

Rep. Nygren: Self insurance proposal continues to fall short

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Madison - On Wednesday, the nonpartisan Legislative Fiscal Bureau (LFB) released information that clearly shows the Group Insurance Board's (GIB) miscalculations regarding Governor Walker's proposal to move state employees from Wisconsin's current fully-funded insurance model to a self-funded plan. These miscalculations inflate projected premium increases and misrepresent estimated savings.

Additionally, the information from LFB confirmed that the GIB was intentionally building reserves far above their approved reserve policy. Specifically, by the end of 2016, the GIB's reserves were \$18.4 million more than the maximum medical claims target and \$68.8 million more than their minimum target.

"These reserves were explicitly built to prepare for a move to self-insurance - a move that was not approved by state employees, agencies, or members of the legislature," said Rep. John Nygren, Assembly Co-Chair of the budget-writing Joint Finance Committee. "The lack of input and oversight is astounding. The GIB was overcharging for health care coverage instead of returning savings to the consumer."

According to LFB, the minimum savings estimated by Segal would equal less than half of the originally projected \$60 million in savings, assuming Segal's metrics are absolutely accurate. Unfortunately for the Administration, LFB makes a strong case that Segal's accuracy is questionable at best.

"It's interesting that the Department of Administration (DOA) continues to fail to

address the Legislature and state employees' concerns regarding self-insurance," said Nygren. "Again, DOA points to "savings" from an ObamaCare Tax that has never been, and may never be, collected. They are creating a false narrative consisting of savings that won't be realized."

Even if the Joint Finance Committee approved the recommendation to move to a self-insured model, miscalculations in savings would leave the biennial budget with a \$13 million hole.

"My colleagues on the JFC and I are committed to balancing the budget while protecting taxpayers and providing quality healthcare to state employees," said Nygren. "These goals cannot be accomplished with the Administration's inaccurate projections, wide-ranging miscalculations, and false truths."