



Legislative Fiscal Bureau

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May 4, 2001

Joint Committee on Finance

Paper #416

Group Health Insurance Ombudsperson Position (ETF)

CURRENT LAW

The Department of Employee Trust Funds (ETF) is currently authorized 1.0 SEG position that serves as Manager of Quality Assurance in the agency's Office of Communications. This position performs ombudsperson functions relating to resolving complaints concerning group health insurance coverage offered to state employees, participating local employees and Wisconsin Retirement System (WRS) annuitants. Base level salary and fringe benefits funding for this position is \$61,300 SEG annually.

GOVERNOR

Maintain base level funding for the agency's existing Manager of Quality Assurance position.

DISCUSSION POINTS

1. At the Committee's March 15, 2001, budget briefing session, the Secretary of ETF requested that the Committee consider authorizing an additional 1.0 SEG position and associated funding to provide the agency with a second ombudsperson to address a growing volume of group health insurance-related complaints and complaint backlogs.
2. The agency had originally requested \$44,100 SEG in 2001-02 and \$53,200 SEG in 2002-03 and 1.0 SEG position to perform this function as part of its original biennial budget request. The Governor denied the agency's request.
3. The current Manager of Quality Assurance position was initially authorized under

1991 Wisconsin Act 269 (the 1991-93 budget adjustment act), to enable the Department to be more responsive to resolving participant concerns with respect to levels of service and care received under the public employee and annuitant group health insurance plans offered by the Group Insurance Board. That original budget request was an outgrowth of a consultants study, which identified the development of a health insurance complaint processing system as a major concern of plan enrollees, participating employee union groups and the Department of Administration. With the position and resources provided by Act 269, a complaint monitoring and resolution system began to be implemented by the agency after the first ombudsperson was hired in June, 1992.

4. The process was significantly strengthened following a March, 1996, Legislative Audit Bureau review of the state group health insurance program. Under the current procedure, complaints are received and acknowledged, after which informal complaint resolution is attempted. If the informal efforts are not successful, formal complaint review and resolution follow. Patterns of complaints affecting specific health plans are also monitored so that provider standards of performance or possible plan modifications can also be reviewed. ETF believes that the current complaint resolution process has had a positive impact on reducing the number of formal requests for formal departmental determinations and appeals filed with the Group Insurance Board.

5. In the six calendar years between 1993 and 1998, the agency's ombudsperson position handled an average of 155 health insurance-related complaints per year. On average, during this period, the case backlog in any given month was between 20 and 30 per month. In general, cases were being resolved within approximately 65 days. Under market conduct standards for managed care plans established by rule of the Commissioner of Insurance (s. Ins 9.33), the acceptable level of timeliness for the grievance resolution process is 65 days.

6. Since the end of 1998, the volume of complaints received by ETF has increased sharply, and now averages 242 per year. The Department believes that as the managed care market in Wisconsin continues to tighten, plan design changes, health plan network changes, incorrect information from health plans, and service restrictions in an effort to control rising health care costs are all factors in accounting for the increase in the number of complaints received.

7. As a result of the increasing volume of complaints, the agency's open complaint backlog has grown from a low of 20 at the end of the 1998 calendar year to the current 75, as of March, 2001. As a result of this increased backlog, the average time required to resolve complaints is now 90 days, which is significantly more than the standard prescribed in the Insurance Commissioner's rule. The Department states that an average 90-day complaint resolution timeline is "an unacceptable service level," since many complaints received are time-sensitive, have monetary implications or involve serious health concerns for the participant.

8. While the current complaint backlog stands at 75, there is some evidence that the backlog is somewhat cyclical in nature. As recently as June, 2000, the backlog was at a more acceptable level of 30 cases; however, since that time, it has steadily grown to the current backlog level. The agency is projecting continuing monthly backlogs of between 59 and 73 through the next biennium.

9. ETF believes that an additional ombudsperson position for resolving group health insurance-related complaints would provide it with a staffing level sufficient to reduce the complaint backlog by 50% by the end of the 2001-03 biennium. The agency believes that with two ombudsperson positions (with the current Manager of Quality Assurance focusing on some of the more complex complaints) the complaint backlog would fall to 20 to 25 cases per month, which could be resolved within the expected performance standard of 65 days.

10. Furthermore, if the agency were authorized the additional ombudsperson position, the current incumbent could be freed, in part, to take on such additional responsibilities as auditing health plan grievance procedures, designing patient satisfaction surveys and offering forums on dispute resolution and patients' rights and responsibilities under the various health plans.

11. If the Committee concludes that: (a) ETF's current group health insurance plan-related complaint backlog and 90-day complaint-resolution timeline are unacceptable; and (b) the agency should be provided with the staffing resources sufficient to reduce the average amount of time elapsed for complaint resolution to the current 65-day performance standard prescribed by the Commissioner of Insurance, then it may wish to provide ETF with \$44,100 SEG in 2001-02 and \$53,200 SEG in 2002-03 and authorize 1.0 SEG ombudsperson position.

12. Alternatively, the Committee could reaffirm the Governor's original recommendation and not provide the position.

ALTERNATIVES TO BASE

1. Provide \$44,100 SEG in 2001-02 and \$53,200 SEG in 2002-03 and authorize 1.0 SEG ombudsperson position for ETF.

<u>Alternative</u>	<u>SEG</u>
2001-03 FUNDING (Change to Base)	\$97,300
<i>[Change to Bill]</i>	<i>\$97,300]</i>
2002-03 POSITIONS (Change to Base)	1.00
<i>[Change to Bill]</i>	<i>1.00]</i>

2. Take no action.

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