



STATE OF WISCONSIN  
Department of Employee Trust Funds  
David A. Stella  
SECRETARY

801 W Badger Road  
PO Box 7931  
Madison WI 53707-7931  
1-877-533-5020 (toll free)  
Fax (608) 267-4549  
<http://etf.wi.gov>

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For more information, contact:  
Shawn Smith  
608-266-3641

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## ETF Announces First-Ever State Health Insurance Premium Decrease

MADISON, (Wis.) – Health insurance premium rates for the majority of employees and retirees covered under the State of Wisconsin Group Health Insurance Program will be reduced approximately 3.3% next year, based on Group Insurance Board (Board) action today. The state program covers more than 183,000 state employees, retirees and their dependents.

Agency officials cited a number of factors in explaining the rate decrease. The 3.3% premium reduction reflects overall savings to the plan of \$142 million for 2012. The \$142 million is attributed to:

- \$47 million in savings achieved through ETF staff negotiations with the plans during the competitive bid process,
- \$65 million in savings achieved by the 5% benefit reduction required by Act 10; and,
- \$30 million in savings through use of a draw down of pharmacy reserves to offset employer and member costs.

The innovative program design changes and strategies implemented in 2005 “continue to pay off in terms of delivering high quality benefits to our members,” ETF Secretary David Stella said. These strategies include a tiering structure that both encourages members to choose the plans with the highest value and creates incentives to the plans themselves to be rated in that preferential tier.

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“All things being equal, it would have been reasonable to assume a premium increase for 2012 even with the recently enacted changes,” explained Lisa Ellinger, the Administrator for the Division of Insurance Services, “however, lower plan costs, the benefit reduction, balancing our reserve funds and tough negotiations all played a part in this first-ever rate decrease.”

Group Insurance Board Chair Cindy O'Donnell reflected on this small bit of good news in a year that has generally resulted in greater outlays for health care and retirement contributions for public employees across the state. “Although the net impact of this rate decrease is not enough to offset the additional costs being assumed by employees, we hope it provides at least some relief.”

The Board action to officially set the premium rates for next year is the culmination of an annual process that began in earnest in April.

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