



# State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

**Jim Doyle, Governor**  
**Sean Dilweg, Commissioner**

**Wisconsin.gov**

125 South Webster Street • P.O. Box 7873  
Madison, Wisconsin 53707-7873  
Phone: (608) 266-3585 • Fax: (608) 266-9935  
E-Mail: [ociinformation@wisconsin.gov](mailto:ociinformation@wisconsin.gov)  
Web Address: [oci.wi.gov](http://oci.wi.gov)

## Office of the Commissioner of Insurance Health Advisory Council

### Minutes

**Tuesday April 15, 2008**

**10:00 a.m. - 12:30 p.m.**

**125 South Webster Street**

**Room 227**

**Madison, WI 53707**

Council Members Attended: Alice Torti, Chair, Great Big Pictures; Marilyn Windschiegel, WEA Trust; Karen Geiger, Blue Cross/Blue Shield; Roberta Riportella, Ph.D, UW-Madison; Mike Derdzinski, WAHU; Terry Murphy, (NAIFA) East Town Insurance Services, Inc.; *James Sykes, UW- Madison; Robert Palmer, Dean Health Plan; Mary Ellen Powers, Metropolitan Milwaukee Association of Commerce; Roma Hanson, AIDS Resource Center, and John Sheski, WPSIC.*

OCI Representatives Attended: Commissioner Sean Dilweg, Deputy Commissioner Kimberly Shaul, Jennifer Stegall, Eileen Mallow, Sue Ezalarab, Linda Low, Barb Belling, and Mary Reines

Others Present: Ted Osthelder, Anthem Blue Cross/ Blue Shield; R.J. Pirlot, WMC; Erika Brown, WDA; Ellen Alwin, GHC-SCW; Chenyu Wang, WHDGA; Dan Schwartz, WAHU; Nancy Wenzel, WAHP; Pat Osborne, WPS, Michael Meulemans, Write Resources LLC; Amie Goldman, HIRSP; Kathryn Ambelang, WPS, Bill Toman, Quarles & Brady; Vaughn Vance, WEA Trust.

### **I. Introductions**

Alice Torti, Chair

### **II. Approval of January 15, 2008 Minutes**

Alice Torti, Chair

The minutes were approved.

### **III. Small Group Health Insurance Survey**

Sean Dilweg, OCI

Jennifer Stegall, OCI

Commissioner Dilweg provided a hand out on the Small Group Health Survey for council members. The handout and Commissioner's overview provided the following information:

- OCI sent a survey to eleven small group health insurers representing approximately 76% of the small group market. The survey requested employer group level data including premium, claims, members months and group demographic data. Department of Health & Family Services

(DHFS) and OCI are working together to review the small group health insurance market.

- Small Employers are companies with 2 to 50 employees.
- Together, DHFS and OCI are reviewing the option of community rating for segments of the market. The goal is to provide more options, as this has been done in other states. The Governor feels it is important to review all options for small employers to help Wisconsin business. Subsidies would help small employers have more options.
- The end product may be included as part of the Governor's 2009-2011 budget recommendations. The subgroup will be meeting over the next 6 to 9 months to review options, look at data, and make recommendations. The first meeting is April 29th. The timing is to run through November 2008.

Comments from the Council:

Community rating will be a challenge for employers with 2-15 employees due to affordability and the expansion of Badgercare.

Both New York and Maine have healthy business programs in place due to concern of chasing business out of the market.

There are 2 major cycles of community rating:

1970's growth of HMO's

1950's growth after World War II

There are concerns over the impact community rating may have on businesses with 50-200 employees.

The council expressed the need for an apples to apples analysis on options for small group employers.

Current data shows the individual market appears to be healthy.

This will be an ongoing agenda item for the Health Council. OCI is gathering the data.

#### **IV. Health Care Reform Discussion: Member Perspectives and Experiences Alice Torti, Chair**

Comments from the Chair:

Two issues: The first issue is competition with state benefits. There is a big disparity to find compensation in other areas for employers, i.e. time-off and employers can not always afford the premiums for group health care. The second issue is the new Badgercare program.

Comments from the committee:

Comments from Karen – BCBS Anthem:

There are high individual costs with no true underwriting in many cases from her experience. The health care issues are complicated due to the rules and communication issues.

Comments from Roberta – referenced the WSJ:

Insurance plans are unaffordable for the uninsured between the premium and lack of conformity for high deductible plans (HDP). Lowered premiums to make contributions to HDP and could be a cost effective method to help save premiums and put money into the account towards the deductible. The real problem to health insurance is the cost expectations of employers versus insurers. Another issue is the Medicare/ Medicaid factor due to the rising costs of drugs, different percentages of costs in rare drugs, new technology, barriers to preventive care, and the lack of costs savings access. Additionally, cost shifting in the government and growth in government programs affects everyone. There is no way to control how many people go into government programs. The costs always come back to private insurers. Example of Badgercare plus – 200% at poverty level is allowed to enroll and the decision came from the state. The government costs are very low for this program, thus ultimately shifting the costs to others. There is a need to educate consumers on their health, provider options, and health care.

Comments from Marilyn:

I like the idea of transparency of costs. Additionally some parts of health care reform are good, but some are scary.

Comments from John:

Meaningful transparency would be beneficial. Publish the fee lists for all services by provider would help consumers. HSA's & High Deductible plans have issues because the tax laws have changed and the Wisconsin law is not favorable. Mandates should be modifiable instead of giving the option to offer. Costs of additional mandates is high, example given was autism. Designing government programs for those who really can't afford insurance is what should be done. We should not encourage individuals who can afford insurance to subscribe to government programs.

General Comments from the Council and Audience:

- One of the challenges of a government program is trying to attract young healthy people into programs to maintain: affordability, accessibility, simplicity, and transparency of policies that are developed.
- HSA's do not always meet the needs of the individual and may actually prompt them to go to the doctor.
- Look at current legislation and see where recommendations could be made to improve general health care.
- Wisconsin has good doctors; no one wants to see this change.
- Should the question of "What consumers are willing to pay?" be reviewed?
- The council hopes the Commissioner wants to use them as a sounding board to review the real issues.
- New health care facilities being built, are they really going to be able to meet the needs of consumers?
- Is there compensation at a consumer level?

- Employers choose plans/ provider networks based on cost and limits the options for the general individual.
- Could we get HFS demographics on Badger Care?
- Would like demographics on the uninsured. It was suggested to get details from free clinics.

**V. Long Term Care Subgroup: Long Term Care Partnership Program**  
Guenther Ruch, OCI

Guenther Ruch provided a summary of WI Act 20 effective as of October 2007 which has authorized that Qualified Long Term Care policies can be used on a dollar for dollar basis for care. The filing with CMS was done on January 1, 2008 to start the state process. The state plan will be implemented on January 1, 2009. Agents will need to meet minimum requirements for training. Below are issues the Subgroup reviewed:

Two issues with training:

- Agents selling Long term care insurance (LTCI) will need to have their training completed by January 1, 2009 to continue selling or to start selling LTC. This is due to the language drafted in Act 20.
- If the training is not completed, then agents can not sell LTCI at all.

To implement, OCI and AHIP staff worked in conjunction with DHFS Staff to ensure the rule issues were addressed and the training needs were identified. For the training requirements:

- 8 hours of initial agent training with 2 hours that have to be state specific
- 4 hours of ongoing agent training.
- DHFS is designing the course work for the state specific training and will have an online. OCI will link with their information.

Additionally, two other issues the subgroup discussed included policy exchanges and reciprocity. In regard to Policy Exchanges, those who have LTC may now qualify for LTC partnership on the effective date 1/1/2009. Notices will go out informing insurers they qualify. Insurance companies will need to report the data to OCI. Those who don't qualify and have no inflation protection will be viewed as a replacement. Companies will have the ability to amend or add a rider to policies to make it a LTC partnership policy. Policies will be required to have inflation protection in the following cases:

- Individuals age 60 or under: compounded at 3%
- Individuals ages 61 to 75: at least simple interest
- Individuals over the age of 75: no interest requirement, but an offer should be made for interest.

It is important to note once the individual has had the policy over a period of time or the policy no longer is qualified as a Partnership, then the individual should have the option to decline interest or drop the policy.

The issue of reciprocity is a difficult issue for Wisconsin. For example, if an individual moves from Florida to Wisconsin, then the policy has to be issued in Wisconsin to qualify for the policy. Group policies and Exchanges: will be exempt on certain group policies and language will be drafted in the rule.

Next Steps for the LTC Rule:

Hearing is on May 12, 2008 for the rule.

The draft is expected to be out April 15, 2008 to get the notice of the hearing.

The emergency rule is scheduled for the end of May 2008 to expedite training so agents have time to complete.

It was recommend that if consumers are looking for a LTCI qualified plan, they should wait until January 2009 to purchase the plan if they are not in a hurry.

## **VI. Model Audit Rule Workgroup**

Kim Shaul, OCI

Deputy Commissioner Kim Shaul provided a brief summary on the Model Audit Rule Workgroup and the status of the rule.

Overview:

This rule was passed by the NAIC. This will be an accreditation standard affecting Wisconsin. Steve Bablitch is the chair of this work group. Creation of an independent audit and formation of a committee to handle the audit by insurance companies were two issues heavily discussed by the group. The rule making process is very technical and the goal is to be able to implement by 2010 in Wisconsin.

## **VII. Legislative Update**

Jennifer Stegall, OCI

### **State**

- Senate Bill 88; requiring health insurance coverage of hearing aids and cochlear implants for infants and young children.
- Senate Bill 150; relating to prohibiting smoking in places of employment, restaurants, taverns, and other indoor areas.
- Senate Bill 178; health insurance coverage of treatment for autism spectrum disorders.
- Senate Bill 375; health insurance coverage of nervous and mental disorders, alcoholism and other drug abuse.
- Senate Bill 562; the establishment of the Healthy Wisconsin Plan and the Healthy Wisconsin Authority. (handout on this bill was provided)
- Assembly Bill 258; permitting an employer to offer financial incentives to discourage or encourage the use of a legal product.

- Assembly Bill 729/Senate Bill 337; disclosure of information by health care providers and insurers. Estimate of service.
- Assembly Bill 807: Allows employers to use payroll deduction for insurance and allow small businesses to give alternatives.
- Assembly Bill 871; health insurance without mandates. Focus is on single/individual cover for those under 36 or have an employer but no coverage options.
- Assembly Bill 872; disclosure of information by health care providers, insurers, governmental self insured plans, requiring acceptance by a health care provider of a payment in certain circumstances. Hope is to require estimates on procedures over \$500.00.
- Assembly Bill 873; allowing out of state insurers to offer health care plans that are exempt from certain laws to employers and individuals in this state.

### **Federal**

- Medicare Advantage
- HR 1424, the Paul Wellstone Mental Health and Addiction Equity Act of 2007.
- S. 558, the Mental Health Parity Act.

## **VIII. Senate Bill 178 Social and Financial Impact Statement**

Jennifer Stegall, OCI

A draft of the social and financial impact Statement for Senate Bill 178 was provided to the council for reference. The bill relates to health insurance coverage of treatment of autism spectrum disorders. The points Jennifer highlighted to the council included: the difficulty in obtaining accurate information and baseline data, the cost to the private insurance industry is estimated to be about \$20.4 million annually to cover intensive in home autism treatment. Jennifer offered to send a link on the study for Autism.

## **IX. OCI Survey of Independent Review Organizations (IRO)**

Eileen Mallow, OCI

Barb Belling, OCI

The survey was done to review health plan coverage decisions in accordance with a law passed in 2001 . IRO's are only done by companies who meet stringent guidelines and approved by OCI. There are 6 in Wisconsin. IRO's are filed with our office and there are 100 to 150 done annually. There are 29 insurers in Wisconsin who have processes for IRO's in place. The survey identified issues and gaps in procedures and/or information provided to the insureds. The report is being compiled for completion soon. Individual responses will be given to each company and training will be held upon the release of the results. The NAIC is working on an amendment to its model law for IRO's. We

have not made a decision yet about whether Wisconsin wants to pursue the statutory changes that would be necessary to implement the amended model.

**X. Other Business**

Alice Torti, Chair

No other business was discussed.

**XI. Next Meeting Date**

**July 15, 2008**

All future meetings will begin at 10:00 a.m.

A potential future agenda item would be to include mandates.