



STATE OF WISCONSIN
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CORRESPONDENCE MEMORANDUM

DATE: January 18, 2012
TO: Group Insurance Board
FROM: Brian Shah, Trust Funds Director
Brian Schroeder, Trust Funds Supervisor
Division of Insurance Services
SUBJECT: Participation in the Wisconsin Public Employers Group Health Insurance Program and Income Continuation Insurance Plan

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

Annually, staff provides the Group Insurance Board (Board) with an update of local government employers that have either joined or terminated participation in the Wisconsin Public Employers Group Health Insurance Program (WPEG) and the Income Continuation Insurance Plan (IC) during the prior calendar year.

Prior to 2011, the WPEG experienced modest growth in terms of the number of participating employers, primarily through the addition of smaller employers. Only five large employers have joined the plan since 2005, the year when the underwriting process was implemented for employers with 51 or more employees in the Wisconsin Retirement System (WRS). Effective January 1, 2009, the underwriting process applied to all WRS employers. Employers are underwritten and assessed a surcharge when the risk is determined to be detrimental to the existing pool.

In 2011, eleven employers (one county, two towns, seven villages, and one school district) completed the underwriting process. Five employers were determined to have poor risk and were placed in the category with the highest surcharge amount. Seven employers became effective during 2011, and four declined coverage. The surcharge amounts appear to be reasonable, as the WPEG rates with the surcharge amount were comparable to the renewal rates the employers received from their existing health insurance carriers.

Reviewed and approved by Lisa Ellinger, Division of Insurance Services
Lisa Ellinger 1/20/12
Signature Date

Board	Mtg Date	Item #
GIB	2.7.12	8D

In 2005 the WPEG began to offer additional health program options at reduced premiums. 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 provides a summary of resolutions filed by new and participating employers for coverage in 2011 under each of the health program options. Under the program, local employers have a choice among four program options that offer plans with or without deductibles and PPPs.

TABLE 1
PARTICIPATION IN WPEG PROGRAM OPTIONS (PO) FOR 2011

Description	P02 Uniform Benefits & Classic Standard Plan	P03 Uniform Benefits & Standard PPP	P04 Deductible Uniform Benefits & Deductible Standard Plan	P05 Deductible Uniform Benefits & Deductible Standard PPP
Employers Previously Enrolled in This Option 01/01/2011	296	19	42	15
Employers That Joined WPEG Selecting This Option in 2011	4	0	1	2
Employers in WPEG That Switched to This Option as of 01/01/2012	-15	0	15	0
Employers Withdrawing From WPEG Under This Option 12/31/2011	-11	0	-1	-1
Total Employers Enrolled in This Option as of 12/31/11	274	19	57	16
Total Active Insured Employees	10893	170	1895	518

Due to legislative changes in 2011, six employers have inquired into the option of filing a resolution to participate in multiple program options. In 2012, employers will be provided the option to be enrolled in the classic fee-for-service Standard Plan (P02) or the Standard Plan PPP (P03) program options, paired with either the deductible Standard Plan (P04) or deductible Standard Plan PPP (P05) program options. Five employers have withdrawn their resolution to enroll under a second program option. One employer is currently continuing the process to enroll under a second program option in 2012.

Seven employers passed resolutions to join the WPEG in 2011. In addition, fifteen employers already participating in the WPEG filed resolutions to switch to a new health insurance program option in 2012.

Thirteen employers terminated participation in the WPEG effective December 31, 2011: City of Altoona, City of Barron, City of Westby, City of Milton, Village of Centuria, Village of Baldwin, Village of Boyceville, Village of River Hills, Village of Soldiers Grove, Town of Anson, Town of Chetek, Ellsworth Area Ambulance Service, and Delton Fire & Ambulance.

The local ICI continues to see some growth. In 2011, two new employers joined. As with the WPEG, the ICI tends to attract smaller employers. One of the local employers joining the ICI in 2011 had less than ten employees. The largest local employer joining was the Chippewa Fire District, with 19 employees. No employer filed a resolution to terminate participation in the ICI in 2011.

**TABLE 2
 PARTICIPATION IN THE WPEG & LOCAL ICI PLANS AS OF 12/31/11**

Category	WPEG Plan	ICI Plan
New Employers in CY2011	7	2
New Employees in CY2011	420	29
Employers Terminating in CY2011	13	0
Employees Terminating in CY 2011	166	0
Participating Cities	63	42
Participating Villages	113	52
Participating School Districts	6	0
Participating Special Districts	100	71
Participating Towns	73	23
Participating Counties	11	9
Total Employers	366	197
Total Active Insured Employees	13,476	8108

We will be at the February 7, 2012, meeting to answer any questions you may have.