

POWRS Action Alert

PROPOSED SELF-INSURANCE PROGRAM

February 17, 2017

POWRS (Protect our Wisconsin Retirement Security) has closely followed events leading to the passage of the self-insurance proposal by the Group Insurance Board (GIB) on February 8. This proposal shifts the burden of health care costs, benefit levels, risks, and management to the State of Wisconsin from the 17 HMOs that have provided health coverage for over 20 years. **POWRS is deeply concerned about this proposal as it creates great risk and uncertainty for public employees, taxpayers, and insured citizens all across the state.**

The legislature's Joint Finance Committee (JFC) has to approve the proposed GIB self-insurance program. **We are urging the JFC to defer approving self-insurance until the following critical issues are satisfactorily addressed with additional study, including a third party audit regarding:**

- (1) **Impact on Wisconsin's health insurance market.** What are the likely effects of shifting 15% of Wisconsin's covered employee insurance market or 260,000 public employees from the current private sector to a state self-insured system?
- (2) **Unintended Consequences.** What are the non-public employee impacts? Will there be job losses, premium increases, coverage changes, etc. for other insured Wisconsinites? Will taxpayers be exposed to significant new costs?
- (3) **Anticipated budget savings.** Is the \$60 million "savings" promise a reliable figure? Does it take into account changes to ACA, increased administrative costs, and reserve requirements? Deloitte, an earlier consultant, had suggested a potential cost increase of up to \$100 million per biennium. Which is it? Who is right?
- (4) **Impact on public employees.** Teachers and public employees at all levels have shouldered large increases in out-of-pocket healthcare and pension costs over the past several years. What additional financial burdens will this program place on them? Will it drive our hard-working, public employees away from public service?
- (5) **National health insurance uncertainty.** Big changes are coming to the health insurance markets with the ACA being repealed and replaced in March. This hardly seems the best time to experiment with self-insurance as these two major health insurance changes could lead to significant market disruption all across the state.
- (6) **Time for more study is needed.** The rush to implement this proposal for 2018 is creating its own additional risk with so many lingering questions and uncertainties remaining. On a change this big, slowing down to do things right is the only course of action that makes sense. There is no room for error!
- (7) **Third-party analysis needed.** Segal Consulting has been the sole consultant preparing analysis and making recommendations for this proposal. POWRS believes it essential that a **third-party auditor** review data, analysis, and recommendations before acting on the GIB proposal. It must be based in reality; not wishful thinking.

Take Action!

Contact your legislators and the Joint Finance Committee now!

Joint Finance Committee contact information can be found at:
<http://docs.legis.wisconsin.gov/2017/committees/joint/1680>

Note: The entire legislature will eventually be drawn into discussions on health insurance during State Budget deliberations, but this IS the moment to contact Joint Finance Committee members.