



# M3 Benchmark Report for Public Sector Employers

Public sector employers have the difficult task of attracting and retaining a talented workforce while working within the parameters of tight budgets. The M3 Benchmark Report for Public Sector Employers focuses on health insurance plans offered by public sector employers in Wisconsin, with the goal of providing data that can assist public entities as they make choices with these challenges in mind.

## OVERALL COSTS

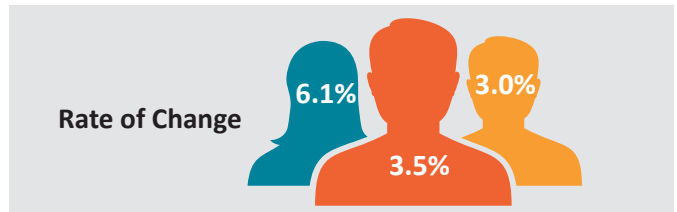
Over the past year, public sector employers in Wisconsin experienced a 3.5 percent rate of change in health premiums. This rate of change is slightly lower than the rate noted for the public sector (4.0 percent), and historical norms as reported in the 2021 M3 Trend Report.

In 2021, school districts experienced a 3.0 percent increase in costs, whereas local governments saw a 6.1 percent increase.

When looking at overall annual average health care cost per employee, the public sector averages \$18,911 per employee, with educational entities averaging \$19,008 and local governments at \$18,347. While the overall costs and trends for both educational entities and local governments are similar, they have key differences that are explored in this report.

Region	Overall Cost	Rate of Change
Northcentral WI	\$ 20,798	4.2%
Northeast WI	\$ 19,017	2.9%
Southcentral WI	\$ 17,504	4.2%
Southeast WI	\$ 19,457	2.2%
Western WI	\$ 19,374	3.1%
<b>Overall</b>	<b>\$ 18,911</b>	<b>3.5%</b>

Type	Overall Costs
Public Sector	\$ 18,911
Education	\$ 19,008
Local Governments	\$ 18,347



## PLAN STRUCTURES

Employers structure out-of-pocket costs in an insurance plan to drive certain behaviors, but these decisions can also greatly affect premium costs. When examining our data, there are two factors within public sector plan structures that *appear* to demonstrate a similar approach, yet have different outcomes.

THE FIRST FACTOR IS EMPLOYEE CONTRIBUTION			
	Public Sector	Education	Local Governments
Single Contribution	12.6%	12.8%	11.5%
Single Amount	\$101	\$103	\$88
Family Contribution	13.2%	13.3%	12.7%
Family Amount	\$257	\$257	\$255

Health insurance plan premium costs are typically shared between an employee and employer. The data shows that educational entities and local governments take a similar approach in **employee contribution** towards health insurance premium costs, though local governments have slightly lower contribution requirements.

## THE SECOND FACTOR IS COST SHARING

	Public Sector	Education	Local Governments
Deductible	\$2,074	\$2,139	\$1,757
Max Out of Pocket	\$2,985	\$2,920	\$3,033
Office Visit	\$21	\$22	\$18
Urgent Care	\$44	\$45	\$40
Specialist	\$33	\$35	\$25
Emergency Room	\$174	\$178	\$150

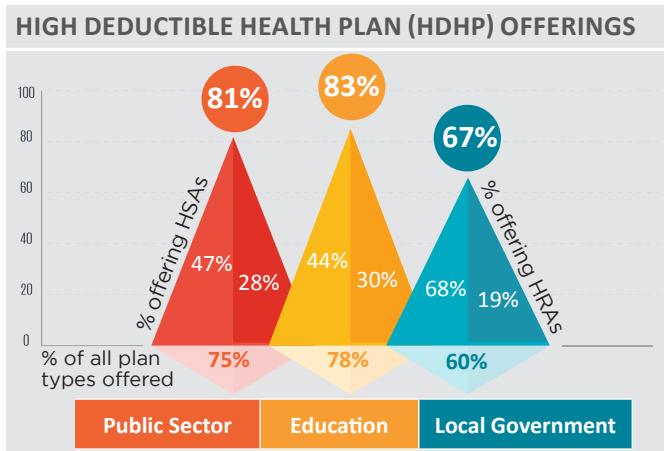
**Cost sharing** comes in two forms: the amount that a plan member pays before the insurance contributes to medical expenses and co-payments, which are essentially member payments for accessing specific types of service.

When looking at deductibles and out-of-pocket maximums, we see that deductibles are trending higher for educational entities than for local governments, while out-of-pocket maximums are slightly higher for governmental entities.

This trend carries over to co-payments for accessing medical services. When visiting a primary care physician's office, an urgent care facility, a specialist or an emergency room, the average co-payment for a member is, again, higher for educational entities than for local governments. For example: the average co-payment for visiting the emergency room in the public sector is \$174, with educational entities averaging \$178 per visit, while local governments average \$150 per visit.

## HIGH DEDUCTIBLES & SAVINGS PLANS

We tend to think of public sector employers as offering traditional, rich health insurance plans. However, the data is clear that a high percentage of public sector employers (81 percent) are offering plans with deductibles that reach the current "high deductible plan" threshold (\$1,400) as set by the Internal Revenue Service.



This is coupled with the data showing that public sector employers are following market trends and leveraging health savings accounts (47%) and health reimbursement arrangements (28%) on the HDHP eligible plans offered. The usage of these health savings mechanisms is an indicator of the creativity being leveraged by public sector decision makers.

## CONCLUSION

While public sector entities are often lumped together, this data demonstrates the nuanced differences between educational and governmental entities. Overall the employee contribution costs are similar. However, educational entity health plan participants have a slightly higher cost share due to the nature of their risk pool.

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

## METHODOLOGY

The 2022 M3 Benchmark Report for Public Sector Employers is based on data available as of December 1, 2021. The data represents 424 distinct health plans from 226 distinct public sector employers in Wisconsin, all of which are M3 clients.



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