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Department of Employee Trust Funds

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CORRESPONDENCE MEMORANDUM

DATE: January 19, 2007
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.

Although the WPEG plan has experienced continued growth in the number of participating employers, it has experienced a decline in the number of participating employees in 2006 due to two larger employers terminating participation. The WPEG plan continues to attract smaller employers, but no large employer has joined the plan since the underwriting process was implemented in 2005. Employers with 100 or more employees in the Wisconsin Retirement System are underwritten and assessed a surcharge when the risk is determined to be detrimental to the existing pool. At this time, no participating employers are being assessed a surcharge.

In 2006, five large employers (four counties and one school district) went through the underwriting process. All were determined to have poor risk and were placed in the category with the highest surcharge amount. Subsequently, none of the five employers joined the WPEG plan. Staff believes the surcharge amounts to be reasonable, as the WPEG rates with the surcharge amount were comparable to the renewal rates the employers received from their existing insurance carrier.

Effective in 2005, the WPEG plan began to offer 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 and the Standard Plan or the Standard PPP. Table 1 on the next page provides a summary of resolutions filed by new and participating employers for coverage in 2006 under each of the new health program options.

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

Signature

Date

Board	Mtg Date	Item #
GIB	2/13/2007	4

**TABLE 1
PARTICIPATION IN NEW HEALTH PROGRAM OPTIONS FOR 2006**

Employers	Uniform Benefits & Standard PPP	Deductible Uniform Benefits & Deductible Standard Plan	Deductible Uniform Benefits & Deductible Standard PPP
Previously Enrolled in This Option	3	10	7
Joined WPEG Selecting This Option	5	3	0
In WPEG & Switched to This Option	0	6	2
TOTAL	8	19	9

Thirteen employers have already passed resolutions to join the WPEG plan in 2007, with four selecting one of the new health program options. In addition, four employers already participating in the WPEG plan filed resolutions to switch to a new health program option in 2007.

Three employers terminated participation in the WPEG plan effective in 2006: Barron County, Vernon County and City of Independence. In addition, the Village of Luck and City of Prescott had all employees cancel their coverage voluntarily and coverage was terminated pursuant to section 3.2 of the contract. The Town of Lincoln also had coverage terminated pursuant to section 3.2 when its only subscriber ended coverage due to death.

The local ICI plan continues to see some growth. As with the WPEG plan, the ICI plan tends to attract smaller employers. The local employers joining into the ICI plan for 2006 included a town, a village and two housing authorities. No employers terminated participation in the ICI plan effective in 2006.

Table 2, below, provides a summary of the types of employers in the WPEG plan and the local ICI plan as of December 31, 2006.

**TABLE 2
PARTICIPATION IN THE WPEG & LOCAL ICI PLANS AS OF 12/31/06**

Category	WPEG Plan	ICI Plan
New Employers in CY2006	18	4
New Employees in CY2006	143	47
Employers Terminating in CY2006	6	0
Employees Terminating in CY 2006	462	0
Participating Cities	64	39
Participating Villages	99	50
Participating School Districts	3	0
Participating Special Districts	94	58
Participating Towns	69	16
Participating Counties	8	8
Total Employers	337	171
Total Active Insured Employees	11,538	6895