

From: [REDACTED]
To: [ETF SMB Board Feedback](#)
Subject: New Insurance Rates for Retirees
Date: Tuesday, October 1, 2024 1:57:01 PM

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Hello and Good Day,

I am unable to attend this month's meeting so am asking a question via email.

The new health insurance rates have been published, and for Dean Health, the new premium is \$1,112 per month for the family plan. During my 30 plus years of Stare employment, I was able to accrue many hours of sick time because I rarely took a sick day. That number of hours was doubled and converted to dollars to fund my health insurance premium. I am currently retired and am collecting social security. As you well know, social security pays 80% of most of my health needs. That leaves 20% for me to pay.

I am wondering why the premium for Dean Health has increased so much for only 20% of the bills for my health expenses? An ex-coworker has supplemental insurance with similar benefits and coverages with a family plan, and they pay just over \$300 per month. I would love to be able to withdraw my current fund and pay a lot less for supplemental or gap insurance rather than the \$1,112 that is required to be deducted from my fund.

I understand this is not possible under current rules. What I don't understand is why it costs me \$1,112 for only 20% coverage. Can you please help me understand?

Thank you

Kind Regards,

Paul Heczko



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October 14, 2024

Paul Heczko
[REDACTED]

Dear Paul Heczko:

Thank you for your inquiry email to the Group Insurance Board (Board) and the Department of Employee Trust Funds (ETF) regarding why it costs \$1,112 for your coverage with Dean Health Medicare All plan (family plan).

We share your concerns about the rising cost of health insurance. ETF works very hard to limit premium increases. Plans who have been accepted into the Group Health Insurance Program (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 primary reasons for the increase in 2025 premiums are as follows:

1. Post COVID-19 claims utilization continues to grow.
2. Inflation has affected all elements of health care, including provider wages, medical supplies, etc.
3. Reserves: The Board had been artificially reducing premium rates for seven years by using reserve funds. The reserves protect the GHIP against possible adverse experience and negative market trends. In 2024, reserve funds were below the target range set by the Board, and so the Board was no longer able to offset premiums. Beginning in 2025, the Board took action to rebuild the reserves by adding 0.8% to premiums.

Comparing plans across markets is difficult because benefits within the GHIP are much richer than Medicare Plans in the open market. All of ETF Group Health Insurance Program plans include pharmacy benefits. A detail breakdown:

- Dean Health Medicare family plan is \$692.76 - (62.29% of overall rate).
- Pharmacy Benefit through Navitus' is \$391.24 - (35.18% of overall rate).
- Administration cost is \$28.18 - (2.53% of overall rate).
- Total of \$1,112.18 - (100% of overall rate).

The GHIP does have other Medicare plans, for example, It's Your Choice Medicare Advantage (\$627.86/family plan) and Medicare Plus (\$920.78/family plan) that offer similar benefits to the Dean Health Medicare family plan with lower cost. The ETF webpage "[Breakdown of Your Costs by Medicare Plan Design](#)" assists retirees with Medicare with a table that list cost information for services covered under each Medicare plan design option for the 2025 plan year.

ETF Open Enrollment runs from September 30th through October 25th this year if you do consider making any changes.

Again, thank you for your email. If you have any other questions, comments, or concerns, please do not hesitate to contact me using the information below.

Sincerely,

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