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2 By Supervisors Czarnezki, Sumner, Shea, Goodwin Sr., Wasserman, Rolland, Johnson,
3 Jr., and Logsdon
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5
6 **A RESOLUTION**
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8 Requesting the Department of Administrative Services Office of Performance, Strategy
9 and Budget collaborate with the Office of the Comptroller and Department of Human
10 Resources, to develop an informational report on the possibility of adopting the Dane
11 County Wisconsin State Employee Healthcare Plan (WSEHP) Model in Milwaukee
12 County to mitigate public employee healthcare cost inflation
13
14

15 WHEREAS, according to a July 2020 Brookings Institution article titled,
16 “Reopening America: Creating a more equitable healthcare system”, based on
17 Organisation for Economic Co-operation and Development (OECD) data, Americans
18 pay significantly more for their healthcare compared to peoples in any other developed
19 economy at approximately 17 percent of US gross domestic product, and that higher
20 spending is wasteful as it yields poorer health outcomes on average; and
21

22 WHEREAS, healthcare costs continue to pose a significant burden on local
23 governments across Wisconsin due to the necessity of appropriating more and more tax
24 dollars and subsequently higher proportions of budgets toward employee and retiree
25 health insurance, which poses a substantial roadblock for local governments to deliver
26 the essential services citizens expect and deserve; and
27

28 WHEREAS, excessive healthcare inflation exacerbates the fiscal stress of
29 Wisconsin’s local governments and Milwaukee County’s structural deficit, imposed by
30 the State’s statutory local government finance regime, which Milwaukee County
31 continues to address by seeking a fair deal partnership from the State to Move Forward
32 MKE (File Nos. 18-944, 19-161, and 19-831); and
33

34 WHEREAS, Milwaukee County has previously made efforts to reduce healthcare
35 costs by creating an employee wellness program which incentivizes better health
36 outcomes and therefore reduces catastrophic cases, and negotiating contract changes
37 with the County’s health insurance provider (File No. 18-944); and
38

39 WHEREAS, according to a joint University of Wisconsin – Madison and
40 Community Advocates Public Policy Institute paper from 2014 titled, “The Dane
41 Difference: Why Does Wisconsin’s Health Insurance Exchange for State Employees in

42 Dane County Get Much Lower Premiums Than Its Exchanges in 71 Other Counties?
 43 What Lessons Can Policymakers Learn?” (heretofore attached in this file), determined
 44 through the use of regression analysis, in 2013 an individual plan in the Wisconsin State
 45 Employee Health Plan (WSEHP) was approximately \$1,400 cheaper annually in Dane
 46 County, or 16 percent cheaper than the average in the remainder of Wisconsin; and a
 47 family plan was approximately \$3,500 cheaper, also 16 percent lower; and
 48

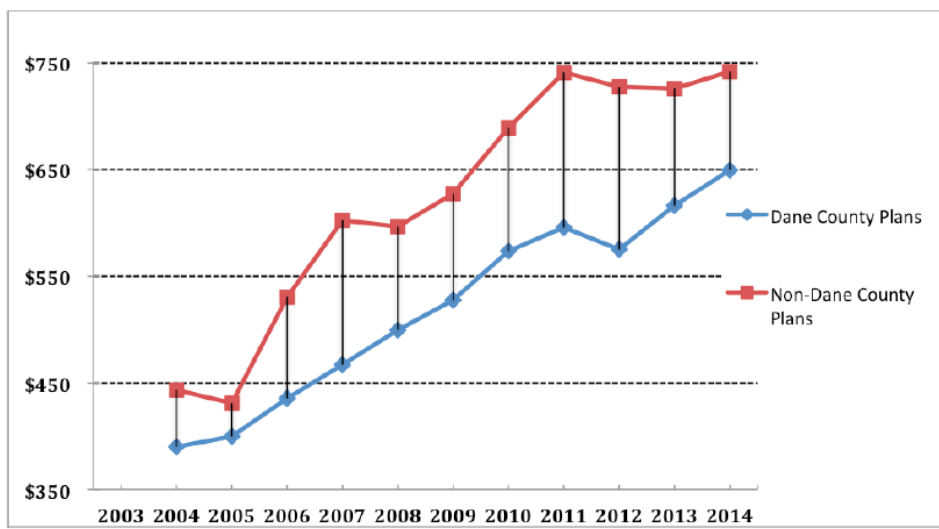
49 WHEREAS, these differences have existed for a long time, as illustrated by the
 50 following three figures from pages three to four of “The Dane Difference”:
 51

Figure 1. Comparison of the WSEHP Average Premiums

	Average Annual Individual Premium	Standard Deviation of Individual Premium	Average Annual Family Premium	Standard Deviation of Family Premium
Dane County	\$7,396.50	\$54.19	\$18,434.40	\$136.70
Other Counties	\$8,780.25	\$25.64	\$21,909.55	\$122.47
Difference	\$1,383.75	\$28.55	\$3,475.15	\$14.23

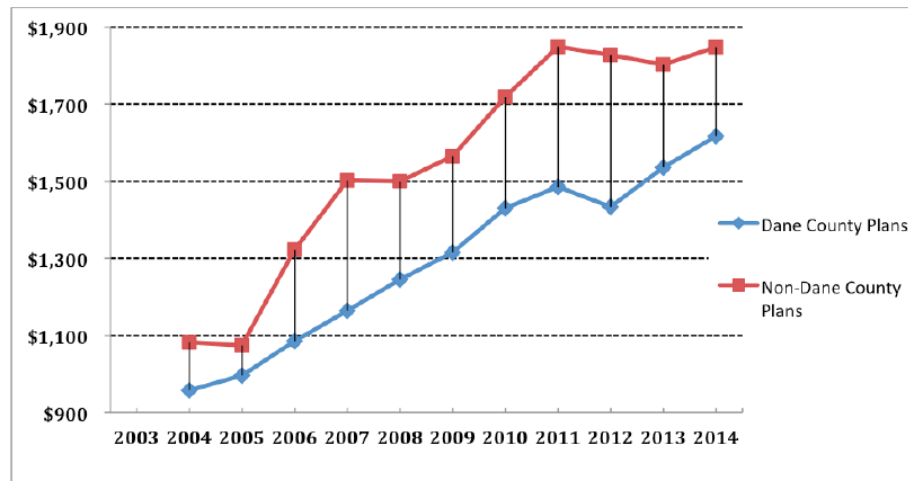
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Figure 2. Cost Trend of Individual Monthly Premiums in the WSEHP



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Figure 3. Cost Trend of Family Monthly Premiums in the WSEHP



55
56 ; and

57
58 WHEREAS, the capacity of the WSEHP to significantly mitigate rising employee
59 health insurance costs in Dane County than in Wisconsin's other 71 counties is *not* the
60 result of differences between *who* is covered, but rather *how* Wisconsin's health
61 insurance program for State employees operates in Dane County versus the other 71
62 counties; and

63
64 WHEREAS, the specific reasons the "The Dane Difference" identified for why the
65 WSEPH restrains employee health insurance costs in Dane County relative to all other
66 Wisconsin counties were:

- 67
- 68 1. The relatively large share (approximately half) of State employees, their spouses,
69 and dependent children, in Dane County constituted a larger percentage of the
70 county's non-Medicaid/non-Medicare population compared to the *small share*
71 such covered lives represented in Wisconsin's other 71 counties
72
 - 73 2. The large number of high-quality healthcare plans (also integrated delivery
74 systems) competing to provide health insurance in Dane County compared to
75 *fewer* high-quality plans (also integrated delivery systems) in the other 71
76 counties
77

78 ; and

79
80 WHEREAS, the WSEPH evaluation discussed in "The Dane Difference"
81 suggests that all of the conditions which enable the WSEPH to do a superior job of
82 constraining State employee health insurance costs in Dane County *could* possibly be

83 met for government employees in the remaining Wisconsin counties if the following
84 conditions present in Dane County were to apply in the remaining Wisconsin counties:

- 85
86 1. Inclusion in a single purchasing pool of a very large percentage of the county's
87 population not enrolled in Medicaid or Medicare,
88
- 89 2. A policy which WSEPH follows in all counties offering State employees a choice
90 among competing health insurance plans, but clearly incentivizing employees to
91 select the lowest cost plan(s) by requiring them to pay extra if employees opt to
92 enroll in a more costly plan (this policy's intent incentivizes lower premiums and
93 improved quality, and therefore more competitive plans, in perpetuity),
94
- 95 3. Offer employees included in the very large purchasing pool a significant number
96 (three or four) of high-quality healthcare plans which optimally are integrated
97 delivery systems,
98

99 ; and

100
101 WHEREAS, the first and perhaps most critical of the aforementioned conditions –
102 a purchasing pool with a *very large share* of a county's population – unfortunately does
103 not currently exist outside of Dane County, including Milwaukee County; and

104
105 WHEREAS, the Dane County WSEHP provides health insurance for
106 approximately 25 percent of that county's non-Medicaid/non-Medicare population, while
107 WSEHP only provides health insurance for between 5 and 15 percent of the same
108 population in the rest of the State, including Milwaukee County; and

109
110 WHEREAS, Milwaukee County can play a constructive role in constraining health
111 insurance cost inflation for the County's own employees and those of Milwaukee area
112 municipalities, school districts, and special units of government by making the crucial
113 step of leading in the replication of the Dane County WSEHP Model; and

114
115 WHEREAS, the Committee on Personnel, at its meeting of October 20, 2020,
116 recommended adoption of File No. 20-683 (vote 5-0); now, therefore,

117
118 BE IT RESOLVED, Milwaukee County hereby requests the Department of
119 Administrative Services Office of Performance, Strategy and Budget (DAS-PSB) works
120 in conjunction with the Office of the Comptroller and the Department of Human
121 Resources to study and develop an informational report which shall be reported to the
122 County Board of Supervisors no later than the March 2021 Cycle, examining the
123 possibility, efficacy, necessary steps to undertake, and fiscal impact of applying the

124 conditions present in the WSEHP Dane County Model for the purpose of constraining
125 cost inflation of employee health insurance, specifically:

- 126 1. Inclusion a very large percentage of the county's population not enrolled in
127 Medicaid or Medicare in a single purchasing pool
128
- 129 2. Offering public employees a choice among competing health insurance plans,
130 but clearly incentivizing employees to select the lowest cost plan(s) by requiring
131 them to pay extra if employees opt to enroll in a more costly plan
- 132
- 133 3. Offer employees included in the very large purchasing pool a significant number
134 (three or four) of high-quality healthcare plans which optimally are integrated
135 delivery systems
136

137 ; and
138

139 BE IT FURTHER RESOLVED, Milwaukee County requests the report include the
140 total number of covered lives from Milwaukee County public employees, public
141 employees of all 19 of its municipalities, all school districts, and special government
142 units which provide health insurance, including the percentages these covered lives
143 (based on residency) represented as a share of the non-Medicaid/non-Medicare
144 population of Milwaukee County and any other county where employees and their
145 families may reside; and
146

147 BE IT FURTHER RESOLVED, Milwaukee County requests the County Clerk
148 provide a copy of the informational report to all members of the Intergovernmental
149 Cooperation Council (ICC), all Milwaukee County school districts, and all special units of
150 government in Milwaukee County.
151

152
153 10/20/2020

154 S:\Committees\2020\Oct\PER\Resolutions\20-683 Wisconsin State Employee Healthcare Plan - no edits.docx