

From: [Tracy Moseley](#)
To: [ETF SMB Board Feedback](#)
Subject: GIB Feedback re: LAHP
Date: Thursday, September 16, 2021 3:56:51 PM

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Hello,

I just wanted to express my dismay at seeing the 15% increase in premiums for 2022 for LHAP Medicare participants (WEA Trust in particular.) I know you increased the non-Medicare rates 30+% last year, and as promised, did again for 2022. Saying it was needed to keep the fund going. Strange how State Office employees are funded with no problem! No 60% increase for them, yet no problem. Your position stated is that the premiums are still competitive but if unhappy we should look at the marketplace. If you are so competitive, why would we want to look at the marketplace – clearly you are not. I was patting myself on the back that [REDACTED] I only had to pay the 30% increase – not the 60% – since you clearly stated LAST YEAR that medicate rates were not affected. This year however that clause was missing from your communication while you added a 15% increase. (State Medicare participants however only see about a \$5 increase.)

Why is the Board so clearly gouging at non-State retirees while protecting State retirees. In my mind, they should all be in one program and all affected equally. Of course, that would not benefit those who are making the decisions and will retire in the coddled category I suspect.

I know there's nothing to be done, and I thank you for taking the time to read this communication. I personally feel I fortunate I can bear this additional burden at this time – I know some of my colleagues are not that fortunate. Premiums more than doubling in two years (non-Medicare, 60%+ group) are more than many can handle. I do hope you try to smooth the projected deficit across ALL groups rather than hiding behind the recommendations of a consultant.

Sincerely,
Tracy Moseley



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

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October 29, 2021

TRACY MOSELEY
[REDACTED]

Dear Ms. Moseley:

Thank you for your September 16, 2021, email to the Group Insurance Board (Board). You expressed concerns over the 2022 health insurance premium rate increases for both the It's Your Choice (IYC) Medicare Plus plan and the Local Annuitant Health Program (LAHP) for non-Medicare members. As the Deputy Administrator of the Office of Strategic Health Policy, I appreciate the opportunity to respond to your questions on behalf of the Department of Employee Trust Funds (ETF).

ETF shares your concerns about the rising cost of health insurance. ETF works very hard to limit premium increases and has been quite successful in controlling them for the group as a whole. Rates are determined in competitive circumstances with the health plans every year. Plans who have been accepted into the program formulate an offer to ETF of renewal rates based upon financial assessments of their administrative costs, provider contracts, the utilization of health care services and the demographics of their enrollees. The Board's actuary, Segal, reviews the bids and other data supplied by the plans. We make every attempt to have plans only submit rates that are justified by their claims experience. We believe that our system has resulted in lower premium increases compared to other employer groups, especially given that LAHP continues to offer consistently high benefits.

For 2022, WEA Trust, the administrator of the IYC Medicare Plus plan, showed that premiums received were not enough to cover the expected cost of paying claims in 2022. After review, Segal agreed and the Board approved the plan increase.

You expressed frustration over the increase in premiums for LAHP overall. It's important to note that LAHP is a retiree only group. 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. In the case of LAHP, claims utilization far exceeded the premium rates being collected. For the group overall in 2020, including both Medicare and non-Medicare members, LAHP paid out \$1.65 for every dollar of premium received by the health plans. This is not sustainable, and premium increases were needed.

LAHP is a program that is only offered to retirees of local municipalities whose employer does not participate in the local group health insurance program offered by the Board and ETF. You asked if the local group could be combined with the program offered to state employees and retirees. If action was taken to combine the programs, due to the overlapping location of Wisconsin state and local employees, over time, one or the other pool would likely subsidize the other. If combined, there may be issues during the state's biennial budget process due to such subsidization. It should be noted that combining the pools may result in a constitutional question. The Wisconsin constitution reads in part: "... the credit of the state shall never be given, or loaned, in aid of any individual, association or corporation." While courts have typically rejected challenges to various state actions, based on this clause, the Wisconsin Supreme Court has held that it was intended to prohibit the state from acting as guarantor of obligation of another party. This would include a municipality. Thus, such a change could be challenged on constitutional grounds.

I hope this information is helpful. If you have further questions, please contact me or Arlene Larson of my staff at (608) 264-6624 or arlene.larson@etf.wi.gov. Thank you again for the opportunity to respond to your concerns.

Sincerely,

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

Brian Stamm
Deputy Director
Office of Strategic Health Policy
(608) 267-4554
brian.stamm@etf.wi.gov

CC: Arlene Larson