

## **Legislative Alert**

### **“Look Before You Leap”: Know Effects of Self-Insurance BEFORE Adopting!**

The Walker Administration is racing to complete final work on adopting a self-insurance program for the 2017-2019 biennial budget. The lure is more than \$42 million in potential annual savings promised by Segal Consulting, the consultant to the Group Insurance Board (GIB). While there is nothing wrong with looking at ways to save money, there is something wrong when doing it to the exclusion of considering the adverse effects of such a change.

The health insurance marketplace is extremely complex and inter-connected: pull it here and something moves over there. To avoid the complete range of unintended consequences, (e.g. substantially less “savings” than expected, higher employee health premiums, loss of HMOs statewide, higher rates for all citizens), it is vital to slow down and do essential studies now.

### **Things to Consider**

\*\* On Monday, Nov. 14<sup>th</sup>, fourteen (14) health provider/plan organizations led by Wisconsin Medical Society and Wisconsin Hospital Assoc. sent a letter to Gov. Walker, GIB, and Joint Finance Committee pleading for the state to conduct appropriate studies of a self-insurance change on Wisconsin’s entire health care and insurance industry, and that such a study compare the proposed change to the current HMO-based system.

\*\*Segal Consulting was never required by the GIB to formally examine the possible adverse consequences of self-funding on the entire marketplace, taxpayers, and all consumers. Instead, they concentrated on potential “savings”, service offerings, and administration.

\*\* It is always the case that those who are hired to promote change have to show how it will occur. That always opens up the likelihood of “over-selling and over-promising”.

\*\* With the Affordable Care Act (ACA) likely to be repealed in full or part over the coming year, the \$18 million in savings that Segal had anticipated will never materialize. Self-insurance would most likely grossly under-perform when it comes to “savings”.

\*\*If not changed, there will be significant dislocation and confusion in many Wisconsin counties owing to reduced competition, new national insurers, loss of local HMOs, new coverage limits, etc. This confusion and dislocation will be greatest in counties presently served by five or more HMOs, (e.g. Manitowoc, Outagamie, Eau Claire, Columbia, Oconto).

Wisconsin is nationally known for its lower-cost, quality health care system for public employees. The average rate increase across all 17 HMOs for 2017 was an astonishing low 1.6%! Over 260,000 public employees and their families depend on access to health care that works. We owe them and all taxpayers a thorough look at the facts BEFORE changing this system that works.

Prepared by Protect our Wisconsin Retirement Security (POWRS), Nov. 2016. POWRS is a volunteer-based organization dedicated to protecting the Wisconsin Retirement System and seeking retirement security for all. Follow us on FaceBook at POWRS.