

2026 Group Health Insurance Program Rates and Reserves



Item 8A – Group Insurance Board

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Action Needed

- The Department of Employee Trust Funds (ETF) recommends the Group Insurance Board (Board) approve the recommended health, pharmacy, and dental rates presented by the Board's actuary, Segal, for plan year 2026.
- ETF further recommends the Board approve buy-up and three-year reserve strategy Option 1 to replenish the reserve funds of the Group Health Insurance Program (GHIP).
- ETF requests Board approval to make any additional, minor adjustments to health plan service areas after they are finalized.

Negotiations Process

- Process the same as prior years, with exception of Medicare Advantage (MA) and Medicare Plus (M+)
 - MA and M+ rates delivered as part of Request for Proposals (RFP) process
 - BAFOs still requested during broader negotiations

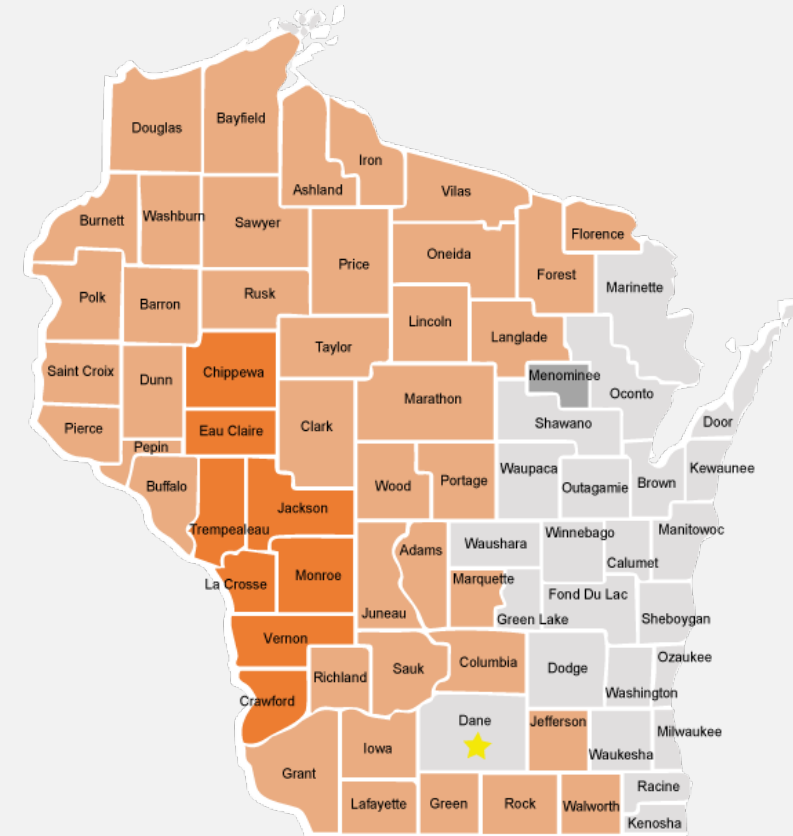
Health Plan Financial Status

- The Office of the Commissioner of Insurance (OCI) has confirmed each company participating in the GHIP meets Wisconsin's minimum financial requirements.

County Qualifications

- One State Maintenance Plan (SMP) county for State group in 2026
- Eight new SMP counties for Local group, bringing total to 48

Local SMP Counties in 2026



2026 Weighted Average Increases for Active Employees

State:
+5.9%

- Medical: +5.6%
- Pharmacy: +8.1%
- Dental: +3.5%

Local:
+9.6%

- Medical: +10.6%
- Pharmacy: +5.6%
- Dental: +3.5%

2026 Medicare Rate Increases

Medicare Coordinated – Increases Vary by Plan

- State Range: 0.0% to +38.5%
- Local Range: -0.1% to +25%

Medicare Advantage: +33.9%

Medicare Plus: +18.0%

Pharmacy

- State: 7.1%
- Local: 16.3%

Dental: 3.5%

Fees Added to Health Insurance Premiums

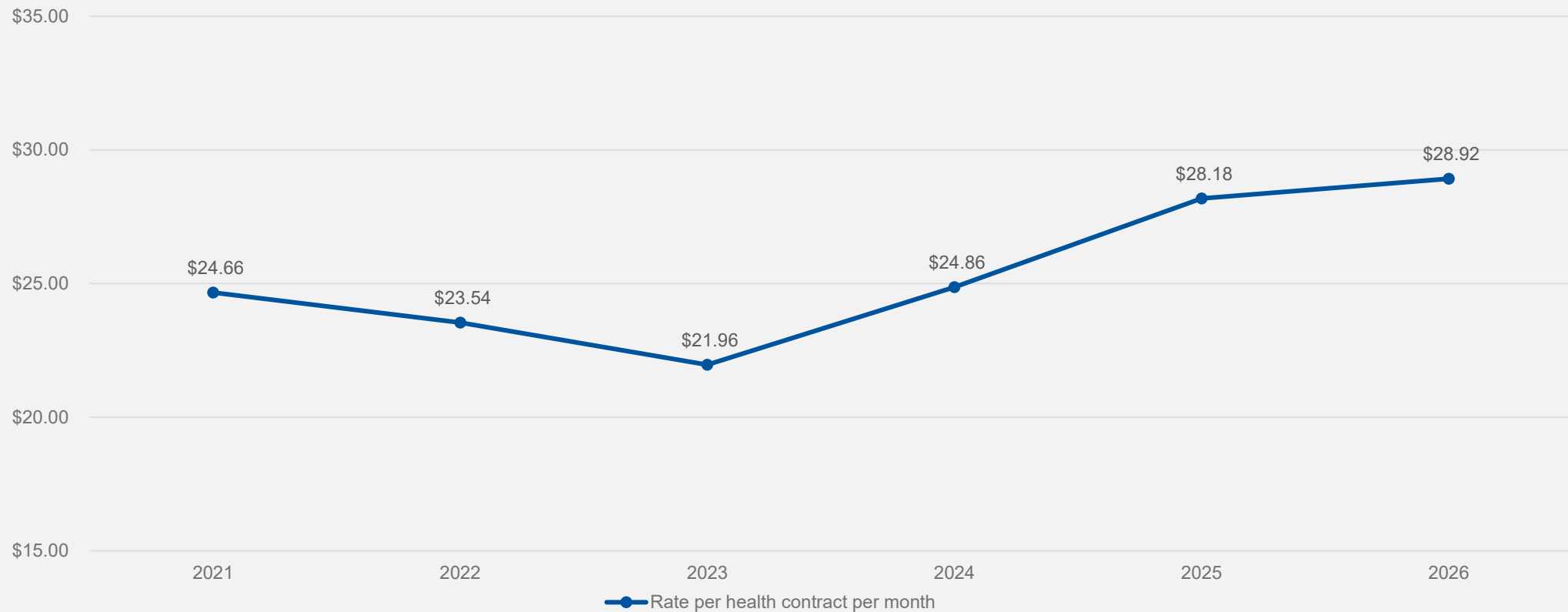
ETF administrative costs

- Staff salaries
- Compliance audits
- Actuarial services
- System costs (e.g., Insurance Administration System, Data Warehouse)

Wellness program costs

- Wellness and disease management program administration
- Coaching
- Biometric screenings
- Incentive payments

Health Insurance Administrative Fee History



Health Insurance Program Reserves as of 12/31/2024 (preliminary, accrual basis)

State (in millions)

Health Reserves	Medical ⁽²⁾	Wellness	Pharmacy	Dental	Total ⁽¹⁾	% change from prior year
<i>Fund Balance, January 1, 2024</i>	\$73.7	\$1.2	(\$63.3)	\$24.4	\$36.0	-75.2%
Investment Income	\$0.8	\$0.1	(\$4.0)	\$0.4	(\$2.7)	-126.0%
Contributions	\$1,370.8	\$13.9	\$343.0	\$64.7	\$1,792.5	14.9%
<i>Includes Rx Subsidies Accrued</i>			\$17.0			
Benefit Expense	(\$1,360.2)	(\$7.3)	(\$344.2)	(\$63.4)	(\$1,775.0)	8.2%
<i>Includes Rx Rebates Accrued</i>			\$88.8			
ETF Administrative Expense ⁽³⁾	(\$21.2)	\$0.0	\$0.0	\$0.0	(\$21.2)	9.3%
TPA Administrative Expense	(\$0.8)	(\$5.8)	(\$10.8)	(\$1.3)	(\$18.6)	-1.1%
<i>Fund Balance, December 31, 2024</i>	\$63.2	\$2.1	(\$79.3)	\$24.9	\$11.0	-69.7%

- (1) Amounts may not foot due to rounding.
- (2) Medical benefit expense reflects premiums paid to health insurance plan providers, including two plans that are retrospectively rated in which premiums are accrued based on the estimated ultimate cost of the experience.
- (3) ETF administrative expense allocated to medical only.

Local (in millions)

Health Reserves	Medical ⁽²⁾	Wellness	Pharmacy	Dental	Total ⁽¹⁾	% change from prior year
<i>Fund Balance, January 1, 2024</i>	(\$7.2)	\$0.0	\$15.8	(\$0.1)	\$8.6	-40.3%
Investment Income	(\$0.4)	\$0.0	\$2.2	\$0.0	\$1.8	28.6%
Contributions	\$233.0	\$1.9	\$48.7	\$2.6	\$286.2	11.9%
<i>Includes Rx Subsidies Accrued</i>			\$2.1			
Benefit Expense	(\$234.5)	(\$1.1)	(\$48.4)	(\$2.6)	(\$286.5)	11.0%
<i>Includes Rx Rebates Accrued</i>			\$11.7			
ETF Administrative Expense ⁽³⁾	(\$2.9)	\$0.0	\$0.0	\$0.0	(\$2.9)	7.4%
TPA Administrative Expense	(\$0.1)	(\$0.8)	(\$1.1)	\$0.0	(\$2.0)	0.0%
<i>Fund Balance, December 31, 2024</i>	(\$11.9)	\$0.0	\$17.2	(\$0.1)	\$5.1	-40.7%

Health Insurance Program Cash Balance 2024



Buy-Up Options

Option 1: Target low end of reserve fund range by end of 2026, high end by end of 2028

Option 2: Target low end of reserve fund range by end of 2026, midpoint by end of 2027, maintain in 2028



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