



STATE OF WISCONSIN
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CORRESPONDENCE MEMORANDUM

DATE: October 14, 2011
TO: Group Insurance Board
FROM: Arlene Larson, Manager, Self-Insured Health Plans
Division of Insurance Services
SUBJECT: Local Annuitant Health Program Rates 2012

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

Due to an increase in claims, WPS Health Insurance (WPS) has calculated that a 9.7% renewal increase is needed, for the Local Annuitant Health Program (LAHP), effective January 1, 2012. Deloitte Consulting reviewed the attached rate calculations for reasonableness.

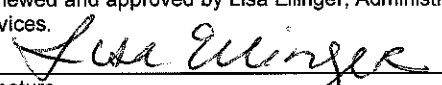
The LAHP was authorized pursuant to Wis. Stat. 40.51(10) on July 1, 1988, as a health insurance program to offer individual coverage for retiring local government employees and their dependents that are not offered a group plan by their municipal employer. The program is voluntary for retirees of employers who participate in the Wisconsin Retirement System. The LAHP is a fully-insured program provided by the Standard Plan administrator, WPS. The renewal rates are provided annually in October, following the establishment of Medicare deductibles for the following year.

The LAHP insures a very small population and is subject to some variability, as many municipalities offer coverage for their annuitants. As of June 2011, there are 262 total subscribers – 244 of them are enrolled in the LAHP Medicare Supplement, of whom 134 are aged 75 and over. There are 18 subscribers enrolled in under-age-65 Preferred Provider Plan (PPP). The overall number of subscribers is slowly declining as shown in the chart below:

Year	Number of Subscribers
2011	262
2010	276
2009	287
2008	298
2007	304
2006	303

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

Attachment

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

Signature _____ Date 10/20/11

Board	Mtg Date	Item #
GIB	11.8.11	6E

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

EFFECTIVE 01/2011

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	

EFFECTIVE 01/2012

Coverage	PPP			Medicare Supplement*		
	Single	Family	Single	Family-2	Family-1	
PPP - Under Age 65 - No Med	1,033.20	2,060.50				
PPP - Under Age 65 - With Med	723.90					
PPP - Under Age 65 - Both with Med		1,445.10				
PPP - Under Age 65 - One with Med, Other Not		1,754.10				
PPP - Under Age 65 - Two with Med, 3rd Not		2,069.00				
Med Sup - Age 65-67			156.60	310.20	1,187.00	
Med Sup - Age 68-69			174.10	345.10	1,204.50	
Med Sup - Age 70-74			214.40	425.80	1,244.80	
Med Sup - Age 75 and Over			243.20	483.40	1,273.60	

Includes a \$2.60 administrative fee for 2011, \$2.80 for 2012

*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