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CORRESPONDENCE MEMORANDUM

DATE: January 10, 2013

TO: Group Insurance Board

FROM: Brian Shah, Trust Funds Director, Insurance Administration
Brian Schroeder, Trust Funds Supervisor, Insurance Administration
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 (ICI) during the prior calendar year.

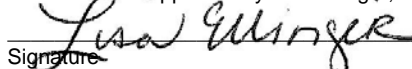
Prior to 2012, the WPEG experienced modest growth in terms of the number of participating employers, primarily through the addition of smaller employers. Only five large employers had joined the plan since 2005, the year when the underwriting process was implemented for employers with 51 or more employees in the Wisconsin Retirement System (WRS). Effective January 1, 2009, the underwriting process applied to all WRS employers. Large and small employers are underwritten and assessed a surcharge when the risk is determined to be detrimental to the existing pool.

In 2012, Act 133 allowed employers who do not participate in the WRS to join the WPEG. Twelve such employers inquired about the WPEG program. One employer filed a resolution electing to participate with an effective date of January 1, 2013. A second non-WRS participating employer has undergone underwriting and filed a resolution to enroll effective April 1, 2013.

Fifteen WRS participating employers and one non-WRS participating employer (five towns, three villages, three cities, three city/county housing authorities, one sanitary district and one school district) completed the underwriting process in 2012. Eight employers were determined to have poor risk and were placed in the category with the highest surcharge amount. Eight employers became effective during 2012 or

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GIB	2.5.13	7D

Reviewed and approved by Lisa Ellinger, Division of Insurance Services

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Signature Date 1/10/13

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January 1, 2013, and eight 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.

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. Beginning January 1, 2013, the program options offered have been modernized. The options include a Traditional or Full Pay Uniform Benefits with a Standard Plan PPO, Deductible Uniform Benefits with a Standard Plan PPO, and a Coinsurance Uniform Benefits with a Standard Plan PPO. Table 1 provides a summary of resolutions filed by new and participating employers for coverage beginning January 1, 2013 under each of the health program options.

TABLE 1

PARTICIPATION IN WPEG PROGRAM OPTIONS BEGINNING JANUARY 1, 2013

Description	P02 Traditional or Full Pay Uniform Benefits with Standard PPO	P03 Uniform Benefits & Standard PPP Obsolete 01/01/2013	P04 Deductible Uniform Benefits with Standard PPO	P05 Deductible Uniform Benefits & Deductible Standard PPP Obsolete 01/01/2013	P06 Coinsurance Uniform Benefits with Standard PPO
Employers Previously Enrolled in This Option 01/01/2012	274	19	57	16	0
Employers That Joined WPEG Selecting This Option in 2012 or 01/01/2013	4	0	1	1	1
Employers in WPEG That Switched to This Option as of 01/01/2013	4	-19	27	-17	5
Employers Withdrawing From WPEG Under This Option 12/31/2012	-6	0	-1	0	0
Total Employers Enrolled in This Option as of 01/01/2013	276	0	84	0	6
Total Active Contracts	11,735	0	3,065	0	282

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Beginning in 2012, employers were provided the opportunity to continue participating in the WPEG under a single program option or enrolling in multiple program options (two program options up to all available program options). Employers could offer these program options to different workgroups based on employment category or bargaining unit. A total of five employers currently participating in the WPEG filed resolutions to add a second program option beginning January 1, 2013. There are no employers electing to participate in all program options.

Seven employers passed resolutions to withdraw from the WPEG effective December 31, 2012. Fourteen employers currently participating in the WPEG filed resolutions to switch to a new health insurance program option effective January 1, 2013. In addition, with the P03 and P05 options becoming obsolete effective January 1, 2013, 36 employers were automatically moved to new program options without requiring the filing of a new resolution. Employers under P03 were moved to the P02 option, and employers under P05 were moved to the P04 option.

The local ICI program continues to see some growth. In 2012, four new employers joined. As with the WPEG, the ICI program tends to attract smaller employers. One of the local employers joining the ICI program in 2012 had four employees. There were no employers filing a resolution to terminate participation in the ICI program in 2012.

TABLE 2
PARTICIPATION IN THE WPEG & LOCAL ICI PLANS AS OF 01/01/2013

Category	WPEG Plan	ICI Plan
New Employers in CY2012	8	4
New Contracts in CY2012	283	133
Employers Terminating in CY2012	7	0
Contracts Terminating in CY 2012	413	0
Participating Cities	61	42
Participating Villages	111	52
Participating School Districts	7	0
Participating Special Districts	103	75
Participating Towns	73	23
Participating Counties	11	9
Total Employers	366	201
Total Active Contracts	15,082*	8241

*Total Active Contracts include contracts under all employee types (active employees, annuitants, local paid annuitants, surviving dependents and continuants) who are associated with an employer's group.

Staff will be at the February 5, 2013, meeting to answer any questions.