



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>

CORRESPONDENCE MEMORANDUM

DATE: January 15, 2008
TO: Group Insurance Board
FROM: Joan Steele, Manager, Alternate Health Plans
Deb Roemer, Policy Analyst
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 on 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.

The number of employers in the WPEG plan continues to grow, although they have been employers with relatively small employee counts. No large employer has joined the plan since the underwriting process was implemented in 2005 for employers with 100 or more employees in the Wisconsin Retirement System (WRS). Effective in 2008, the underwriting process applies to employers with 51 or more employees in the WRS. Employers 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 2007, eight large employers (five counties, two cities, 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 eight 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.

The WPEG plan began to offer additional health program options at reduced premiums in 2005. 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 2007, 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	2/12/2008	5

**TABLE 1
 PARTICIPATION IN WPEG PROGRAM OPTIONS FOR 2007**

Description	Uniform Benefits & Classic Standard Plan	Uniform Benefits & Standard PPP	Deductible Uniform Benefits & Deductible Standard Plan	Deductible Uniform Benefits & Deductible Standard PPP
Employers Previously Enrolled in This Option	290	7	21	8
Employers That Joined WPEG Selecting This Option	12	4	1	2
Employers in WPEG That Switched to This Option	0	0	3	1
Total Employers Enrolled in This Option as of 12/31/07	302	11	25	11
Total Active Insured Employees	10,199	142	644	334

Eight employers have already passed resolutions to join the WPEG plan in 2008, with two selecting one of the new health program options. In addition, three employers already participating in the WPEG plan filed resolutions to switch to a new health program option in 2008.

Two employers terminated participation in the WPEG plan effective in 2007: City of Augusta and City of Phillips. In addition, the Town of Phelps had all employees cancel their coverage voluntarily and coverage was terminated after their enrollment in the program fell to zero, pursuant to section 3.2 of the contract. The Neenah-Menasha Sewerage Commission also had coverage terminated pursuant to section 3.2 when its only subscriber ended coverage due to retirement.

The local ICI plan continues to see some growth. As with the WPEG plan, the ICI plan tends to attract smaller employers. Four of the local employers joining the ICI plan for 2007 had only one employee. The largest local employer joining was Vilas County with 203 employees. One employer terminated participation in the ICI plan in 2007.

Table 2, below, provides a summary of the types of employers in the WPEG plan and the local ICI plan as of December 31, 2007.

**TABLE 2
 PARTICIPATION IN THE WPEG & LOCAL ICI PLANS AS OF 12/31/07**

Category	WPEG Plan	ICI Plan
New Employers in Calendar Year 2007	19	10
New Employees in Calendar Year 2007	205	351
Employers Terminating in Calendar Year 2007	4	1
Employees Terminating in Calendar Year 2007	53	3
Participating Cities	64	40
Participating Villages	107	52
Participating School Districts	3	0
Participating Special Districts	99	63
Participating Towns	71	17
Participating Counties	8	9
Total Employers	349	180
Total Active Insured Employees	11,319	7243