

Group Health Insurance Program Plan Design Analysis

Item 3 – Group Insurance Board

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Informational Item Only

No Board action is required.

Background

Challenges

- Rising healthcare costs and administrative complexity
- GHIP reserve experiencing negative cash flows

Last major plan design update

2016 Plan Year

Comparison to the market

- Analysis conducted to understand how the GHIP plan designs compare to the market.

Overview of Comparative Process

Based on 2025 Plan Year

Conducted a comparative analysis of our highest enrolled plan designs against other state and local employee benefit programs

- State IYC and HDHP: Michigan, Minnesota, Illinois, and Indiana
- Local Deductible Plan: Minnesota, Illinois, Tennessee, New Jersey

Other research

- GHIP Pharmacy Benefit Manager – Navitus
- Marketplace Platinum plans
- National publications

State IYC Health Plan Comparison

- Lower or comparable member cost-sharing
- GHIP uses standard OOPL + federal MOOP for non-essential health benefits vs. peer plans using a single OOPL or MOOP
- Lower ER visit copays
- 10% coinsurance comparable

Benefit Area	IYC Health Plan	Comparison States
Deductible (Individual/Family)	\$250/\$500	\$400/\$800
OOPL (Individual/Family)	\$1,250/\$2,500	\$1,000-\$2,000 \$2,000-\$4,000 Most on the higher end of the range
Coinsurance	10%	5-10%
PCP Office Visit	\$15 copay	\$20-\$40 copay
ER Visit	\$75 copay	\$100-\$275 copay

State HDHP Comparison

- Lower or comparable member cost-sharing on deductibles, copays, coinsurance, and out-of-pocket limits
- Fixed copay model after deductible instead of coinsurance only model

Benefit Area	State HDHP	Comparison States
Deductible (Individual/Family)	\$1,650/\$3,300	\$1,600-\$3,000 Individual \$3,200-\$6,000 Family
OOPL (Individual/Family)	\$2,500/\$5,000	\$3,000-\$4,500 Individual \$6,000-\$9,000 Family
Coinsurance	10%	10%-20%
PCP Office Visit	\$15 copay, after deductible	10%-20% coinsurance
ER Visit	\$75 copay, after deductible	10%-20% coinsurance

Local Deductible Plan Comparison

- Lower or comparable member cost-sharing
- Lower ER visit copay
- \$0 cost after deductible for many medical services vs. copays or coinsurance for common services

Benefit Area	Local Deductible Plan	Comparison States
Deductible (Individual/Family)	\$500/\$1,000	\$100-\$1,300 individual \$250-\$3,250 family
OOPL (Individual/Family)	\$500/\$1000 +\$500 per person DME only*	\$400-\$2,000 individual \$1,000-\$4,000 family
Coinsurance	None, pays 100% for most services	10%-20% coinsurance
PCP Office Visit	\$0, after deductible	\$15-\$30 copay
ER Visit	\$60 copay	\$100-\$400 copay or 15%-20% coinsurance

Pharmacy Comparison Highlights

- GHIP Tier 1 copay: \$5 (lower than typical \$10+)
- Two separate pharmacy OOPs vs. single OOP in peers
- GHIP Tier 2 and 3 use coinsurance with caps; peers often use flat copays or coinsurance with min/max limits
- GHIP has 4 drug tiers; peers often only had 3 drug tiers

Marketplace Comparison Highlights

- Only three Platinum plans identified – all in Dane County
- Lower OOPL
- Lower ER copay
- Mid-range for PCP and Specialist copays
- Higher urgent care copay

Benefit Area	State/Local IYC	Marketplace Platinum Plans
Deductible	\$250	Two: \$0, One: \$500
OOPL	\$1,250	\$1,500, \$2,800, and \$4,300
PCP Copay	\$15	Two: \$10, One: \$20
Specialist Copay	\$25	Two: \$20, One \$40
Urgent Care Copay	\$25	\$10, \$15, \$20
ER Copay	\$75	Two: \$100, One: \$450
Level 1 (Generic) Drugs	\$5	One: \$5, Two: \$10

National Comparison Highlights

2024 KFF National Employer Survey

- Deductibles: National average \$1,787 (\$1,538 at large employers) – IYC significantly lower (\$250)
- Office visit copays: National average \$26 for PCP, \$42 for specialist – IYC lower (\$15 PCP, \$25 specialist)

Rationale for Plan Design Updates

Cost Containment, Financial Sustainability, Market Alignment

- Benefit design unchanged over 10 years despite rising costs and evolving needs
- Member cost-sharing (deductibles, copays, coinsurance, OOPLs) lower than peers amid cost pressures

Encourage Better Consumer Behavior

- Benefits don't discourage avoidable high-cost use; ER visits up ~17% since 2020
- Changes can guide members to lower-cost, appropriate care
- Supporting medication adherence and early chronic care reduces disease progression

Administrative Simplification

- Varied out-of-pocket limits confuse members and complicate administration
- Simplifying medical and pharmacy OOPL improves clarity and efficiency
- Combined therapy visit limits are confusing; separate, standardized limits ease administration

Key Considerations

Competitiveness for
recruitment/retention

Avoid creation of
unintended barriers

Simplicity and
reduce confusion

Support preventive
and chronic
condition care

Long-term financial
viability

Improve member
experience

Next Steps

Plan design change recommendations at November Board meeting

Additional analyses to inform recommendations

- Truven by Merative analysis of trend drivers and modeling of potential changes
- Navitus analysis of the impact of cost-sharing adjustments
- Segal benchmarking analysis

Collect health plan suggested recommendations

A photograph of a family of four outdoors. A man with grey hair and a mustache is on the left, smiling and hugging a young girl. A woman with short grey hair is on the right, smiling and hugging a young boy. The background is a blurred green landscape. The entire image has a blue overlay, and the word "Questions?" is written in large white text across the bottom.

Questions?

Thank you



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