The seminar started with a definition of self-insurance which means changing the risk-taking from an insurance company to the State of Wisconsin. There would still be a provider or two involved to handle the administration. The model the administration is pursuing could have more than one provider managing specific regions in Wisconsin. Since they would only be handling payments and administration, they would not have to be Wisconsin companies. An out-of-state company would be less likely to be concerned about prevention and the overall health condition of Wisconsin residents.

Representative Chris Taylor, part of the panel, said this was another example of the Legislature proposing something no one asked for. In other words, a solution in search of a problem. She said there was rumors of such a solution in the early days of the first Walker administration. However, they couldn't get their ducks in a row, perhaps partly because the official ETF actuary at the time, Deloitte Consulting, said self-insurance could save some money or it could cost a lot. They said no change was the safer choice.

A couple of years later, a new contract went out for an ETF consultant and Segal Consulting from Georgia was selected and replaced Deloitte. They did a report and were more supportive of self-insurance. The push for a self-insured model was underway.

What more recent state employees may not realize is that the Wisconsin group health insurance program used to be self-insured but changed to an HMO model back in the 1980's because the costs were rising so rapidly. Nancy Wenzel, currently CEO of the Wisconsin Association of Health Plans, worked in the Tony Earl administration at the time of the switch to HMOs and she said they spent a lot of time studying the issue and debating alternatives. The model they developed was an integrated system where insurance companies, hospitals, and health providers were required to work together and promote prevention. It's an unusual system unlike other states'.

According to the speakers at the ACE seminar, Segal Consulting has no prior experience in Wisconsin or with a health insurance system like

Wisconsin's. One of the first health insurance projects they worked on was changing the state employees in their home state (Georgia) to a self-insured model. So far, the change hasn't delivered on any of the promised cost savings. Other states that also made the change haven't been able to sustain the necessary reserves for a self-insured model and have had to transfer money from other areas like education to fund the reserves.

Why then would the administration push so hard for a change? A likely reason is that during the first few months of a newly implemented self-insured model the state would just be collecting payments from employees. They wouldn't start paying claims until later. This one or two month recess from paying claims would appear to lower costs for the first year and likely result in some short-term cost savings. The proposal is to implement this change in January of 2018. The next gubernatorial election would be in November of 2018. So a self-insured system implemented in early 2018 could result in some short-term, artificial cost savings for 2018. The Governor is also promising to use these projected savings to fund education.

This proposal is on the fast track with Group Insurance Board vote in December. The change would only have to be voted on the Joint Committee on Finance, NOT the entire Legislature. This means some important decisions will be made over the holiday season when people are likely to be paying less attention.

Below are links to a couple of articles in Wisconsin newspapers about the proposed change.

http://archive.jsonline.com/news/statepolitics/consultant-state-could-save-millions-of-dollars-on-health-insurance-b99469119z1-297555041.html

http://host.madison.com/wsj/news/local/health-med-fit/authorities-it-s-anyone-s-guess-whether-self-insuring-state/article_a8355804-306e-5dc2-9319-e874c8361718.html