

Members of the Legislature

May 7, 2013

Dear Senator/Representative:

The Association of Career Employees is an association of active and retired state employees. For the last 30 years, ACE has advocated for effective state government made possible through merit-based civil service practices, appropriate employee benefits, and competitive compensation for non-represented employees.

ACE is concerned about the proposal in the Governor's Budget that requires the Group Insurance Board (GIB) to establish an optional high deductible health insurance plan and health savings account beginning January 2015.

The well respected firm Deloitte examined medical cost containment strategies adopted by various governments, and presented a report to the GIB earlier this year. This study was commissioned by the WI Department of Employee Trust Funds, and looked specifically at governments who had implemented these high deductible plans together with health savings accounts.

Indiana, Minnesota, Manitowoc County WI, and the Federal Employee Health Benefit Plan all offer High Deductible Health Plans with Health Savings Accounts (HSA's). However, none of them have achieved the cost savings accomplished by Wisconsin's managed competition approach. Wisconsin's health insurance costs for state employees have increased 4.1% below the national average trend, lower than any of these other governmental units.

There are significant risks associated with the High Deductible/HSA approach, including the impact of adverse selection on the other insurance options, the impact on retirees, and the federal requirements that HSA's cover services currently excluded from WI's state employee health insurance plan.

We strongly urge you to remove this provision from the budget, so the proposal can receive the scrutiny appropriate to such a major change to the currently successful cost containment approach used for state employee health insurance.

Sincerely,

Sally Drew
President