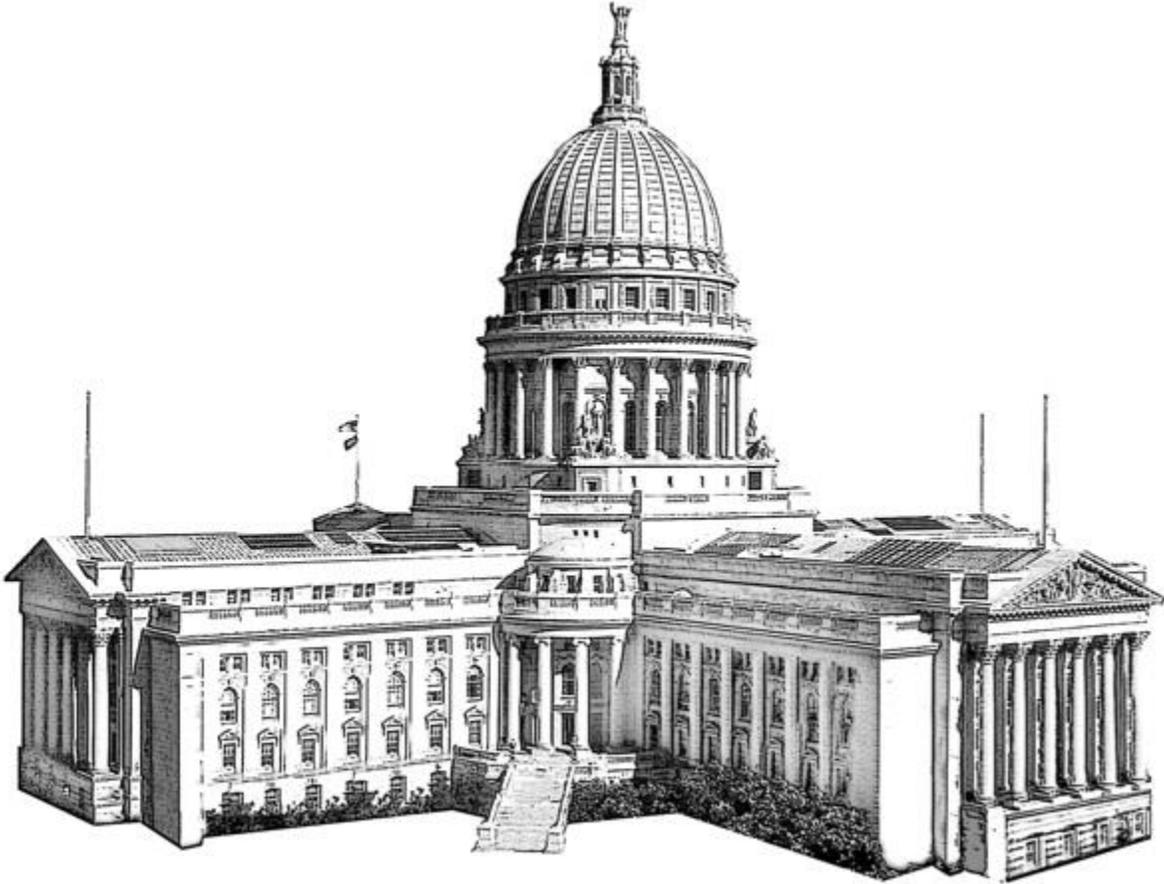


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# **ACE Newsletter**

**A Periodic Publication of Wisconsin's Association of Career Employees**

## **June 2018**

**By Sally Drew and Jack Lawton**

**The Group Insurance Board selection of Medicare Advantage Plan vendor**

ACE closely followed the work of the Group Insurance Board (GIB) as it developed a

Request For Proposals (RFP) for the selection of a Medicare Advantage Plan. ACE requested that Employee Trust Funds (ETF) include a retiree from among Wisconsin Coalition of Annuitants (WCOA) members on the selection committee. Jack Lawton, who is the ACE representative to WCOA, was selected by ETF and served on the review panel to evaluate the RFP responses. Jack spent hundreds of hours on this project and deserves our thanks for his efforts.

The RFP process was handled as a standard RFP process managed by ETF on the foundation that vendors had to meet the “It’s Your Choice Uniform Benefits” to be considered. The inclusion of the ETF-sponsored Medicare Advantage Plan will serve as an additional option and will not replace the Medicare options available through It’s Your Choice.

Last November, ETF surveyed a random sample of Medicare and non-Medicare eligible members and used the results to set goals for the proposal. The survey methodology, distribution, and tabulation were completed by the University of Wisconsin Survey Center. General themes of respondents were:

- Low costs are important.
- Respondents are open to a Medicare Advantage option.
- Provider network is critical.
- Respondents prefer familiar options.

ETF received five proposals by health insurance organizations, but one was disqualified immediately because of many substantial conditions stated in their proposal which they refused to alter. Once scoring was completed the panel as a group called the references provided by the insurers to ask specific questions about the quality of the services provided. Finally, the panel attended presentations by the insurers that addressed specific aspects of the program.

The various sections of the RFP were rated independently by the panel members and the results showed consistent agreement among the panelists. Other sections on technology considerations and price were scored by experts in those fields. After the scoring was

completed, one insurer withdrew, and another was disqualified due to a failure to accept specific requirements contained in the RFP. The proposal by UnitedHealthCare (UHC) received the highest score by a substantial margin.

Once this result was presented to ETF, the Department recommended to the GIB to enter into a contract with (UHC) for a Medicare Advantage Plan passive PPO plan which would supplement the options retirees have now. This would not include a UHC pharmacy benefit; instead the existing pharmacy benefit manager, Navitus, would continue to provide those services.

At the GIB meeting last March, the Board agreed to the ETF recommendations including the maintenance of existing options and expressed support for the wishes of the retirees as reported by the survey. The key points were maintaining quality services, a broad nationwide provider network, simplicity and lower costs. The RFP evaluation showed that UHC can address these concerns while providing nationwide access (including US territories) with coverage that includes both a large provider network and many out-of-network providers.

ETF then negotiated and awarded a contract that will begin in 2019. The GIB approved the medical rate of \$103.81 for a single Medicare Advantage plan for 2019. This figure does not include the costs for pharmacy and dental benefits plus administrative fees. The total MA plan monthly premium rate along with those for the other Group Health Insurance plans will be announced before the “It’s Your Choice” open enrollment period.

There may still be some surprises that arise as this Medicare Advantage plan is introduced by UHC. At its May meeting, ETF described the roll out and informational process. ACE will continue to monitor its progress closely.

### **The Legislative Audit Bureau (LAB) will conduct a performance audit of the Group Insurance Board**

The LAB is conducting a performance audit of the Group Insurance Board at the request

of the Joint Legislative Audit Committee. According to a December 18, 2017 memo to the committee, the LAB said the audit could focus on the following items.

- The current structure and operations of GIB programs
- Key changes of the programs GIB oversees
- GIB's program oversight and ETF's program administration
- Compliance by GIB and ETF with relevant state laws
- Relevant policies that GIB has established and ETF's compliance with these policies
- Demographic information about participants currently enrolled in the Group Health Insurance Program
- The opinions of participating employers, including local governments
- The calculation, amount, and use of reserves for the Group Health Insurance Program

The LAB will work with ETF, third-party administrators, and actuaries hired under contract with ETF.

The LAB asked ACE representatives to be interviewed in conjunction with the audit. Sally Drew and Jack Lawton met with several LAB employees on April 11. ACE discussed issues with transparency and communication with ETF and ETF's actuary, Segal Consulting, about the self-insurance, regional changes, and retiree changes proposed. Also discussed were differences in the data included in the rate development reports issued by Deloitte (an earlier actuary) versus Segal, health data collection methods and access to the data by Segal and Truven (the data warehouse provider), the Wellness Program, and the Medicare Advantage plan proposal.