



STATE OF WISCONSIN
Department of Employee Trust Funds
Eric O. Stanchfield
SECRETARY

801 W Badger Road
PO Box 7931
Madison WI 53707-7931
1-877-533-5020 (toll free)
Fax (608) 267-4549
TTY (608) 267-0676
<http://etf.wi.gov>

CORRESPONDENCE MEMORANDUM

DATE: October 21, 2005
TO: Group Insurance Board
FROM: Arlene Larson Manager, Self-Insured Health Plans
SUBJECT: Local Annuitant Health Plan Rates 2005

This memo is for the Board's information only. No action is required.

Attached are the rates for the Local Annuitant Health Plan (LAHP) effective January 1, 2005. LAHP is a fully insured plan provided by the Standard Plan administrator, Blue Cross & Blue Shield of Wisconsin, pursuant to s. 40.51(10). It is available on an individual basis to local government annuitants. This year's increase for the Medicare supplement Classic Blue is 13.68% and the increase for the under age 65 Copay Plan is 12.32%.

These increases are larger than those seen in the past few years due to higher claim costs in the most recent 12 months of experience. The overall loss ratio for August 1, 2003 through July 31, 2004 was 91.25%. There was one high cost claim worth \$162,205. This claim is expected to be similar in cost in next year's experience period.

LAHP was authorized in the statutes on July 1, 1988 as a health insurance program for retired local government employees and their dependents. The program is designed to offer individual coverage to those retiring local government employees who are not offered a group plan by their municipal employer. The program is voluntary. There is a copay plan for those under age 65, and a Medicare supplement for those over 65.

As many municipalities offer coverage for their annuitants, LAHP insures a very small population and is subject to adverse selection. The rates are provided annually in November, following the establishment of Medicare deductibles for the following year.

Encl.

Reviewed and approved by Tom Korpady, Division of Insurance Services.

Signature Date

Board	Mtg Date	Item #
GIB	11/16/2004	5