

Rep. Nygren: Proposed changes to health plans continue to raise significant unanswered concerns

Posted on Tuesday, May 30, 2017

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Madison - On Friday, Department of Administration Secretary Scott Neitzel held a press conference touting the Governor's proposed move from a fully funded health insurance model for state employees to a self-insured plan. This plan is included as part of the 2017-19 State Budget recommendations that have been delivered to the Joint Finance Committee (JFC) for consideration.

"For years, the Legislature has raised valid concerns about this proposal, but the Administration continues to fail to address these concerns. With unsupported evidence, they claim self-insurance will save Wisconsin \$134.4 million in the upcoming biennial budget, but experts in the health insurance sector vehemently disagree," said Rep. John Nygren, Assembly Co-Chair of the budget-writing JFC.

"These savings are largely based on the use of reserves that were collected by the Group Insurance Board (GIB) on the backs of state employees and agencies," said Nygren. "Currently, the GIB is holding reserves in excess of the Board's adopted policy. According to Segal, the current fund level exceeds policy maximums by \$24.7 - \$80.8 million. The only way they could have accumulated these extra funds is by overcharging for health care coverage."

Wisconsin has tried to self-insure in the past but this strategy failed. In the 1980s, the state moved to our current fully funded model to stop ever-increasing health insurance costs.

“At the press conference today, Governor Walker’s Budget Director stated that the budget proposal projects premium increases of 7% annually,” said Nygren. “This means that the Governor’s recommendation is anticipating significantly higher premium increases than the current program has delivered.”

Over the past nine years, the average premium rate increase in Wisconsin has been just 3.7 percent. In 2017 alone, the increase was only 1.6 percent. Moreover, in that same nine year period, the bid-negotiate process used by the Department of Employee Trust Funds has provided \$283 million in savings.

“I agree with Secretary Neitzel that hardworking Wisconsin taxpayers should be keeping their hard earned money instead of sending it to Washington, but claims that self-insurance helps avoid an ObamaCare tax are unfounded,” added Nygren. “The ObamaCare tax has never been collected and there’s no evidence to show it will be collected in the future.”

As the state budget process moves forward, the JFC will continue to thoroughly review the plan and the varying issues associated with a proposed move to self-insurance.

“The proposal is in the Legislature’s hands. Budgeting is about priorities, and we need to make decisions based on what’s in the best interest of the people of Wisconsin,” said Nygren. “That said, I highly recommend the Administration work with the JFC to help address our long-standing concerns. It is my hope that we can come to an agreement that provides certainty for the people of our state.”

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