

From: [Shawn Haney](#)
To: [ETF SMB Board Feedback](#)
Subject: Group Insurance Board
Date: Tuesday, September 7, 2021 8:05:23 PM

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For the Group Insurance Board:

Have you or would you consider offering a Retiree plus Spouse option for health insurance?

At least one county in Wisconsin has this option for their retirees. It is great for those that do not have the responsibility of needing a family plan.

In the county I am familiar with, it is the single premium doubled.

Thank you for your consideration.

Shawn Haney

[REDACTED]
[REDACTED]



STATE OF WISCONSIN
Department of Employee Trust Funds
A. John Voelker
SECRETARY

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of Employee Trust Funds
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Madison WI 53707-7931
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Fax 608-267-4549
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September 20, 2021

SHAWN HANEY
[REDACTED]

Dear Mr. Haney:

Thank you for your September 7, 2021 email to the Group Insurance Board (Board) requesting consideration of a retiree plus spouse premium rate in the State of Wisconsin Group Health Insurance Program. As Deputy Director of the Office of Strategic Health Policy at the Department of Employee Trust Funds (ETF), I have the privilege of responding to your inquiry on the Board's behalf.

I'd like to begin this response by noting that a "retiree plus spouse" rate is already part of the Wisconsin Group Health Insurance Program. This rate applies to retirees whose insurance coverage is shared across family members that all actively receive Medicare. Families that fall outside of those qualifications have a premium rate approximately equal to the single rate times a factor of 2.5. The State of Wisconsin Group Health Insurance Program is required by state law to create policies that meet the requirements outlined in Wis. Stat. § [40.52 \(1\)](#).

Premium levels are set to deliver the total income needed to cover all the expenses of a particular insured group. Thus, the total premiums paid—no matter how they are allocated between single, family, and two-person contracts (if offered)—must be sufficient to cover claims for the entire group. Inevitably, some individuals or groups pay more or less than their share of the claims.

As detailed by the statute, state law requires that we offer a single rate and a family rate for subscribers that wish to cover all eligible dependents, except for those covered by Medicare.

One important detail to keep in mind is that a significant number of the two-person families under the State's program are older individuals. On average, these families use the health care system more frequently, which results in greater costs. Many individuals in this group are empty nesters and retirees. When ETF has previously researched this issue, it was determined that the cost of health claims for the average two-person family was approximately equal to that of families with three or more covered individuals (typically younger families with children).

While the law could be changed to require the creation of a two-person rate, an artificial rate increase for families with three or more covered individuals would be required.

Consequently, this would cost the State more, since the two-person families—many of whom are retired—would then be subsidized to an even greater degree. The current subsidization occurs because retirees, under the age 65, pay the same premium rates as active employee. As noted previously, the costs of their health care increase with age, which affects the State's subsidization for retirees.

Thank you, again, for reaching out to ETF with your concerns. Feedback from members like you, and the opportunity to share additional information is a privilege. A copy of your inquiry will be shared with the Board.

If you have any additional questions, comments, or concerns, please do not hesitate to reach out to me at Brian.Stamm@etf.wi.gov or via phone (608) 267-4554. If I'm unavailable, you're invited to contact Federal Health Programs & Policy Manager, Arlene Larson, at arlene.larson@etf.wi.gov or via phone at (608) 264-6624.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian Stamm", with a long horizontal flourish extending to the right.

Brian Stamm, Deputy Director, Office of Strategic Health Policy
Department of Employee Trust Funds

CC: Group Insurance Board, Arlene Larson, Federal Health Programs & Policy Manager, ETF