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Correspondence Memorandum

Date: October 29, 2025
To: Group Insurance Board
From: Renee Walk, Director
Office of Strategic Health Policy
Subject: High Deductible Health Plan Initiative Research Reports

This memo is for informational purposes only. No Board action is required.

Background

At its November 13, 2019, meeting, Department of Employee Trust Funds (ETF) staff identified the high-deductible health plan (HDHP) as one of nine potential initiatives for the board to consider in the overall strategic evolution of the Group Health Insurance Program (GHIP). At that meeting, the Group Insurance Board (Board) decided to pursue five of those initiatives, including development and improvement of the HDHP ([Ref. GIB | 11.13.19 | 6](#)). Specifically, the Board recognized that while annual growth in the HDHP had remained steady, there appeared to be limited member understanding and even skepticism about this plan design.

In November of 2020, ETF provided an update on those initiatives to the Board and noted that as part of the HDHP initiative, ETF would be collaborating with the University of Wisconsin-Madison on a research project. In 2021, ETF began that research collaboration with Justin Sydnor, department chair and professor of risk and insurance at the University of Wisconsin-Madison (UW-Madison), to explore a variety of questions related to the (HDHP) offered by the Board. These questions centered around two primary issues: how care cost and out-of-pocket costs compare between HDHP and non-HDHP members, and the effectiveness on different communications approaches in encouraging members to select the HDHP.

Prior data analysis at ETF and experience with member education vendors had indicated that the HDHP is typically the most cost-effective plan design for members. However, after initial gains in enrollment following the plan design's introduction in 2015, new uptake of the plan design has slowed. In addition, ETF has received feedback from members and employers that there is skepticism regarding whether financial outcomes are actually better in the plan, and in particular whether decision support tools previously used in the GHIP such as ALEX and Benefits Mentor were providing accurate guidance.

Reviewed and approved by Diana Felsmann, Deputy Secretary
Electronically Signed 10/20/2025

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Overview of Research Approach

This research project used data from the Data Analytics and Insights (DAISI) data warehouse, overseen by ETF and managed by Truven by Merative (Truven), the Board's data warehouse vendor. All data was fully de-identified by Truven.

In the first report provided to ETF, Dr. Sydnor and his team used this data to examine enrollment patterns and utilization trends between members enrolled in the HDHP and non-HDHP in the State employee pool (see Attachment A). Local employees and retirees were not included in this analysis due to variations in how those groups may be enrolled in and experience the HDHP itself and any pre-tax savings programs. Medical and pharmacy care utilization were included, but care received under the Uniform Dental Benefit was excluded.

The second report focused on projecting annual costs for members enrolled in the HDHP versus the non-HDHP, looking at between-carrier cost variations, and comparing the experience that HDHP members might have had in the non-HDHP product and vice-versa (see Attachment B). This also used the de-identified data available in DAISI.

The third and final report details an experiment conducted by UW-Madison researchers during open enrollment, where employees of the Universities of Wisconsin (UWs) were either provided no additional information, a video where Dr. Sydnor explained the differences between the HDHP and non-HDHP options, or the video plus a series of scenarios based on different levels of utilization (see Attachment C). UWs employees then participated in a survey that asked questions regarding their understanding of the HDHP option and their likelihood to elect that option in the upcoming open enrollment period. Finally, participants' ultimate plan election was then mapped back to their survey responses as well as the respective study treatment group.

Results

Overall, the reports found that HDHP members tend to be slightly younger and healthier than their non-HDHP counterparts. They are also more likely to elect a single plan versus a family plan. However, there was still significant representation of members with higher medical need in the HDHP option. Because of the generally better health status of the HDHP group, their allowed amounts were on average lower than the non-HDHP. The reports found that HDHP members were slightly less likely to engage in preventive care in the first year following HDHP election, but that this rebounded by the second year in the HDHP, and on average HDHP members were more likely to utilize preventive care services. The reports attributed the year one preventive care dip to potentially an initial learning curve for members in the new plan design.

In terms of overall costs to members, HDHP members had lower total out-of-pocket costs than employees in the non-HDHP, when considering both the difference in premiums, initial deductibles, and employer HSA contributions. Members opting for the HDHP saved over \$1,200 for those with single coverage and over \$2,000 for those with family coverage. The lower overall costs of the HDHP could be seen even when the groups were stratified by risk. Total member costs did not differ significantly across

health plan vendors. To better illustrate the total annual costs under each plan, the researchers developed a series of charts depicting different levels of expected healthcare needs. These were intended to support better-informed decision making by members choosing a plan.

In the final phase of work, the researchers used the reports referenced above to design an intervention where members received enhanced information to support their open enrollment choices in the fall of 2023. Participants who received either the video-only or video-and-graph treatments demonstrated better understanding of the HDHP. The group who received both decision aids were six percentage points more likely to say they intended to choose the HDHP during the open enrollment period. However, during open enrollment, the effect diminished significantly to only a two-percentage-point increase in plan change to HDHP. Per the researchers, this suggests that other factors outweigh the overall cost when members make their open enrollment decisions.

The full reports have been attached as appendices to this memo.

Next Steps

The findings of these reports highlight both opportunities and challenges in supporting enrollment in the HDHP. Notably, it appears that communication at the point of open enrollment for current employees may not be the optimal time to begin promoting the HDHP option. It is possible that members may need more time to consider how they will adapt to paying for more costs up front. ETF will explore different opportunities to educate members on the HDHP earlier in the year.

ETF and the researchers also note that, once members choose a plan when they enter employment, they tend not to make changes to their elections unless another life event occurs. ETF will also explore ways to help employers educate members on the HDHP as an option when employees are first hired, as well as the benefits and risks of HDHP enrollment at various life stages (e.g., new parenthood, retirement, etc.).

Finally, while overall utilization does not appear to impact the costs of the HDHP, the researchers noted a slight dip in service use when members first enroll in the HDHP. This is possibly due to members acclimating to how the new plan works or being unsure of what is covered at first-dollar versus what would be subject to the initial deductible. ETF will explore this additional education opportunity internally and with employers.

Staff will be available at the Board meeting to answer questions.

Attachment A: [ETF UW Study Group Report 1](#)

Attachment B: [ETF UW Study Group Report 2](#)

Attachment C: [ETF UW Study Group Report 3](#)