

From: [REDACTED]
To: [ETF SMB Board Feedback](#)
Subject: Health insurance rates
Date: Friday, December 22, 2023 11:30:08 AM

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I would like to express my concern as to why is there only one out of state health insurance plan?

People move out of state when they retire, they should not be punished or have to pay twice as much as if they stayed in Wisconsin.

We earned this money and should be able to spend it on a health plan, wherever they live.

What are the reasons for this?



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

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Fax 608-267-4549
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December 26, 2023

Susan Rehder
[REDACTED]

Dear Susan Rehder:

Thank you for your December 22, 2023, email to the Group Insurance Board (Board) and the Department of Employee Trust Funds (ETF) regarding your concerns about retiree health insurance options outside of Wisconsin.

While nationwide Health Maintenance Organizations (HMOs) or Preferred Provider Organization (PPO) plans could join the State of Wisconsin Group Health Insurance Program (GHIP) and offer a nationwide network to our members, they have chosen not to do so. Furthermore, HMOs in states that don't share a border with Wisconsin have shown little interest in providing coverage for our retirees. This is mainly because they are a small group of retirees who are not eligible for Medicare, but typically incur more claim costs than younger employees.

Currently participating HMO health plans have not offered provider networks much beyond Wisconsin's borders for several practical purposes. The main reason is that seeking licensure in another state requires significant time and resources and our Wisconsin-based HMOs see little chance of this type of expansion being cost-effective. Given the relatively small number of retirees living outside of Wisconsin, we feel the Access Plan continues to offer the best option for flexibility to our members.

The primary factor contributing to the higher cost of the Access Plan is that, over time, individuals with fewer health care needs have chosen the HMO plans with lower premium outlays, while many of those with greater needs have selected the higher-cost Access Plan. On average, the participants (retired and active employees) who have selected this plan utilize more services and want the freedom to see any provider of their choice. It is also important to note that a significant number of the out-of-state members in the Access Plan tend to be more frequent and more costly users of the health care system. The unfortunate effect is that as the healthier people have left the Access Plan, it becomes more expensive for those that have remained. Exclusive use of in-network providers helps lower out-of-pocket costs for members in this PPO plan.

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You wrote that you earned money and should be able to spend it on health plan wherever you live. We believe that you are referring to your accumulated sick leave conversion credits (ASLCC) that you are using to pay your health insurance premiums. Note that the ASLCC program is established in [Wis. Stat. §40.05\(4\)b](#). The program was designed to help pay the cost of health insurance during retirement for former State employees. Because this program is defined in the statutes, ETF has no authority to allow employees to use these credits to pay for insurance other than that offered by the health plans under contract with the Board.

For tax purposes, the ASLCC program is treated like an employer's contribution to the health insurance of its active employees. Any change to the availability of these funds could carry substantial tax liabilities for all participants. For example, if participants had the option to receive cash payments to pay for other health insurance instead of the current contribution toward our employer-sponsored plan, these sick leave payments could become subject to income tax for all participants, even if only a few individuals chose to receive the payment directly.

The Board is continuing to look at ways to make the GHIP as cost effective and affordable as possible, and to do so in a way that benefits all who are covered under the plan. I hope this information is 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 February 21, 2024, Board meeting.

Sincerely,

Arlene Larson, Manager of Federal Program and Policy
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