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CORRESPONDENCE MEMORANDUM

DATE: May 14, 2004
TO: Group Insurance Board
FROM: Arlene Larson, Manager, Self-Insured Health Plans
SUBJECT: Scope Statement – WPE Premium Tiering

This memo discusses a rule change for local government health insurance contributions under ETF 40.10 (2) (b). Premium tiering was authorized under Wis. Stat. § 40.51 (6) for State of Wisconsin employers effective January 1, 2004. The Board previously discussed how a tiered contribution structure could benefit the Wisconsin Public Employers (WPE) program as well.

Action Requested

Staff recommends that the Board approve the attached scope statement.

Current rule limits the ability of employers that participate in the WPE program to implement a premium tiering strategy similar to the State’s plan. Under Wis. Admin. Code § ETF 40.10 (2) (b), employers are required to contribute between 50% to 105% of the lowest cost plan’s premium. If, for example, a local employer in Dane County wanted to emulate the State program, it could not, because the cost of the local Standard Plan is significantly higher than Unity UW Health Plan, the low cost plan. Because the employer’s maximum contribution towards premium is limited to 105% of the low cost plan, an employee with a family plan would be required to pay \$621.96, rather than \$250 per month under the same schedule as used by the State.

In order for participating employers in the WPE to have the option to offer a tiered structure, this rule needs to be amended. By approving this scope statement, the Department will be authorized to begin the promulgation process to modify this administrative rule to allow local government employers the option of offering a tiered structure for health insurance premiums.

Reviewed and approved by Tom Korpady, Division of Insurance Services.	
Signature _____	Date _____

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