



STATE OF WISCONSIN
Department of Employee Trust Funds

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CORRESPONDENCE MEMORANDUM

DATE: January 12, 2007
TO: Group Insurance Board
FROM: Arlene Larson, Manager, Self-Insured Health Plans
SUBJECT: Local Annuitant Health Plan Rates 2007

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

Attached are the rates for the Local Annuitant Health Plan (LAHP), effective January 1, 2007. LAHP is a fully insured plan provided by the Standard Plan administrator, WPS Health Insurance, pursuant to s. 40.51(10) of the Wisconsin Statutes. It is available on an individual basis to local government annuitants.

The rates effective January 1, 2007, are attached. Typically, the rates are provided in November following the establishment of Medicare deductibles for the following year. However, due to the limited nature of the November Board meeting, they are being presented now. This year's increase for the Medicare supplement and the under-age-65 Preferred Provider Plan (PPP) is 9%. Deloitte Consulting reviewed the renewal and determined that it was reasonable.

LAHP was authorized in the statutes on July 1, 1988, as a health insurance program to offer individual coverage for those retiring local government employees and their dependents who are not offered a group plan by their municipal employer. The program is voluntary for retirees of employers who participate in the Wisconsin Retirement System.

As many municipalities offer coverage for their annuitants, LAHP insures a very small population and is subject to adverse selection. There is a Medicare supplement for those over 65 and a PPP for those under age 65. The Medicare Supplement subscribers are established in an age-rated premium structure. Currently, there are 303 subscribers in the Medicare Supplement, of whom 237 are aged 75 and over. There are 16 subscribers enrolled in the PPP.

Age-rating the Medicare Supplement premiums results in an adjustment to subscriber premiums as subscribers age. This type of rate structure is common among individual Medicare Supplements, and should make the plan more attractive over time to eligible individuals who are not currently enrolled. The four age bands entail those subscribers from ages:

65 through age 67
68 through age 69

70 through age 74
75 and older

Attachment

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

Board	Mtg Date	Item #
GIB	2/13/2007	3

RETIREES MONTHLY HEALTH INSURANCE PREMIUMS - LOCAL ANNUITANT HEALTH PLAN

EFFECTIVE 01/2006														EFFECTIVE 01/2007				
Plan Type	PPP					Medicare Supplement*				PPP		Medicare Supplement*						
Coverage	Single	Family	Single	Family-2	Family-1	Single	Family	Single	Family-2	Family-1	Single	Family-2	Family-1					
PPP - Under Age 65 - No Med	\$755.70	\$1,507.00				\$823.50	\$1,642.40											
PPP - Under Age 65 - With Med	\$528.00					\$577.10												
PPP - Under Age 65 - Both with Med		\$1,053.70					\$1,152.00											
PPP - Under Age 65 - One with Med, Other Not		\$1,281.40					\$1,398.30											
PPP - Under Age 65 - Two with Med, 3rd Not		\$1,507.00					\$1,649.30											
Med Sup - Age 65-67			\$114.60	\$226.90	\$868.00			\$124.70	\$247.10	\$945.90								
Med Sup - Age 68-69			\$127.40	\$252.50	\$880.80			\$138.70	\$275.00	\$959.90								
Med Sup - Age 70-74			\$156.90	\$311.50	\$910.30			\$170.80	\$339.30	\$992.00								
Med Sup - Age 75 and Over			\$178.00	\$353.70	\$931.40			\$193.80	\$385.30	\$1,015.00								
*Rate determined by subscriber's age as of the 1st of the calendar year																		