

# Employer Contribution Towards Health Insurance Premiums

*88%/105% Calculation for Local Government Employers Who Participate in the Wisconsin Public Employers Group Health Insurance Program*

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Employer Services Section



# Asking Questions

- Email us
  - [ETF SMBEmployerInsurance@etf.wi.gov](mailto:ETF SMBEmployerInsurance@etf.wi.gov)
- Employer Communication Center
  - Toll-Free: (877) 533-5020 opt 2
  - ETF Agent

# Presentation Topics

- Health Insurance Premium Contribution Structure
- Employer Premium Eligibility
- Effective Date For the Employer Premium Contribution/Coverage Effective Dates
- Employer Premium Contribution 88% Calculation Example

# Three Health Insurance Premium Structure

- Three premium structures for establishing the employer contribution
  - 88% Calculation Method
  - 105% Calculation Method
  - Three Tier Premium Structure

# The 88% Calculation Method

- Employers are allowed to pay up to 88% of the **average premium cost of the \*qualified Tier One** health plans within the service area of the employer
- The 88% (and 105%) rate tables ETF provides indicate the maximum employer share.

\* A qualified health plan is a plan in which there are at least 5 Primary Care Physicians, a hospital, and a Chiropractor associated with the health plan in the given county.

# 88% Calculation (CNTD)

- Employer may adjust the contribution downward to require employees who select low cost plans to pay the same amount.
- Employer must apply the same adjusted contribution rate equally to all employees regardless of the plan they select.
- The minimum employer premium contribution for all local employees cannot be less than 50% for employees who work 1,044 hours or more per year or less than 25% for employees who work fewer than 1,044 hours.

# The 105% Calculation Method

- Available to those groups identified in the law following passage of 2011 Act 10. Subject to collective bargaining agreements amongst employers.
- Contributions can vary by employee groups. (Group can be identified by start dates, FTE, coverage type single/family, collective bargaining agreements and /or geographic location.

# 105% Calculation (CNTD)

- The 105% of the **low cost qualified** health plan contribution method means that employers are allowed to contribute toward the premium for any eligible employee an amount between 50% and 105% of the least costly qualified health plan within the county of the employer.
- The minimum employer premium contribution for all local employees cannot be less than 50% for employees who work 1,044 hours or more per year or less than 25% for employees who work fewer than 1,044 hours.



# The Three Tier Premium Structure

- Annually the GIB and actuaries rank and assign each of the available health plans to one of three “tier” categories.
- Employee’s contribution is determined by the tier ranking of the health plan selected.

# Three Tier Premium Structure (CNTD)

- Criteria for 3 tier implementation
  - Increase for plans in higher tiers is at least \$20 for single and \$50 for family per tier
  - Single or family premium contribution must be the same for all plans in a given tier
  - Employer is subject to the 88% and 105% calculation methods as well as any collective bargaining agreement.
  - Employer may not pay less than 50% of the premium for employees who work 1,044 hours or more per year or less than 25% of the premium for employees who work fewer than 1,044 hours per year.

# Employer Premium Contribution Eligibility

- Employer Contributions must begin no later than the first of the month following the employee's completion of 6 months of qualified employment. Beginning January 1, 2014, in order to avoid penalties that may be assessed if coverage is found to be 'unaffordable' under federal health care reform, you may want employer contributions to begin no later than the first of the month preceding the employee's completion of 90 days of qualified employment and:

**And**

- Employer premium contributions must be in line with one of the three health insurance premium contribution structures

# Employer Premium Contribution Effective Dates

- Employees who submit the Health Insurance Application (ET-2301) within 30 days of hire date, coverage is effective the first day of the month that occurs during the 30-day period *if the employee indicates they want coverage as soon as possible.*
- Employee is responsible for the entire premium until they are determined to be eligible for the employer contribution.
- Employer share of the premium will begin no later than 6 months after hire.

# Employer Premium Contribution Effective Dates (CTND)

- Employees wishing to wait for the employer share to begin before coverage is effective must submit an application (ET-2301) or apply online prior to the date they become eligible for the employer contribution.
- Coverage will be effective the first of the month on or following the date the employee becomes eligible for the employer contribution.

# Coverage Effective Dates for Teachers

- Is based on the date WRS employment begins and the date a completed Health Insurance Application (ET-2301) is received by the employer.
- Coverage is effective the first of the month in which WRS employment begins if the application is received on or prior to the first of that month.
- For applications received after the first of the month in which WRS employment begins, coverage is effective the first of the following month as long as the application is submitted within 30 days of eligibility.

# 88% Calculation Example

Click on the 88% Average Plan Rate table based on the program option your agency has selected for its employees. If your collective bargaining agreement allows for the 105% calculation, please click on that link that corresponds to your program option.

The screenshot shows the website for the Wisconsin Department of Employee Trust Funds. The main content area is titled "2017 Wisconsin Public Employers Group Health Insurance Program". Below this, it lists "Total Monthly Premium Rates for Employee, Non-Medicare Retiree and Medicare Retiree". There are several bullet points, each representing a different plan option. Each option includes links for "88% of Average Plan Rates by County" and "105% of Low Cost Plan Rates by County". A mouse cursor is pointing at the "88% of Average Plan Rates by County" link for Program Option 7. The footer of the page includes the text ">>> supporting excellence in Wisconsin public service".

Department of Employee Trust Funds  
Revised September 7, 2016

**2017 Wisconsin Public Employers Group Health Insurance Program**

**Total Monthly Premium Rates for Employee, Non-Medicare Retiree and Medicare Retiree**

- [IYC Local Traditional Plan Rates \(PDF\) \(XLSX\)](#) (8/24/2016)
  - [88% of Average Plan Rates by County \(Program Option 2\)](#) (Updated 9/7/2016)
  - [105% of Low Cost Plan Rates by County \(Program Option 2\)](#)
  - [88% of Average Plan Rates by County \(Program Option 12\)](#) (Updated 9/7/2016)
  - [105% of Low Cost Plan Rates by County \(Program Option 12\)](#)
- [IYC Local Deductible Plan Rates \(PDF\) \(XLSX\)](#) (8/24/2016)
  - [88% of Average Plan Rates by County \(Program Option 4\)](#) (Updated 9/7/2016)
  - [105% of Low Cost Plan Rates by County \(Program Option 4\)](#)
  - [88% of Average Plan Rates by County \(Program Option 14\)](#) (Updated 9/7/2016)
  - [105% of Low Cost Plan Rates by County \(Program Option 14\)](#)
- [IYC Local Health Plan Rates \(PDF\) \(XLSX\)](#) (8/24/2016)
  - [88% of Average Plan Rates by County \(Program Option 6\)](#) (Updated 9/7/2016)
  - [105% of Low Cost Plan Rates by County \(Program Option 6\)](#)
  - [88% of Average Plan Rates by County \(Program Option 16\)](#) (Updated 9/7/2016)
  - [105% of Low Cost Plan Rates by County \(Program Option 16\)](#)
- [IYC Local High Deductible Health Plan Rates \(PDF\) \(XLSX\)](#) (8/24/2016)
  - [88% of Average Plan Rates by County \(Program Option 7\)](#) (Updated 9/7/2016)
  - [105% of Low Cost Plan Rates by County \(Program Option 7\)](#)
  - [88% of Average Plan Rates by County \(Program Option 17\)](#) (Updated 9/7/2016)
  - [105% of Low Cost Plan Rates by County \(Program Option 17\)](#)

**Wisconsin Public Employer 2017 Health Plan Providers by County**

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# 88% Calculation (CNTD)

<b>2017 Premiums - Wisconsin Public Employers Group Health Insurance Program</b>						
<small>3 = Tier 3 Plan * = Not In Calculation - Plan Not Qualified in County</small>						
<b>IYC Local Traditional; With Dental - P02</b> <small>88% of the Tier 1 Qualified Plans' Average Premium</small>	Single Coverage			Family Coverage		
	Maximum Employer Share	Minimum Employee Share	Total Single Premium	Maximum Employer Share	Minimum Employee Share	Total Family Premium
<b>BROWN</b>						
ANHEM BLUE PREFERRED NORTHEAST	736.31	26.13	762.44	1,819.51	62.37	1,881.88
<sup>3</sup> ARISE HEALTH PLAN	736.31	391.43	1,127.74	1,819.51	975.67	2,795.18
DEAN HEALTH INSURANCE - PREVEA360	736.31	35.63	771.94	1,819.51	86.17	1,905.68
<sup>3</sup> HUMANA - EASTERN	736.31	411.03	1,147.34	1,819.51	1,024.67	2,844.18
NETWORK HEALTH - NORTHEAST	736.31	58.63	794.94	1,819.51	143.67	1,963.18
<sup>3</sup> SECURITY HEALTH PLAN - VALLEY	736.31	393.23	1,129.54	1,819.51	980.17	2,799.68
UNITEDHEALTHCARE OF WISCONSIN	736.31	229.63	965.94	1,819.51	571.17	2,390.68
WEA TRUST - EAST	736.31	152.03	888.34	1,819.51	377.17	2,196.68
<sup>3</sup> IYC ACCESS HEALTH PLAN - BALANCE OF STATE	736.31	574.89	1,311.20	1,819.51	1,451.11	3,270.62

Using Brown County as an example, we take the average cost of the single qualified plan multiplied by 88%, we can calculate the Maximum Employer Share shown above for single coverage.

$$762.44 + 771.94 + 794.94 + 965.94 + 888.34 = 4,183.60 / 5 = 836.72$$

$$836.72 \times 88\% = 736.31 \text{ The Maximum Employer Share seen above.}$$



# 88% Calculation (CNTD)

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Follow the same calculation procedure to calculate the Maximum Employer Share for family coverage as well:

$$1,881.88 + 1,905.68 + 1,963.18 + 2,390.68 + 2,196.68 = 10,338.10 / 5 = 2,067.62$$

2,067.62 X 88% = 1,819.51 The Maximum Employer Share for family coverage shown above.

# Resources

- [2018 Wisconsin Public Employers Group Health Insurance Program Contribution Rates](#)
- [Local Health Insurance Administration Manual ET-1144](#)
- [Its Your Choice 2017](#)      [Its Your Choice 2018](#)
- Contact the Employer Services Section at 1-(877) 533-5020 Opt 2
- [ETF SMBEmployerInsurance@etf.wi.gov](mailto:ETF SMBEmployerInsurance@etf.wi.gov)



**Questions?**