
Wisconsin Association of Health Plans

The Voice of Wisconsin's Community-Based Health Plans

FOR IMMEDIATE RELEASE

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Board Abandons Choice and Competition in Favor of Consolidation, Financial Risk

(Madison) – The following statement may be attributed to Phil Dougherty, spokesman for the Wisconsin Association of Health Plans, in response to the Group Insurance Board decision today to self-fund the State Group Health Program and reduce the number of participating plans to six. See more on the self-funding issue at wihealthplans.org.

The Group Insurance Board chose to abandon market competition and consumer choice in favor of consolidation, more government control and new financial risk for the state.

The Department of Employee Trust Funds said in two separate documents that comparable savings can be achieved with the fully insured competitive model, which maintains consumers' current choices of multiple health plans and doctors. But the Group Insurance Board chose to gamble with taxpayers' money by moving to self-funding.

There are real downside risks to self-funding the State Program, including loss of choices for consumers, disruption in the commercial health insurance market and new financial risk for 71% of State Group Health Program costs.

The current program is a proven winner for state employees and taxpayers. The competitive model provides multiple quality health plans and doctors for consumers to choose and has saved the state and taxpayers \$283 million over the last nine years. In the fully insured model, the state has fixed premium costs and health plans bear the risk. In self-funding, the state—and taxpayers—bear the full risk for medical claims, which represent 71% of State Program costs. If medical costs rise above expectations, the state and taxpayers are on the hook.

Fortunately, the Joint Committee on Finance has the opportunity to review the self-funding decision and evaluate the real and broad consequences for plan participants, the state, taxpayers and Wisconsin's competitive health insurance market.

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