



# State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

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## Office of the Commissioner of Insurance Health Advisory Council

### Minutes

**Tuesday, July 15, 2008**

**10:00 a.m. – 12:30 p.m.**

**125 South Webster Street**

**Room 227**

**Madison, WI 53703**

Council Members Present: Alice Torti (Chair), Great Big Pictures; Marilyn Windschiagl, WEA Trust; Karen Geiger, Blue Cross Blue Shield of WI; James Sykes, UW Madison; Robert Palmer, Dean Health Plan; Mary Ellen Powers, Metropolitan Milwaukee Association of Commerce; Roberta Riportella, UW Madison; Mike Meulemans, Write Resources; Roma Hanson, AIDS Resource Center; Kris Seymour (via teleconference), Humana

Council Members Absent: Mike Derdzinski, WI Association of Health Underwriters; Terry Murphy, East Town Insurance Services

OCI Representatives Attended: Commissioner Sean Dilweg, Deputy Commissioner Kimberly Shaul, Jennifer Stegall, Assistant Deputy Commissioner Eileen Mallow, Guenther Ruch, Sue Ezalarab, Diane Dambach, Kelli Banks

Others Present: Kathryn Ambelang, WPS; Erika Brown, WDA; Ted Osthelder Anthem Blue Cross Blue Shield; John Foley, Anthem Blue Cross Blue Shield; Ellen Alwin, GHC; Kathy O'Neil, GHC; Joanne Alig, WAHP; R. J. Pirlot, WMC; Nancy Wenzel, WAHP; Bill Toman, Quarles & Brady; Pat Osborne, Hamilton Consulting; Jordan Lamb, Dewitt Ross & Stevens; Amie Goldman, HIRSP; Lisa Maroney, UW Health; David K. Hill, Assurant

### **I. Anthem Care Comparison**

John Foley, Vice President, Anthem Blue Cross Blue Shield

Mr. Foley provided a presentation on the tools Anthem has made available to their consumers and employer groups to help consumers have a better understanding of the health care services they are obtaining and using. Anthem Blue Cross Blue Shield established a web-based tool to provide cost comparisons on an episode of care for 39 procedures. Anthem Blue Cross Blue Shield anticipates expanding the number of procedures and adding a quality component. Currently information is

provided by institution and includes price ranges. Anthem currently estimates 20-25% of their consumers will use the tool. The cost spread is significant in many cases and it is thought this will get the attention of the consumer in the marketplace. The goal is to create competition by having this information in the marketplace. The plan is to expand this to incorporate the average of other State's comparisons to make our States competitive.

Some council members raised concern that consumers are not well equipped to use this type of tool to determine where to get care in a crisis situation. The emotional state of the patient and family and a lack of understanding of medical terms were cited as reasons the tool may not be an effective one for patients. It was also expressed that providers want this information to be fair and accurate. Mr. Foley reminded the Council the web-based tool is limited to "non-emotional" procedures.

Mr. Foley stressed this tool is only a first step to help get information to those who wish to use it. Giving consumers more information is just one way to help educate those who want to use it as a tool for comparing cost. Additionally every effort was made to communicate with providers who are represented.

## **II. Introduction of New Members**

Kris Seymour, WI Market President & CEO, Humana

Mike Meulemans, Owner, Health Insurance Consultant, Write Resources

## **III. WI Association of Health Plans (WAHP) Transparency Initiative**

Nancy Wenzel, Chief Executive Director of WAHP

Nancy introduced herself and gave a brief overview on the WI Association of Health Plans. Nancy explained that Senator Sullivan and Representative Wieckert introduced transparency initiative legislation last session. Although the legislation did not make its way through the process, the WAHP Board of Directors pledged to implement what the legislation was written to do. Additionally they added a timeframe within which they need to provide consumers with the information they are requesting.

Starting September 1, 2008, plan members can request estimates of their out of pocket costs for specific procedures when the following information is given to the health plan:

- The name of the provider providing the service
- The facility at which the service will be provided
- The date the service will be provided
- The providers estimate of the charge (s) for the service
- The CPT code or Current Dental Terminology code to be billed by the provider

A question was asked regarding whether any other states have this kind of initiative in place. Nancy answered that no other state is known to have this service available.

The WAHP members will track how many requests are received and will report back on the effectiveness of this tool.

#### **IV. Medicare Improvements for Patients and Providers Act of 2008**

Addition to Agenda

Guenther Ruch, Administrator, Division of Regulation and Enforcement

Guenther provided information regarding HR 6331 (Medicare Improvements for Patients and Providers Act of 2008). Last week the Senate moved this bill out of Congress and it is now on the President's desk. It is thought the President will veto the bill. Most press indicates it will be overridden. This will provide significant changes to Medicare which means we will need to change our Medicare rule. Also changes will be made to Medicare Advantage. It will prohibit door to door sales, phone calls, and cross selling among others. HR 6331 also clearly states that Medicare Advantage plans must be in compliance with state laws. Beginning in 2011 Medicare Advantage Private Fee for Service Plans must contract with providers in those counties where there are two or more non-private fee for service plans doing business. Guenther further explained how this Act will technically affect Wisconsin rules and that changes are needed to Wisconsin's Medicare rule to reflect the federal changes. Commissioner Dilweg clarified that during an election year we do not do any rules between September and January therefore OCI will not pursue necessary administrative rules changes until after January.

#### **V. Contract Transparency**

Commissioner Sean Dilweg, OCI

Sue Ezalarab, OCI

Commissioner Dilweg explained that contract transparency came up at a discussion at the NAIC last year. The Kaiser Family Foundation did a study which included a look at contract language and disclosure supplements. It was discovered that some language in these contracts is unclear.

Sue Ezalarab explained the current reading standards for contracts and how difficult and complicated they are. Contracts should have a summary page or schedule of benefits. Most contract related complaints come from consumers who do not understand their policies. One issue is the kind of summary information a consumer should get to ensure they have a snapshot of what their policy covers and can make an informed buying decision. Our readability standard is based on a score which relates to the number of syllables in the contract. This really doesn't get to the information the consumer should have. One suggestion is to have a standard way all contracts are laid out which is what we tried to do with Medicare Supplement insurance.

Commissioner Dilweg thought this was an issue that may warrant looking into further. He asked the Council to read through the Kaiser study and think about if we would want to open up our current rules and regulations surrounding this issue. This would be something that we could address through an Administrative Rule change.

A question was asked how expansive he is looking to have this discussion. What kind of educational effort is foreseen? Are we looking at limiting the number of plans to keep things easier?

Commissioner Dilweg answered he does not have a desire to place limits on the number of plans because you need to encourage competition. There may be a desire to look at continuity of terms. Disclosure forms may need to be reviewed and may be formatted differently.

## **Break**

### **VI. Families USA June 2008 Report, "Failing Grades: State Consumer Protections in the Individual Health Insurance Market"**

Eileen Mallow, OCI

Eileen referenced the report as not much of a surprise to anyone who has any experience with the individual health insurance market. The individual health insurance market is very difficult for those individuals who have a pre-existing condition. States including Wisconsin always encourage individuals to stay in the group market. There are not as many out of pocket surprises in the group market. Most states discussed including Wisconsin did not do well on this survey.

One issue discussed in the report was guarantee issue in the individual market. Most states including Wisconsin use its high risk pool to meet the federal requirement that there be a guarantee issue product for those losing their group coverage. The question becomes whether the premiums are affordable. Our health insurance industry subsidizes the State's high risk pool to help make it more affordable so that keeps our costs down. The survey suggests that the high risk pool premiums should be no higher than 25% of the standard market for individual coverage. Wisconsin is currently 35-40% higher. The other issue referenced in the study is that these high risk pools premiums are not affordable. Federal HIPAA Law does not address this.

Overall affordability was a second issue raised in the report. Insurance companies are free to rate however they want and rider out certain coverages. This study suggests that states should do some prior approval on rates. They also suggest there should be some limitations on pre-existing conditions and limits on how far back a health insurance company can look back into your health history for pre-existing conditions. They also want limits on how long an insurance company has to do underwriting. They recommend all underwriting be done prior to issuing a policy. Another concern raised was the definition of a pre-existing condition. Most states

use the definition of a pre-existing condition that is in the Federal HIPAA law. The issue of rescinding policies was also addressed in the report.

The one area Wisconsin did well on was in the insurance complaint and review process. The only thing where we got marked down was for our small fee and a certain amount of claim and dispute required.

Council members asked why these recommendations are not desirable for Wisconsin?

Eileen discussed that while these recommendations may be desirable they may not be practical. The individual insurance market would be challenged if required to meet these guidelines. Many insurers would choose to just not offer this type of coverage. It was noted that Wisconsin is much better off than reflected in this report.

## **VII. Long Term Care Partnership Update**

Jennifer Stegall, OCI

An Emergency Rule is currently in place covering training, inflation protection and policy exchanges. Agents must complete 8 hours of initial training before January 1, 2009 before selling long term care insurance. The deficit reduction act requirements were used as a guide for the inflation protection piece. The rule allows insurers to offer policy exchanges to insureds with policies issued prior to January 1, 2009. The permanent rule was sent over to the Legislature yesterday afternoon.

## **VIII. Small Group Health Insurer Subgroup Update**

Jennifer Stegall, OCI

Jennifer reminded everyone of the survey that OCI sent out to eleven small group health insurers who represent approximately 76% of the small group market. The survey requested data from these organizations will be analyzed so we can provide insight and recommendations to the Governor as he explores different options for small group health insurance reform. The information was collected by OCI and forwarded to Gorman Actuarial for analysis. We hope to report some aggregate data at the August 7 Small Group meeting.

## **IX. Insurance Workforce Initiative**

Deputy Commissioner Kim Shaul, OCI

Deputy Commissioner Shaul touched base on the Insurance Workforce Initiative. Wisconsin is the 6<sup>th</sup> largest insurance state in terms of premium volume. Wisconsin's insurance industry employs about 65,000 people in Wisconsin. Approximately 35,000 of those are agents. The industry is projecting an increased need for employees over the next 10 years. The Commissioner would like OCI to help facilitate programs available to help build a skilled workforce for the insurance industry and for agents. To date we have been working with the WI Foundation for

Private Colleges which has an insurance internship program set up. We are also working with the UW System and technical colleges.

#### **X. Model Audit Rule Update**

Deputy Commissioner Kim Shaul, OCI

A rule making hearing was held on July 8, 2008. It was discovered that we inadvertently omitted a piece on exemptions and effective dates. We will add that back in the rule and send the rule to the legislature. Everything has gone smoothly and we look to have an effective date of January 1, 2010.

#### **XI. Future Meeting Topics**

Alice Torti, Chair

- Wellness Discussion
- Mandate Discussion
- WI. Safety Net Program Proposal (WI. Association of Health Underwriters)
- Kevin Counihan presentation on the Massachusetts Connector
- John Toussaint: ThedaCare Center for Creating Value in Healthcare

These items were included on the agenda to make everyone aware of some future meeting topics and to ensure that everyone knows their suggestions on the list. Any further suggestions are appreciated.

#### **XII. Approval of the April 15, 2008 Minutes**

Alice Torti, Chair

The minutes were approved.

#### **XIII. Next Meeting Date**

October 14, 2008