



**STATE OF WISCONSIN**  
**Department of Employee Trust Funds**  
Robert J. Conlin  
SECRETARY

801 W Badger Road  
PO Box 7931  
Madison WI 53707-7931

1-877-533-5020 (toll free)  
Fax (608) 267-4549  
<http://etf.wi.gov>

## **CORRESPONDENCE MEMORANDUM**

**DATE:** January 21, 2014

**TO:** Group Insurance Board

**FROM:** Brian Schroeder, Trust Funds Supervisor  
Brian Shah, Trust Funds Director  
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provides the Group Insurance Board (Board) with an update on local government employers that have either joined or withdrawn participation in the Wisconsin Public Employers Group Health Insurance Program (WPE) and the Income Continuation Insurance Plan (ICI) during the prior calendar year.

The number of local government employers participating in the WPE Program has decreased over the past two years. In 2013, the number of participating employers decreased from 366 to 360, beginning January 1, 2014.

Prior to 2012, the WPE Program maintained a relatively stable employer participation rate, with some modest growth. That growth was typically employers with 50 or fewer employees enrolled in the Wisconsin Retirement System (WRS).

Effective January 1, 2009, the underwriting process applied to all WRS employers, large and small, who filed a resolution to participate in the WPEG. Prior to 2009, only large employers were required to go through the underwriting process. After employer underwriting, if the risk is determined to be detrimental to the existing pool, an employer is assessed a surcharge.

In 2012, Act 133 allowed employers that are not participating in the WRS to join the WPE Program. Twelve such employers have since inquired about the program. One employer filed a resolution electing to participate effective January 1, 2013. A second employer filed a resolution electing to participate effective April 1, 2013.

Reviewed and Approved by Lisa Ellinger, Administrator, Division of Insurance Services

Electronically Signed:  
02/07/2014

Board	Mtg Date	Item #
GIB	2.19.14	7H

In 2013 twenty two WRS participating employers and four non-WRS participating employers inquired about participating in the WPE Program. The breakdown is as follows:

- 6 towns
- 4 villages
- 3 cities
- 3 city/county housing authorities
- 2 counties
- 1 county
- 1 technical college
- 7 school districts

Of these, 11 employers followed through to complete the underwriting process in 2013. Four employers were determined to have poor risk and were placed in the category with the highest surcharge amount. Three employers became effective during 2013 or January 1, 2014. Eight employers have declined coverage. The surcharge amounts appear to be reasonable, as the WPE Program rates with the surcharge amount were comparable to the renewal rates the employers received from their existing health insurance carriers.

Beginning January 1, 2013, the WPE Program options offered to local employers were modernized. Traditionally, these included a “Traditional” or “Full Pay” offering and a deductible option. In 2013, ETF added a coinsurance option similar to the benefit plan offered to state employees. Table 1 provides a summary of resolutions filed by new and participating employers as of January 1, 2014, under each of the health insurance program options.

**TABLE 1**  
**PARTICIPATION IN WPE OPTIONS BEGINNING JANUARY 1, 2014**

Description	P02 Traditional or Full Pay Uniform Benefits with Standard PPO	P04 Deductible Uniform Benefits with Standard PPO	P06 Coinsurance Uniform Benefits with Standard PPO
Employers Previously Enrolled in This Option as of 01/01/2013	276	84	6
Employers That Joined WPEG Selecting This Option 04/01/2013, 07/01/2013, 10/01/2013 or 01/01/2014	0	2	1
Employers in WPEG That Switched to This Option as of 01/01/2014	0	10	1
Employers Withdrawing From WPEG or switching from this Program Option 12/31/2013	-12	-2	-1
<b>Total Employers Enrolled in This Option as of 01/01/2014</b>	<b>264</b>	<b>94</b>	<b>7</b>

Beginning in 2012, employers can choose whether to continue participating in the WPE Program under a single program option or enroll in multiple program options (two program options up to all three available program options). Employers can offer these program options to different workgroups, based on bargaining agreements. There are five employers enrolled in two program options beginning January 1, 2014. There are no employers electing to participate in all three program options.

In addition:

- 7 employers passed resolutions to withdraw from the WPE Program effective December 31, 2013.
- 6 employers currently participating in the program filed resolutions to switch to a new health insurance program option effective January 1, 2014.
- 1 employer elected to add a second program option and two employers elected to change from two program options to one effective January 1, 2014.

The local ICI program continues to experience some growth; seven new employers joined in 2013. As with the WPE Program, the ICI program tends to attract smaller employers. However, one large employer, Marathon County, elected to join. One employer filed a resolution to withdraw from the ICI program in 2013.

**TABLE 2  
 PARTICIPATION IN THE WPEG & LOCAL ICI PLANS AS OF 01/01/2014**

Category	WPEG Plan	ICI Plan
New Employers in CY2013	3	7
New Contracts in CY2013	174	794
Employers Terminating in CY2013	6	1
Contracts Terminating in CY 2013	181	6
Participating Cities	58	42
Participating Villages	107	53
Participating School Districts	8	0
Participating Special Districts	104	78
Participating Towns	73	24
Participating Counties	10	10
Total Employers	360	207
Total Active Contracts	15054*	8344

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