

From: [REDACTED]
To: [ETF SMB Board Feedback](#)
Cc: [Terri Kosobucki](#); [John Kosobucki](#)
Subject: 36 Percent Increase in UHC Medicare Advantage Premium for Retired State Employees
Date: Thursday, September 21, 2023 2:51:19 PM

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I am writing to you to express my concerns over the 36% increase in state retirees' UHC Medicare Advantage health insurance premiums for 2024.

State employees are getting an average increase of 11% in their health insurance premiums for 2024. ETF has discussed this for the past couple of months in both their newsletter, and in their online "News Update". Yet, there was no mention by ETF of state retirees incurring a 36% increase.

State retirees are on a fixed income. State employees have the bulk of their insurance premiums paid for by the state. I doubt ETF would ever accept a 36% increase for state employees, yet that is what they did for retirees.

State workers in all 58 counties were offered health plan options by ETF, with the exception of Sawyer County. Retired state employees who want to save money by going with a Medicare Advantage plan have no options through ETF. ETF only offers one Medicare Advantage plan - UHC. What incentive does UHC have to keep premiums low when they have no competition?

Would you want to be treated this way when you are a retired state employee?

I ask that ETF provide UHC some competition by offering 2 Medicare Advantage plans in 2025. I also ask that ETF scrutinize health insurance companies' statements and costs when asking for outrageous premium increases, such as the 36% increase given to UHC by ETF for 2024.

Thank you for your time and consideration in this matter.

Terri Kosobucki



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September 27, 2023

Terri Kosobucki
[REDACTED]

Dear Terri Kosobucki:

Thank you for your September 21, 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.

Therefore, rates for a family with Medicare Advantage (without Uniform Dental) are going up \$153.86 a month. Most of this increase is due to the change in reserves, that affects the prescription drug portion of the premiums.

You expressed concern that you were not informed of the specific increase for the Medicare Advantage plan. ETF often hears requests to make our materials simple and easy to read. Therefore, ETF made the decision to announce average non-Medicare increases only in press releases, separated by State versus Local groups. We do create seven different Decision Guides, available on our website, which detail the different rates for each program. In future communications about rates, we will ensure that these are linked in press releases so members can see their actual increases.

You asked if ETF could offer more than one Medicare Advantage plan. UHC's contract to offer this plan expires on December 31, 2025. ETF is currently developing a Request for Proposal for Medicare Advantage plans, and we will consider offering more than one for competitive purposes.

You commented that Sawyer County had no other health plan options than Medicare Advantage. There are two other plans that offer providers there, but they are more costly. They are Medicare Plus and Group Health Cooperative of Eau Claire-Greater Wisconsin.

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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