

State of Wisconsin Health Benefit Program (ETG0003) Vendor Selection
Issuance of Letter(s) of Intent to Award Contract(s)

The following motion passed on a roll call vote with 10 votes for and 1 vote against.

In an effort to maintain employee benefits as they currently exist, and support the health of our friends and neighbors who are employed by the State of Wisconsin and local regions, and to attract and retain those great employees, the Board moves that;

Whereas the State of Wisconsin currently provides health insurance to state employees, retirees, continuants, and graduate assistants through the It's Your Choice State of Wisconsin Group Health Insurance Program (State Plan), and to local government employees and annuitants through the It's Your Choice local plans;

Whereas the State of Wisconsin has an interest in the good health and wellbeing of its employees, and most large employers of similar size provide employee health insurance through a self-funded plan, and the cost of the State Plan benefits have continued to rise;

Whereas the actuarial value of the State Plan at 96% is one of the highest benefit values in the country for a state employee plan;

Whereas the cost of the State Plan is higher than individual health insurance plans of similar actuarial value on the federal health insurance exchange;

Whereas the Request for Proposals (RFP) to evaluate self-insuring and regionalizing the state employee health insurance program issued by the Department of Employee Trust Funds (ETF) resulted in vendor options for the Group Insurance Board's (Board) consideration that promise significant savings to Wisconsin taxpayers to fund the State Plan;

Whereas one proposed option to self-fund and regionalize includes having one contract in place for statewide coverage, along with two administrator contracts in each of the southern and eastern regions, and one administrator contract in each of the western and northern regions, with minimal provider disruption, meaning an estimated 98% of the current health care providers participating in the State Plan will continue to be accessible;

Whereas such proposed self-funding/regionalization model does not change the benefits that the employees receive, rather it changes the financing of those benefits;

Whereas the proposed self-funding/regionalization model is estimated to save the state more than \$60 million over the 2017-2019 biennium and similar amounts in subsequent years;

Whereas an additional \$30 million in Affordable Care Act (ACA) taxes will be avoided by moving to a self-funded/regionalization model; and

Whereas the proposed self-funding/regionalization model will provide the state with ownership rights over the State Plan data, thereby maximizing the ability of the new data warehouse/business intelligence solution to inform state efforts related to improving employee health and lowering health care costs; now, therefore, be it resolved, that the Group Insurance Board:

Give ETF authority to enter into contract negotiations to move the state to a self-funded health plan effective January 1, 2018, with the following administrators in the following regions:

1. Statewide Coverage: Compcare Health Services Insurance Corporation (Anthem Blue Cross Blue Shield)
2. Northern Region: Security Administrative Services
3. Eastern Region: Compcare Health Services Insurance Corporation (Anthem Blue Cross Blue Shield) and Network Health Administrative Services, LLC
4. Southern Region: Dean Health Plan and SPWI TPA, Inc. (Quartz)
5. Western Region: HealthPartners Administrators, Inc.

Contracts shall be for a period of three years. If contract negotiations stall with any of the administrators, ETF shall schedule a Board meeting to update the Board on outstanding issues and the Board shall determine next steps. ETF shall not move to the next highest scoring vendor if contract negotiations fail to progress with any of the administrators.