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.


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”.