


TO: Board of Estimates

FROM: Mike Lipski 
Compensation and Benefits Manager

DATE: September 12, 2011

RE: High Deductible Insurance Plan

The City of Madison participates in the Wisconsin Public Employers Group Health Insurance program (Plan) administered by the State Department of Employee Trust Funds and overseen by the Group Insurance Board. The Plan allows employers to choose whether to participate in what is referred to as the “Traditional HMO with Standard Plan” (traditional) option or the “Deductible HMO with Deductible Standard Plan” (deductible) option. Prior to the 2012 plan year, all employees of an employer had to participate in the same plan, and the City offered the traditional option to employees.

The Group Insurance Board made a change in August, 2011, effective with the 2012 plan year, that allows employers to divide participation in the traditional and deductible options based on bargaining unit/employee group. The uniform schedule of benefits offered under each option is identical. However, under the deductible option, employees will be required to pay the first \$500 of incurred expenses for a single plan, or \$1,000 for a family plan, out of pocket. Because the employees have out-of-pocket expenses, the premiums are lower, which can save the City money over the course of the plan year. The attached resolution would allow the City to move certain bargaining units, specifically Police, Fire, and Police Supervisors, into the deductible option.