

Letter 6 with Response

9/29/2020

ETF
PO Box 7931
Madison, WI 53707-7931

RECEIVED
MAY 11 2021 8:45

RE: Massive premium increases to LAHP insurance rates

I am writing today to let you know how these decisions are affecting real people, very personally.

I retired and transitioned to the LAHP insurance plan effective Feb 1 of this year. This was a huge decision for me! As you know, planning, planning, planning is the name of the game for retirement. For me, as well as every retiree, obtaining dependable, affordable health insurance was a deal breaker & perhaps the biggest financial aspect of retiring. Starting last year, and leading up to my retirement date, I had at least 5-6 phone conversations with staff at ETF inquiring about the options under LAHP. In every one of those conversations, I very specifically asked about rate increases, what they saw for the foreseeable future and what the past history has been. I was repeatedly told statements like: "Most years there isn't any", "If there is any, it is always minimal, just a couple percent" or "They haven't had any for 3 years". These conversations were always embellished with glowing reports of what a lean, cost-cutting machine the insurance plans are & how fiscally responsible they are. In weighing my options to begin February coverage, I could choose an LAHP plan or COBRA thru my employer. Even though my COBRA was over \$120.00 per month LESS than your CHEAPEST available Brown County option, I chose to go with LAHP, since my COBRA would end in 18 months. I was OK paying more for 18 months, based on the information given to me on the rate increase history that I had asked about repeatedly.

In July (just 5 months later!) you notified participants to expect a 30% rate increase, in addition to any across the board increases as determined by the Board. On 8-19-20 that announcement came out, stating the increase to be 2.7%. The headline was '2021 Rate Increase Modest, Below National Trend Again.' It also determined 'a uniform cost reduction for all health plans next year'.

It is now open enrollment and the 2021 Decision Guide is out, including the new rates. I am on the [REDACTED] Plan, the least expensive plan available in Brown County. I did the math: 2020 rate was \$679.48 2021 rate will be \$964.32 This is a **42% RATE INCREASE!**

You have also stated to anticipate another '30%' rate increase again the following year. Will this also be 42%? These 2 premium increases, compounded, would almost double the premiums in 2 years! I absolutely cannot agree with ETF's declaration of 'Modest, Below National Trend' rate increases!

I, like many other retirees, made plans & decisions based on the information that I repeatedly clarified with ETF staff. I felt I did my homework & made the most informed decisions possible. Based on this information, I also applied for my social security benefits, making my total household income high enough to exclude me from obtaining health insurance from the Healthcare Marketplace! After feeling I had investigated all bases, within 5 months my entire financial & insurance picture has changed drastically. I am very hard pressed to imagine that none of your staff was aware that within 2 years there would be a nearly 100% increase in LAHP insurance rates?!

I have taken the time to write this letter in the hopes that it is shared with all of the staff there as an example of how decisions made at your level affect someone at my level.

While I appreciate all the work you do on behalf of public servants throughout our great state, I feel really let down by the way this has transpired. These exorbitant premium rate hikes, announced just 5 months later, must have been in the works & pending for some time. Real people are counting on accurate information.

Sincerely,

Vickie Goemans
2881 Foxford Ct
Green Bay WI 54313



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

Wisconsin Department
of Employee Trust Funds
PO Box 7931
Madison WI 53707-7931
1-877-533-5020 (toll free)
Fax 608-267-4549
etf.wi.gov

October 15, 2020

VICKIE GOEMANS
2881 FOXFORD CT
GREEN BAY WI 54313

Member ID # [REDACTED]

Dear Ms. Goemans,

Thank you for reaching out to the Department of Employee Trust Funds (ETF) regarding the premium increases to the Local Annuitant Health Plan (LAHP). We appreciate you sharing how the increase in LAHP rates impact you and other retirees. I'd like to share information about why the LAHP rates increased when compared to those offered to employees and retirees who are affiliated with a State or local employer who offers the Group Health Insurance Program (GHIP) administered by ETF. If after your review of this information, you find that you have questions, please feel free to contact me.

LAHP is a program that is only offered to retirees of local municipalities whose employer does not participate in the GHIP. Groups that do not include employees, that is, younger members, typically have much higher claims utilization and premium rates. This is because younger people are generally lower utilizers of care and so their premiums are used by an insurer to pay the claims of members who use more services.

You stated the [REDACTED] Plan rate for 2020 was \$679.48 and the 2021 rate will be \$964.32 according to the 2021 Decision Guide, reflecting a 42% increase in rate. You asked if members should expect an additional rate increase of 42% for 2022 when members were informed to anticipate 30% rate increases for both 2021 and 2022. Unfortunately, it is possible for this to occur again for 2022. After that time, we expect that increases will be much lower and align with those provided to local employers who participate in the GHIP.

While rates historically have been stable, there has been significant growth in LAHP with many members needing and are using more services than anticipated. Our actuaries found that expected claims payments have risen far beyond what expected premiums can pay. This spike continues in 2020. We do regret the difficult position this puts you and other retirees in, but to maintain the financial viability of the program into the future, premiums needed to be sharply increased to cover claim costs.

Vickie Goemans
October 15, 2020
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Thank you, again, for reaching out to ETF regarding your concerns. I hope that I have been able to answer your questions. However, if you have additional questions or concerns, please feel free to contact me at arlene.larson@etf.wi.gov or (608) 264-6624.

Sincerely,

Arlene Larson, Manager of Federal Program & Policy
Office of Strategic Health Policy
Department of Employee Trust Funds

CC: Brian Stamm, Deputy Director of the Office of Strategic Health Policy