



M3 Benchmark Report for Public Sector Employers

Public sector employers throughout Wisconsin have the difficult task of employing a talented workforce to meet the diverse needs of the communities they serve, while at the same time meeting the parameters of budgets which often have fiscal constraints. This report, the M3 Benchmark Report for Public Sector Employers, focuses on the state of health insurance plans for the public sector employers in Wisconsin.

OVERALL COSTS

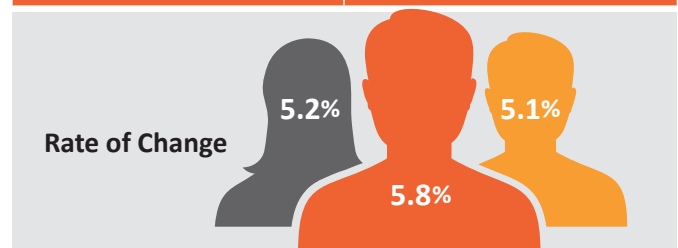
In 2020 public sector employers in Wisconsin experienced a 5.2 percent increase in health plan premiums. This rate of change is slightly above, but in line with, rates noted for the public sector (4.4 percent) and historical norms as reported in the 2020 M3 Trend Report.

For the purposes of this report, we note trends and costs for school districts and local governments. Over the past year school districts experienced a 5.1 percent increase in costs whereas local governments saw a 5.8 percent rate of change.

When looking at annual average cost per employee the public sector averages \$18,266 cost per employee, with educational entities averaging \$18,319 and local governments at \$17,874. While overall costs and trends for both educational entities and local governments are similar, they have differences which are explored in this report.

| Region | Overall Sector Cost | Rate of Change |
|------------|---------------------|----------------|
| Eau Claire | \$18,665 | 8.0% |
| Green Bay | \$18,804 | 3.1% |
| Madison | \$16,967 | 4.8% |
| Milwaukee | \$19,772 | 7.7% |
| Wausau | \$19,772 | 5.9% |

| Type | Overall Costs |
|-------------------|---------------|
| Public Sector | \$18,266 |
| Education | \$18,319 |
| Local Governments | \$17,784 |



PLAN DESIGN

The way an insurance plan is structured in regards to out-of-pocket costs can greatly affect premium costs and be used to drive consumer behavior. There are **two major factors** within plan structures that appear to demonstrate a similar approach in the public sector yet have different outcomes.

| THE FIRST FACTOR IS EMPLOYEE CONTRIBUTION | | | |
|---|---------------|-----------|-------------------|
| | Public Sector | Education | Local Governments |
| Single Contribution | 13.1% | 13.1% | 13.1% |
| Single Amount | \$100 | \$100 | \$95 |
| Family Contribution | 13.3% | 13.3% | 12.9% |
| Family Amount | \$246 | \$245 | \$248 |

Health insurance plan premium costs are typically shared between an employee and their employer. The data shows a nearly mirror approach with educational entities and local governments when it comes to employee contribution towards health insurance premium costs. Across the board public sector employers are asking employees to share a near identical percentage of costs. The only variation is a minor difference in family plan contributions (12.9 vs. 13.3 percent).

| THE SECOND FACTOR IS COST SHARING | | | |
|-----------------------------------|---------------|-----------|-------------------|
| | Public Sector | Education | Local Governments |
| Deductible | \$1,885 | \$1,953 | \$1,564 |
| Max Out of Pocket | \$2,741 | \$2,908 | \$2,554 |
| Office Visit | \$20 | \$21 | \$16 |
| Urgent Care | \$42 | \$44 | \$33 |
| Specialist | \$31 | \$34 | \$19 |
| Emergency Room | \$169 | \$178 | \$130 |

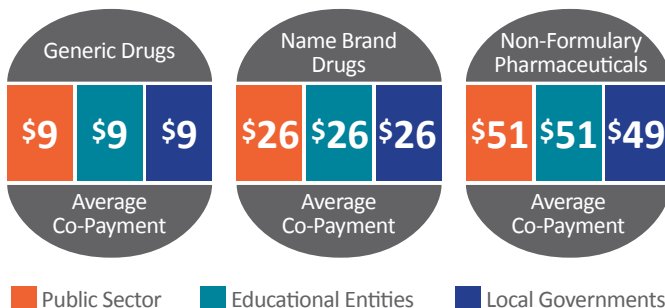
Cost sharing comes in two forms: the amount that a plan member pays before the insurance contributes to medical expenses or pays in total and co-payments, which are payments for accessing service.

When looking at deductibles and out-of-pocket maximums we see the differences come into focus. In both cases the cost sharing for educational entities is higher than for local governments.

This phenomena carries over to co-payments for accessing medical services. When visiting a physician’s office, an urgent care facility, a specialist or an emergency room, the average co-payment is higher for educational entities than for local governments. An example is that the average co-payment for visiting an emergency room in the public sector is \$169, with local governments averaging a \$130 co-payment whereas educational entities averaging \$178 per visit.

PHARMACEUTICAL COSTS

One area which is extremely consistent is cost sharing for accessing prescription drugs. The differences are minimal to the point that they lack significance. This is borne out for all three major categories of prescription drugs.



The public sector appears to have lower cost sharing for prescription drugs than the private sector but, more notably, takes a consistent approach to prescriptions which are often designed to be preventive and/or for health maintenance in nature.

CONCLUSION

While public sector entities are often lumped together, this data demonstrates the nuances within the sector. Overall costs and approaches appear to be quite similar but the execution of their respective plans demonstrates that local governments and educational entities may have unique risk factors. Risk factors and claims data are often the primary drivers as organizations design their insurance plan.

To learn more about how your health plans stack up compared to the market, contact your M3 account team.

METHODOLOGY

The 2021 M3 Benchmark Report for Public Sector Employers is based on data available as of December 10, 2020. The data represents 461 distinct health plans from 194 distinct public sector employers in Wisconsin, all of which are M3 clients.



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