

Overview of Proposed Health Insurance Changes - Effective in 2018

On February 8, 2017, the Group Insurance Board (GIB) moved to support two major changes to the State Group Health Insurance Program: (1) implement a self-insured funding structure; (2) adopt a regional service model. If approved by the State Legislature, those changes would be effective January 2018.

What is a Self-Insured Funding Structure?

A funding structure is a mechanism for paying medical claims. In our current fully-insured funding structure, the health plan assumes the risk for health insurance claims; whereas in the proposed self-insured structure, the state would assume the risk for claims. The following table highlights the primary differences between self-insured and fully-insured funding structures.

Funding Structure	Fully-Insured (Current)	Self-Insured (Proposed)
Payments	State pays monthly premium to insurance company (carrier, health plan) that pays covered claims and overhead.	State pays covered claims and overhead.
Premiums	Premiums set by the insurance company to cover the expected expenses.	Premiums set by the State to cover the expected expenses.
Assumption of Risk	Insurance company assumes the risk.	State assumes the risk.
Plan Design	More restricted in plan design options.	Flexibility in plan design options.
Compliance Payments	More compliance payments.	Lower compliance payments.

How does a Regional Service Model work?

Currently, health plans are offered on a county-by-county basis. In the regional service model, the State of Wisconsin will be divided into four regions and the available plan(s) will be offered throughout that region. The State will reduce the number of insurance companies from 17 down to 6, which includes 1 statewide/nationwide option.

What is the impact to UW employees?

- In the new structure, **98% of all current providers (hospitals, doctors, specialists) are expected to be available**. Participants will have access to more Wisconsin providers primarily because the statewide vendor has broader networks than are currently available to most participants.
- Employees will need to choose a different carrier during the Annual Benefits Enrollment (ABE) period. Information will be provided in plenty of time to make decisions about which carrier to choose.
- No information on changes to premiums is available at this time, as those decisions are made in the fall of each year.

Next Steps

The legislature's Joint Finance Committee (JFC) must authorize any self-insurance contract for state workers. In order to move forward with the proposed 2018 implementation, a decision is due May 1, 2017. We will keep you posted.

More Information

Additional information is available from the Department of Employee Trust Funds (ETF) in a [News Release](#), a [5minute video overview of self-insurance](#) and [Frequently Asked Questions](#) at the ETF web-site.