

John Shiely: Reforming government means reforming government programs

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There is a big constituency for the government we have. Sometimes it seems there is almost no constituency for better or more cost effective government. Such is the case in regards to a money saving provision under consideration in the Governor's budget. The item is moving state employees to self-insurance.

The state can save at least \$60 million in the next 2-year budget by simply changing the way it pays for state employee health benefits. Those savings grow by at \$22 million more in general purpose revenue if repeal or delay of an ObamaCare tax does not occur. These are savings -based on actual bids to the state- that could be used for tax cuts, schools, or other government programs. Unfortunately those savings are at risk of being left behind by the Legislature.

Under a self-insured model, the state would pay employee health care claims directly via a third party administrator, rather than paying monthly premiums to an insurance provider. There would be minimal disruption to current enrollees because these third-party administrators are all providers under the current fully-insured system.

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In November 2015, Governor Scott Walker asked Department of Administration Secretary Scott Neitzel and me to co-chair a Commission on Government Reform, Efficiency, and Performance. With the combined experience of private sector

leaders and bipartisan officials from different levels of government, the Commission met 13 times throughout the state hearing ways to advance the Governor's state-wide effort to reduce the size of government, reduce spending, and deliver government services more efficiently and effectively.

The Commission discussed self- insurance of state worker health benefits and learned that a majority of states self-insure some employee health care benefits. In fact, 46 states partially or fully self-insure employee health care benefits. Nearly half are fully self-insured, including Minnesota. Wisconsin already self-insures its pharmacy and dental benefits as well as property and liability coverage.

The Commission also learned that 94 percent of employees in organizations of 5,000+ workers are in self-insured plans. Briggs and Stratton moved to a self-insured health plan and ultimately saved money and improved employee outcomes.

Both private and public sector members of the Commission spoke positively about transitioning to self-insurance. The Commission voted overwhelmingly, recommending 10 to 1 with one abstention in favor of the state pursuing self-insurance. The Group Insurance Board also voted overwhelmingly in favor of moving to self-insurance by a 10 to 1 margin. This Board is responsible for setting policy and overseeing the administration of the state employee health plan.

Savings from moving to self-insurance do not come from cutting benefits or shifting costs to employees. Also, it is estimated that virtually all of the current health care providers will be offered under a new self-insured model. Moving the state to a self-insured model means saving dollars without disrupting care.

No evidence has been presented demonstrating that removing state employees from fully-insured pools would negatively impact the overall statewide health insurance market. The idea that moving to self-insurance, as Minnesota did, will disrupt the market more than ObamaCare already has is simply not credible.

It is interesting to note that the very constituencies and businesses opposed to the state moving to self-insurance are themselves self-insured employers. Hmmm.

As the Legislature deliberates on the budget looking for funding for this or that program remember, there are millions of dollars lying on the table with self-insurance that they are considering not even picking up.

I co-chaired the Governor's Reform Commission because I am part of that constituency that believes in better and more affordable government. The Commission didn't believe we must settle for the government we have or the status quo especially when savings as large and easy as this are available to taxpayers. Therefore I would urge the Legislature to allow the state to move to self-insurance as recommended by the Administration.

— *Shiely is a former CEO of Briggs and Stratton*