



STATE OF WISCONSIN
Department of Employee Trust Funds

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CORRESPONDENCE MEMORANDUM

DATE: January 26, 2006
TO: Group Insurance Board
FROM: Joan Steele, Manager, Alternate Health Plans, Division of Insurance Services
Deb Roemer, Policy Analyst, Division of Insurance Services
SUBJECT: Participation in the Wisconsin Public Employers' Group Health Insurance Program and Income Continuation Insurance Plan

This memo is for the Board's information only. No action is required.

Annually, staff provides the Board with an update of local government employers that have either joined or terminated participation in the Wisconsin Public Employers' Group Health (WPEG) Insurance Program and the Income Continuation Insurance (ICI) plan during the prior calendar year.

Both the WPEG and ICI plans have experienced continued growth in the past five years. However, the growth in the WPEG plan is at a slower pace than it was five years ago. We attribute that largely to the lack of health maintenance organization (HMO) offerings in certain geographical regions of the state, such as central northern Wisconsin, which has caused employers in that region to drop out of the WPEG plan. In addition, the WPEG plan appears to attract smaller employers resulting in slight increases in the total number of covered active employees.

Effective in 2005, the WPEG plan began offering additional health program options at reduced premiums. The options include a Standard Plan that is a preferred provider plan (PPP) as an option to the classic fee-for-service Standard Plan, and a deductible option for both Uniform Benefits (UB) and the Standard Plan or the Standard PPP. Below is a summary of resolutions filed by new and participating employers for coverage in 2005 under one of the new health program options:

	UB & Std PPP	Ded UB & Ded Std Plan	Ded UB & Ded Std PPP
New Employers	2	2	5
Participating Employers	1	8	2
TOTAL	3	10	7

It is worth noting that fourteen employers have already passed resolutions to join the WPEG plan in 2006, with eight selecting one of the new health program options. In addition, seven employers already participating in the WPEG plan filed resolutions to switch to a new health program option in 2006.

In 2005, a process was implemented to apply a surcharge for those large employers joining the WPEG plan when their risk is determined to be detrimental to the existing pool. Two large employers subject to the process had submitted resolutions to join the WPEG plan, but subsequently rescinded them. At this time, no participating employers are being assessed a surcharge.

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

Signature

Date

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GIB	02/21/2006	5

Two employers terminated participation in the WPEG plan effective in 2005: Town of Wayne and Village of North Hudson. In addition, the Village of Strum had all employees cancel their coverage voluntarily and coverage was terminated pursuant to section 3.2 of the contract.

The local ICI plan continues to see moderate growth. The largest local employer joining into the ICI plan for 2005 was the City of Chippewa Falls with 150 employees.

The table below provides a summary of the types of employers in the WPEG plan and the local ICI plan as of December 31, 2005.

Category	WPEG Plan	ICI Plan
New Employers in CY2005	18	9
New Employees in CY2005	213	286
Employers terminating in CY2005	3	0
# of participating cities	67	39
# of participating villages	91	49
# of participating school districts	3	0
# of participating special districts	90	56
# of participating towns	64	15
# of participating counties	10	8
Total Employers	325	167
Total Active Employees	11,697	6848