



STATE OF WISCONSIN
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CORRESPONDENCE MEMORANDUM

DATE: October 14, 2010
TO: Group Insurance Board
FROM: Arlene Larson, Manager, Self-Insured Health Plans
Division of Insurance Services
SUBJECT: Local Annuitant Health Program Rates 2011

This memo is for informational purposes only. No Board action is required.

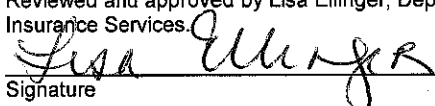
WPS Health Insurance (WPS) has calculated that no renewal increase is needed, effective January 1, 2011, for the Local Annuitant Health Program (LAHP). The LAHP was authorized in the statutes on July 1, 1988, as a health insurance program to offer individual coverage for those retiring local government 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. The renewal rates are provided annually in November, following the establishment of Medicare deductibles for the following year. The plan consists of both a Medicare supplement and the under-age-65 Preferred Provider Plan (PPP). Deloitte Consulting reviewed the attached rate calculations.

The LAHP is a fully-insured plan provided by the Standard Plan administrator, WPS, pursuant to s. 40.51(10) of the Wisconsin Statutes. It is available on an individual basis to local government retirees (annuitants). WPS has determined that this plan is not subject to the federal Patient Protection and Affordable Care Act.

As many municipalities offer coverage for their annuitants, the LAHP insures a very small population and is subject to adverse selection. As of June 2010, there are 276 subscribers comprised of 261 enrolled in the Medicare Supplement, of whom 194 are aged 75 and over. There are 15 subscribers enrolled in the PPP. The number of subscribers has remained fairly stable the last five years as shown in the chart below:

Year	# of Subscribers
2010	276
2009	287
2008	298
2007	304
2006	303

I will be available at the meeting to answer any questions you may have.

Reviewed and approved by Lisa Ellinger, Deputy Administrator, Division of Insurance Services.

Signature _____ Date 10/18/10

Board	Mtg Date	Item #
GIB	11.9.10	5D

**LOCAL ANNUITANT HEALTH PROGRAM (LAHP)
RETIREES MONTHLY HEALTH INSURANCE PREMIUMS**

EFFECTIVE 01/2010

Coverage	PPP		Medicare Supplement*		
	Single	Family	Single	Family-2	Family-1
PPP - Under Age 65 - No Med	941.60	1,877.90			
PPP - Under Age 65 - With Med	659.70				
PPP - Under Age 65 - Both with Med		1,317.00			
PPP - Under Age 65 - One with Med, Other Not		1,598.60			
PPP - Under Age 65 - Two with Med, 3rd Not		1,885.60			
Med Sup - Age 65-67			142.60	282.60	1,081.40
Med Sup - Age 68-69			158.60	314.40	1,097.30
Med Sup - Age 70-74			195.30	388.00	1,134.10
Med Sup - Age 75 and Over			221.60	440.50	1,160.30

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Includes a \$2.50 administrative fee for 2010, \$2.60 for 2011.

*Rate determined by subscriber's age as of the 1st of the calendar year

PPP - Preferred Provider Plan for those under the age of 65, network identical to State Standard PPP, \$250 individual deductible, capped at 3 for the family, in-network coinsurance of 80%/20% to \$2,500/\$7,500, out-of-network coinsurance of 60%/40% to \$2,500/\$7,500, amounts are combined so maximum coinsurance out-of-pocket will be \$2,500/\$7,500 in total

Medicare Supplement - For those over 65 an age-rating premium rate structure