

Public Employees and Taxpayers: Proposed State Self-Insurance Scheme is a Major Risk!

Wisconsin is moving to a “self-insurance” model for public employee health insurance. This change can have *major risks for taxpayers, active public employees, and retirees.* While this scheme may give the Walker administration \$43 million of short-term “savings” for his next budget, *“self-insurance” DOES NOT automatically save money over the long term and it may prove more costly.*

What are the problems?

- 1. The current program is working. Why change it?** The current competitive process with 17 HMO networks is working. For 2017, premium increases averaged only 1.6% which is incredibly low! Why would you change a system that can do this well?
- 2. Savings may be only short term.** The current Group Insurance Board (GIB) consultant has stated that \$43 million in “savings” will occur at start-up because of delayed claim filings. However, the previous consultant projected possible short-term savings of \$20 million and potential long-term costs of \$100 million. Ignoring long-term impacts is a “fools bargain.”
- 3. Unknown impacts on health care.** The proposal creates four service regions with perhaps only two existing provider networks per region. This could significantly disrupt coverage, doctor choices, premiums and co-pays for tens of thousands of people without proper care and planning.
- 4. The proposal has not been adequately studied.** Changing insurance plans on 260,000 people is a BIG deal! The short and long-term effects on taxpayers, public employees, and health provider networks must be thoroughly researched. Yet, to date, the GIB has shown little interest in understanding long-term impacts, unintended consequences, and actuarial investigation needs.
- 5. The process is being rushed.** Self-insurance is on a fast-track, so “savings” are available for the next budget. *Rushing through major change to meet budget cycle needs is a dangerous way to conduct public policy.* No public hearings are planned. *Is this the right way to protect both taxpayers and public employees?*

Good public policy comes from open debate on issues. Major policy changes should address real problems, be fact based, carefully researched, and allow for ample public input. The *Walker Administration has a habit of “fixing” largely non-existent problems with rushed “solutions” that cost taxpayers more.* Examples abound like the rejecting federal funding for Medicaid, transportation projects, rural broad-band funds and unwise, hasty changes to campaign finance laws, ground water protection, and voucher school expansion.

Whether Taxpayer or Public Employee: Get Involved!

The GIB’s rush to implement self-insurance must be **slowed down** and a more careful analysis done. Call your state representative and senator today. Ask them to:

1. Insist on a full analysis of the short and long-term impact of changing to a self-insured program.
2. Insist on public hearings and open debate on this issue this fall.

For more information, go to www.etf.wi.gov/videos/self-insurance.htm for a old video primer and go to <https://associationcareeremployees.org/> for the Aug. 2016 Newsletter of ACE (Association of Career Employees).

Prepared by POWRS (Protect our Wisconsin Retirement Security). POWRS is a group of activist volunteers who seek to protect the Wisconsin Retirement System (WRS) and seek retirement security for all. Follow POWRS on FaceBook at “POWRS”.