



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

Correspondence Memorandum

Date: July 17, 2023

To: Group Insurance Board

From: Cindy Klimke-Armatoski, Chief Trust Finance Officer
 Division of Trust Finance

Subject: Health Insurance Administrative Fees

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

The purpose of this memo is to inform the Group Insurance Board (Board) of the health insurance program reserve balances and the administrative and wellness fees charged to the Group Health Insurance Program (GHIP). Attachment A shows the reserve balances as of December 31, 2022. The reserve balances are provided to the Board's actuary, Segal Consulting (Segal), and are an input into the rate setting process. Segal uses the prior year reserve balances—along with activity that has occurred during the current year—to project reserve balances as of December 31, 2023. This informs the Board of a projected reserve surplus or deficit, assists in deciding on the use of reserves, and in setting premiums for 2024.

To cover the cost of the Department of Employee Trust Funds (ETF) health insurance program administration, including wellness, a fee is calculated and added to the health insurance premium billed to employers and retirees. A history of this fee is shown in Attachment B. The fee for 2024 increased by 13% primarily because of the Insurance Administration System implementation.

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

Attachment A: Health Insurance Program Reserves

Attachment B: Health Insurance Administrative Fee History

Reviewed and approved by John Voelker, Secretary
 Electronically Signed 07/28/2023

Board	Mtg Date	Item #
GIB	08.16.23	4A

Attachment A
Health Insurance Program Reserves

State (in Millions)

Health Reserves	Medical ⁽¹⁾	Wellness	Pharmacy	Dental	Total
<i>Fund Balance, January 1, 2022</i>	\$93.3	\$3.2	\$90.1	\$23.7	\$210.3
Investment Income	(\$8.7)	\$0.1	(\$14.1)	(\$1.5)	(\$24.3)
Contributions	\$1,167.3	\$14.3	\$250.6	\$59.0	\$1,491.2
Benefit Expense	(\$1,154.3)	(\$7.7)	(\$278.7)	(\$57.1)	(\$1,497.7)
ETF Administrative Expense ⁽²⁾	(\$15.7)	\$0.0	\$0.0	\$0.0	(\$15.7)
TPA Administrative Expense	(\$1.0)	(\$6.1)	(\$10.6)	(\$1.1)	(\$18.5)
<i>Fund Balance, December 31, 2022</i>	\$81.0	\$3.8	\$37.3	\$23.0	\$145.2

Local (in Millions)

Health Reserves	Medical ⁽¹⁾	Wellness	Pharmacy	Dental	Total
<i>Fund Balance, January 1, 2022</i>	(\$3.7)	\$0.4	\$20.4	\$0.1	\$17.2
Investment Income	\$0.0	\$0.0	(\$2.4)	\$0.0	(\$2.4)
Contributions	\$183.4	\$1.9	\$40.0	\$2.0	\$227.3
Benefit Expense	(\$181.7)	(\$1.1)	(\$38.9)	(\$2.0)	(\$223.7)
ETF Administrative Expense ⁽²⁾	(\$2.1)	\$0.0	\$0.0	\$0.0	(\$2.1)
TPA Administrative Expense	(\$0.1)	(\$0.8)	(\$1.0)	\$0.0	(\$2.0)
<i>Fund Balance, December 31, 2022</i>	(\$4.1)	\$0.4	\$18.0	\$0.1	\$14.4

(1) Medical is fully insured, thus amounts above do not include health insurance plan provider expenses.

(2) ETF administrative expense allocated to medical only.

Attachment B
Health Insurance Administrative Fee History

