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## ***Correspondence Memorandum***

**Date:** November 15, 2016  
**To:** Group Insurance Board  
**From:** Shayna Schomber, Self-Insured Health Plans & Optional Plans Manager  
Office of Strategic Health Policy  
**Subject:** Local Annuitant Health Program Rates 2017

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

### **Background**

The Local Annuitant Health Program (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 who are not offered a group plan by their municipal employer. LAHP is voluntary for retirees of employers who participate in the Wisconsin Retirement System (WRS). The LAHP is a fully-insured plan provided by the Standard Plan administrator, Wisconsin Physicians Service Insurance Corporation (WPS).

### **Membership**

Due to the fact that many municipalities offer other coverage for their annuitants, the LAHP insures a very small population and is subject to adverse selection and higher volatility. The program has experienced a slow and steady decline in the number of subscribers over the past several years. There are 178 total LAHP subscribers as of January 2016, which is a 23.6% decline from 2015. Of the 178 total subscribers, there are 177 subscribers in the LAHP Medicare Supplement plan; of these, 146 are age 75 and older.

Reviewed and approved by Lisa Ellinger, Director, Office of  
Strategic Health Policy

Electronically Signed 11/15/16

Board	Mtg Date	Item #
GIB	11.30.16	5C

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Health Plan Name	2016 Enrollment Contracts	2015 Enrollment Contracts
LAHP PPO - UNDER 65 - NO MEDICARE	1	2
LAHP PPO - UNDER 65 - WITH MEDICARE	0	2
LAHP MEDICARE SUPPLEMENT - AGE 65-67	5	6
LAHP MEDICARE SUPPLEMENT - AGE 68-69	3*	26
LAHP MEDICARE SUPPLEMENT - AGE 70-74	23	163
LAHP MEDICARE SUPPLEMENT - AGE 75 AND OVER	146	211

\*There is one Medicare Supplement Family 1 contract, which includes one non-Medicare who defaults to PPO coverage under the contract.

Board members may recall from the November 2015 Board meeting, an amendment to Wis. Stat. § 40.51 (10) would be necessary in order to remove the PPO plan option and limit LAHP to Medicare eligible retirees only. Currently, any retired public employee who is receiving an annuity under the WRS can elect coverage under the LAHP Medicare Supplement or PPO plan. The only open enrollment opportunity for LAHP is at the time of retirement.

**Premium Rates effective January 1, 2017**

Staff negotiated a true flat premium for 2017, which would calculate to a negative \$10.30 per contract per month (PCPM) change for all contracts. The new ETF administrative fees for wellness and data warehousing vendors are offset by the negative premium change, and results in no overall change in premium for subscribers. The calculated 2017 rates are attached.

Staff will be at the Board meeting to answer any questions.

Attachment: 2017 LAHP Rates

# Attachment

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

### EFFECTIVE 01/2016

Coverage	PPO		Medicare Supplement*		
	Single	Family	Single	Family-2	Family-1
PPO - Under Age 65 - No Med	1,893.50	3,775.50			
PPO - Under Age 65 - With Med	1,326.90				
PPO - Under Age 65 - Both with Med		2,648.10			
PPO - Under Age 65 - One with Med, Other Not		3,214.20			
PPO - Under Age 65 - Two with Med, 3rd Not		3,791.10			
Med Sup - Age 65-67			178.60	352.00	1,341.70
Med Sup - Age 68-69			198.30	391.40	1,361.40
Med Sup - Age 70-74			243.90	482.40	1,407.00
Med Sup - Age 75 and Over			276.50	547.40	1,439.40

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Includes a \$5.50 administrative fee for 2016, \$5.33 for 2017

Includes a \$0.40 wellness fee for 2016, \$9.00 for 2017

Includes a \$1.83 warehouse contract administration fee for 2017

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

PPO - Preferred Provider Organization for those under the age of 65, network identical to State Standard PPO, \$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/\$7,5000 in total

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