From: [redacted]
To: ETF SMB Board Feedback
Subject: Dean care premiums on Supplement to Medicare for retired employees
Date: Friday, January 19, 2024 10:04:00 AM

I am writing to you as I went on Medicare last year because I turned 65. I have always been w Dean Care HMO. Never had illness that caused me to use my medical insurance through out my lifetime. I decided to stay w Dean Care as a Medicare Supplement for 20% coverage as I am familiar w the system. I went out of the county in Sept/Oct so didn't have time to study all of the options for the supplement for retirees. I AM SHOCKED to see I am paying $554.18 a month through the ETF for a supplemental health coverage to combine w my Medicare coverage. This IS CRAZY! I handled my mothers health care until her death a couple years ago and she paid $197.00 a month for the 20% supplemental health insurance through private pay. Yet, I am in a pool of other WI retirees that should provide me a lower rate due to the larger pool of funds provided for this coverage!! What the heck is going On? Are retirees being hit up to help pay for the non-retirees health insurance Premiums? I still have to pay co pays on my drugs even with this monthly premium of $554.18. I will go broke having to pay this!!! Shouldn't ETF provide a more reasonable rate given the pool of people's funds they have access To? I called ETF and they said they have received numerous calls to complain about the high cost of the supplemental premium. Please look into this, I will will have nothing to live on paying this amount each month now and in the future. This is ridiculous! I can be reached at [redacted] to discuss further. Janyce Brickl, email is [redacted]

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

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January 24, 2024

Jan Brickl
[redacted]

Dear Jan Brickl:

Thank you for your 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 Dean Health 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.

You asked why the Medicare premiums in our program are expensive. The GHIP offered to retirees of the State and participating local municipalities is a comprehensive plan that contains substantially higher benefits than many Medicare supplements. For example, our plan includes coverage for prescription drugs including the Medicare Part D coverage gap, full coverage for office visits, and dental benefits as well. The renewal bid process was different this summer, however, due to increasing utilization post COVID-19, healthcare inflation, and the lack of reserve funds to subsidize rates in 2024. This led to high premium renewals across our programs.

I wanted to explain a little more about the reference to reserve funds. 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 experiences 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 in 2023 than was originally planned. In addition, due to poor market conditions, there were no excess reserves remaining that could be used to buy-down the 2024 rates.

ETF and the Board's actuary will continue to work toward lower premium increases in the future. I hope you have found this information helpful. A copy of your letter and this response will be included in the materials for the February 21, 2024, Board meeting. If you have additional questions or concerns, please feel free to reach out using the contact information provided below.

Sincerely,

Arlene Larson, Manager of Federal Program and Policy
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Department of Employee Trust Funds
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