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CORRESPONDENCE MEMORANDUM

DATE: March 24, 2010
TO: Group Insurance Board
FROM: Michelle Baxter, Director
Insurance Administration Bureau, 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 (WPEG) Health Insurance Program and the Income Continuation Insurance (ICI) plan during the prior calendar year.

The WPEG health insurance plan has experienced continued growth in the number of participating employers, primarily by adding smaller employers. Four large employers have joined the plan since 2005, when the underwriting process was implemented for employers with 51 or more employees in the Wisconsin Retirement System (WRS). Effective in 2009, the underwriting process applies to **all** WRS employers. Employers are underwritten and assessed a surcharge when the risk is determined to be detrimental to the existing pool.

In 2009, 27 employers (two counties, three cities, six villages, six towns, and ten special districts) completed the underwriting process. Eight employers were determined to have poor risk and were placed in the category with the highest surcharge amount. Fifteen entities became effective during 2009, four will become effective in 2010, and eight rescinded their applications. Staff believes the surcharge amounts to be reasonable, as the WPEG health insurance rates with the surcharge amount were comparable to the renewal rates the employers received from their existing insurance carriers.

Effective in 2005, the WPEG health insurance plan began to offer additional health program options at reduced premiums. The options include a Standard Plan that is a

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

Signature

Date

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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 provides a summary of resolutions filed by new and participating employers for coverage in 2009 under each of the new health program options.

**TABLE 1
 PARTICIPATION IN WPEG HEALTH INSURANCE
 PROGRAM OPTIONS FOR 2009**

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	309	15	26	12
Employers That Joined WPEG Selecting This Option	10	3	0	2
Employers in WPEG That Switched to This Option	0	1	4	0
Total Employers Enrolled in This Option as of 12/31/09	319	19	30	14
Total Active Insured Employees	10,839	161	978	454

Six employers have passed resolutions to join the WPEG health insurance plan in 2010. In addition, two employers already participating in the WPEG health insurance plan filed resolutions to switch to a new health program option in 2010.

Three employers terminated participation in the WPEG insurance plan effective in 2009: the Town of Raymond, Village of Chaseburg, and Sauk Prairie Recreation.

The local ICI plan continues to see some growth. As with the WPEG health insurance plan, the ICI plan tends to attract smaller employers. The three local employers joining the ICI plan for 2009 had a total of 36 employees.

Table 2, on the following page, provides a summary of the types of employers in the WPEG health insurance plan and the local ICI plan as of December 31, 2009.

**TABLE 2
PARTICIPATION IN THE WPEG HEALTH INSURANCE
& LOCAL ICI PLANS AS OF 12/31/09**

Category	WPEG Plan	ICI Plan
New Employers in CY2009	15	3
New Employees in CY2009	779	36
Employers Terminating in CY2009	3	0
Employees Terminating in CY 2009	5	0
Participating Cities	67	40
Participating Villages	117	52
Participating School Districts	5	0
Participating Special Districts	108	66
Participating Towns	80	23
Participating Counties	9	9
Total Employers	382	190
Total Active Insured Employees	12,432	7,402

A staff member will be available at the April 13, 2010, Board meeting to answer questions.