

Letter 7 with Response

From: [Jim Leverich](#)
To: [ETF SMB Board Feedback; Stamm, Brian - ETF](#)
Subject: Insurance Rates are not Equitable Across the State for Retirees
Date: Wednesday, October 7, 2020 4:40:38 AM

Dear Insurance Board,

I would like you to standardize insurance rates for retirees just like insurance rates were standardized when I was employed at the University of Wisconsin-Extension. While I was employed all employees paid the same amount to our health insurance plan no matter where we lived in the state. These costs were evened out so everyone was treated equally.

Now as a retiree, retirees who live in different areas of the state are treated unequally. I have been paying \$300 to \$400 per month more than retirees in Dane County. This is using up my sick leave credit at a rate that will give me about one year less health insurance than someone who lives in Dane County. This is simply not fair. I assume, but don't know for sure, part of the reason the rates are lower in Dane County as there are more health care options in Dane County because University Hospital is located in Madison. We are all paying state income taxes to help support the University System so we should all gain some of that benefit.

My sick leave credit will only last about 6 years, rather than 7 years if I was paying a competitive rate to retirees in Dane County. Thus I am not being treated fairly compared to retirees in Dane County. I will have to come up with approximately \$25000 more for insurance than a retiree who lives in Dane County.

Please let me know when this will be on your agenda as I would like to be present at that meeting.

Thank you for looking into this inequity and I hope you will make adjustments so all retirees are treated equitably and not discriminated against because of where we are living in the State.

Sincerely,

Jim Leverich





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

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November 5, 2020

JAMES LEVERICH
10384 GARDENER AVE
SPARTA WI 54656-6697

Member ID [REDACTED]

Dear Mr. Leverich,

Thank you for reaching out to the Department of Employee Trust Funds (ETF) Group Insurance Board (Board) regarding the cost of retiree health insurance, a request to establish a standardized or consolidated retiree premium contribution structure as the state does for active employees and your request to present at the next Board meeting. While we do not have open forums at the Board meetings, a copy of your email dated October 7, 2020 will be included in the meeting materials for the November 18, 2020 meeting. Board members will have a chance to review your request and consider it for possible future program changes.

In case it is helpful, I have provided a recap of previous conversations between you and Brian Stamm, the Deputy Director of the Office of Strategic Health Policy at ETF. Brian responded to your initial correspondence on January 30, 2020 (attached) and has spoken to you in regard to the current message, encouraging you to write directly to the Board. If after your review of this information, you find that you have additional questions, please feel free to contact me or any member of my team.

You may be aware that employees pay a set amount for all plans in tier 1, 2 or 3 as required by Wis. Stat. 40.51 (6). This statute was enacted to create a financial incentive for employees to select low cost and high-quality health plans. Such choices also save the state money as State employers pay the difference in the health plan's total premium and the employee's contribution. Under this arrangement, while employees pay the same amount for plans in tier 1 or 2 or 3, some employees will pay more than 12% of their plan's total premium. This can occur in any county that offers more than two tier 1 health plans to employees. This occurs in many counties across the state.

You asked if the Board could tier premiums for retirees as they do for active employees. The statutes do not provide that function for retirees as they do for employees. You state it is not fair to tier premiums for employees and not retirees. However, if the Board were to tier, other retirees could claim that such a change was not fair, as they would be paying more in premiums for a lower cost health plan in order to subsidize higher cost plans.

You speculated on why health plans offered in Dane County may have lower premium rates than plans located in other parts of the state, so I am providing additional information on that topic. Rates are determined in competitive circumstances with the health plans every year. In Dane County, most health plans have a distinct and separate provider network compared to their competitors. This is not true in other areas of the state. If a plan's bid for the following year is determined to fall outside of tier 1, during negotiations with ETF, plans are informed of the dollar amount they need to reduce in order to be offered as tier 1 to employees. During negotiations, when plans are notified that they are not in tier 1, many find ways to reduce their costs in order to attain tier 1 status. This can include changing their provider network.

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 Eileen.Mallow@etf.wi.gov or via phone (608) 267-0732 or Arlene Larson, of my staff, at arlene.larson@etf.wi.gov or via phone (608) 264-6624. Please note, your letter and ETF's response will be shared with the Board.

Sincerely,

Eileen Mallow, Director, Office of Strategic Health Policy
Department of Employee Trust Funds

enclosure

CC: Group Insurance Board members
Brian Stamm, Deputy Director, Office of Strategic Health Policy
Arlene Larson, Manager Federal Health Programs & Policy