

CTA Strategies: School districts could save 20% on health insurance costs, preserve benefits, with state employee insurance

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Madison, WI – Most Wisconsin school districts could save money and preserve existing health insurance benefits by banding together in a new risk pool, according to a new study authored by former Wisconsin Deputy Insurance Commissioner JP Wieske. School districts could save over 20% of their current health insurance costs. Teachers, who are currently required to pay 12% of their premiums, could benefit significantly.

According to a study released this month by Horizon Government Affairs, Wisconsin would save more than \$500 million of the \$2.3 billion spent annually by taxpayers on school health insurance by allowing districts to join the state's Employee Trust Funds (ETF) plan in a school-district-specific risk pool. Rural districts in particular stand to benefit a lot: by joining the pool, Richland School District would save \$994,301 annually, or \$5,036 per employee, while maintaining comparable health insurance benefits.

"Some school districts pay less for health insurance than others. For those that need a better deal, a new state pool would be a big help," said Wieske, who was a deputy insurance commissioner under former Governor Scott Walker.

Other big winners under the proposed plan would be Monroe School District at \$931,784 in annual savings (\$2,962 per employee), Black Hawk with \$169,342 annual savings (\$2,825 per employee), Oregon School District at \$1,166,009 in annual savings (\$2,116 per employee), and Milwaukee Schools at \$23,002,746 in

annual savings (\$2,409 per employee).

The average Wisconsin school district is now spending over \$21,000 annually for an insured employee family policy, according to the report. Twenty-one school districts have family policy deductibles that are \$10,000 or more.

School districts are responsible for buying their own health insurance since Act 10 was passed in 2011. The legislation overall reduced costs by increasing competition and choice in the school health insurance market. While this has worked for some, not all schools have benefited from these changes. The Horizon Government Affairs study found variation in costs for a significant number of school districts that cannot be attributed to health plan design.

“The savings weren’t magic,” says the study’s author, J.P. Wieske, a former Wisconsin Deputy Insurance Commissioner under former Governor Scott Walker. “Even though many school districts were able to take advantage of the flexibility offered by Act 10, we found that what school districts paid for health insurance varied widely – between \$450 per month and \$1400 per month for single coverage.”

According to the report, some of the advantages of including Wisconsin school districts in the state ETF program include the ETF’s expertise in the healthcare arena and its ability to negotiate competitive prices with private insurance companies as well as improved economies of scale. By offering HSA-qualified plans the school district pool could avoid adverse selection issues, and school districts can add additional benefits through contribution to an HSA or HRA. Other advantages include:

- Spread costs and risks over a larger group
- Reduce premiums and eliminate year-to-year spikes when someone in the district gets sick
- Make insurance simpler to buy
- Maintain choices for health plans while encouraging competition for school district business

The savings of joining the state EFT program could be significant for many school district taxpayers and employees, but the study found that not all districts would

benefit equally. The Riverdale District would only save \$169 per employee per year. Some districts like the Kenosha school district would actually pay more if they were added to a state risk pool. Because of the variation in savings for different districts, Wieske suggests that the joining the new pool be voluntary.

“For the majority of districts, especially smaller, rural ones, that do not have the leverage to get the best rates, a statewide pool makes a lot of sense,” says Wieske, “But those schools that have lower rates on their own should have the choice to keep them.”

A district-specific risk pool is not a new idea. The concept was first presented in research released by the Badger Institute, formerly the Wisconsin Policy Research Institute, arguing that free-market efficiencies and competition could be facilitated through the creation of a school district-specific risk pool. This year, Governor Tony Evers included funding in his budget to study the issue.

To download the study, click [here](#).