnell moved to adopt the underwriting changes that would lower the threshold number of employees from 100 to 51.***

***Ms. Mallow seconded the motion, which passed without objection on a voice vote.***

***MOTION: Ms. Bell moved to raise the out-of-pocket maximum from \$320 to \$350 per individual and from \$640 to \$700 per family. Ms. O'Donnell seconded the motion, which passed on the following voice vote:***

**Members voting aye: Baird, Bell, Frankel, Mallow, O'Donnell, Olson, Ostrowski and Schmiedicke.**

**Members voting nay: None.**

**Members abstaining: Beil.**

**MOTION: Mr. Beil moved that the Board reject the benefit changes recommended by the study group with respect to the pharmacy brand-generic differential, flu shots administered at employer sites and dental implants following accidental injury. Mr. Baird seconded the motion, which passed on the following voice vote:**

**Members voting aye: Baird, Beil, Bell, Frankel, Mallow, O'Donnell, Olson and Schmiedicke.**

**Members voting nay: Ostrowski.**

**Members abstaining: None.**

*The Board took a break from 9:35 a.m. to 9:51 a.m.*

**MOTION: Ms. Mallow moved that the Board accept the recommended changes to the Guidelines and State and Local Contracts with respect to quality initiatives, incorporating value-added data in the addendum submission and review of provider criteria for determining Tier 1 qualified plans. Ms. Olson seconded the motion, which passed without objection on a voice vote.**

## **AETNA ANNUAL UPDATE**

Christopher Burke, Senior Account Executive for Aetna, presented an update on the Income Continuation Insurance and Long-Term Disability Insurance programs. Mr. Burke discussed the transition from Broadspire to Aetna. In 2006, Aetna implemented a "Claim Owner Model." With this model, all claims are assigned to a claim owner at Aetna who works directly with the participant. He stated that good customer service continues to remain a priority. Finally, he mentioned that the Aetna staff who work with the Department have not changed but that Aetna staff have moved into home offices. He reassured the Board that all participant data is secure and encrypted.

## **MISCELLANEOUS**

Mr. Korpady referred the Board members to the various miscellaneous items included in the Board packet. The 2008 proposed meeting dates were presented to the Board. Mr. Korpady discussed the request for proposal for actuarial services. He advised the Board that they will be invited to a joint meeting with the Employee Trust Funds Board for presentations by the final candidates.

**ADJOURNMENT**

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

The Board adjourned at 10:45 a.m.

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

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

Esther Olson, Secretary  
Group Insurance Board