

From: [REDACTED]
To: [ETF SMB Board Feedback](#)
Subject: Explanation for Large Increase in Medicare Advantage Monthly Premiums - 2024
Date: Friday, September 22, 2023 4:03:50 PM

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Dear Board:

The 2024 monthly premium for the Medicare Advantage plan I'm in for 2023 went up more than 35%. This is very unexpected, especially when the other Wisconsin State health insurance provider premiums, according to statements made on ETF's website, went up around 12% on average.

The above fact is disturbing to me, as I moved from a Medicare/Medigap insurance structure in 2023 because of the competitive premium provided by the Medicare Advantage plan through the State of Wisconsin. I am a State of Wisconsin retiree.

I find the explanation for the excessive MA increase for 2024 that is found on ETF's website inadequate. Please provide more detailed reasons why the Medicare Advantage premiums increased so dramatically in 2024 versus 2023.

Sincerely,

John Bolles
Retired State of Wisconsin employee



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

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of Employee Trust Funds
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October 3, 2023

John Bolles
[REDACTED]

Dear John Bolles:

Thank you for your September 22, 2023, email to the Group Insurance Board (Board) and the Department of Employee Trust Funds (ETF) regarding your concerns about the increase in premium rates for UnitedHealthcare's (UHC's) It's Your Choice (IYC) Medicare Advantage plan offered in the State of Wisconsin Group Health Insurance Program (GHIP).

We share 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 over time. Plans who have been accepted into the GHIP 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 the GHIP continues to offer consistently high benefits.

The renewal bid process was different this summer however, for a few reasons.

1. Post COVID-19 claims utilization continues to grow as people are receiving delayed care.
2. Inflation has affected all elements of health care including provider wages, medical supplies, etc.
3. Reserves: The Board has been artificially reducing premium rates for the past seven years by using excess claims reserves. This is called buying-down the premiums. Reserves are typically used to pay prescription drug and uniform dental claims. The reserves protect the GHIP against possible adverse experience or negative market trends. The result of these years of buy-downs is that the gap between the "real" rates and the rates members have paid has gotten bigger over time. The original intent was to gradually reduce the buy-down while increasing rates, but the Board opted to do a larger buy-down last year

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than was originally planned. In addition, due to poor market conditions, there are no excess reserves remaining that could be used to buy down the 2024 rates. Most of the 2024 increase is due to the change in reserves.

I hope you have found this response helpful. If you have additional questions or concerns, please feel free to reach out using the contact information provided below. A copy of your letter and ETF's response will be included in the materials for the November 15, 2023, Board meeting.

Sincerely,

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