



Participating in the recent meeting held to discuss formation of a health insurance cooperative in the St. Croix Valley were (left to right) Bill Rubin, executive director of the St. Croix Economic Development Corp.; Sen. Sheila Harsdorf (R-River Falls); Bill Oemichen, president/CEO of the Wisconsin Federation of Coops; and Pam Grove, director of human resources and benefits, Land O'Lakes.

Group looks at forming healthcare co-op in area

It would allow businesses to form pool to buy more affordable health insurance

By Brenda Bredahl
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An old idea is gaining new life as business and community leaders in western Wisconsin explore the concept of a health-insurance cooperative for the area's small businesses.

Affordable health insurance for small businesses is an issue across the nation, and the cooperative model, with roots in rural utility service, may be an answer to small business needs, said Bill Oemichen, president and CEO of the Wisconsin Federation of Cooperatives (WFC).

Oemichen spoke recently at a presentation sponsored by Sen. Sheila Harsdorf (R-River Falls) and Bill Rubin, executive director of the St. Croix Economic Development Corp., based in Hudson. The event was held in Baldwin to discuss the formation of a cooperative in the St. Croix Valley.

About 100 business people, community leaders, and others attended the presentation on establishing a member-owned, member-directed cooperative for health-insurance purchasing.

"It's great to see this turn-out," Oemichen said. "But individuals and businesses have to step up and say we're really interested in investing the sweat equity to make a cooperative work. The WFC wants to make sure any cooperatives that develop in the state have good reputations. We don't want any to fail, and personally, I would like to see one in the area that I used to live in be successful," said Oemichen, who once lived in St. Croix County.

Wisconsin is the No. 2 state in the nation for

cooperatives, including those for ag production, processing, supply, and marketing; as well as credit unions, utility and telecom companies, insurance, and healthcare providers, he said.

Wisconsin's first health-insurance purchasing co-op, Farmer's Health Care Cooperative (FHCC), which the WFC helped establish, celebrated its first anniversary in 2008. The Harvard School of Business is studying the first-year success of the FHCC, Oemichen said. Another member-owned health-insurance purchasing cooperative for physicians has recently formed in the Milwaukee area.

"It's not going to get a cooperative a bargain-basement plan," said Oemichen. "The purchasing power will get the cooperative an affordable, high quality plan with a long-term expectation."

As a result of the presentation, local leaders have formed a steering committee to explore interest in, and establishment of, a health insurance cooperative that could include sole proprietorships, partnerships, shareholder owned corporations such as LLCs and C-corps, and other business enterprises.

Typically, cooperatives form with a regional focus, and the board directs membership and other operating principles.

Steve Healy, who recently retired as president/CEO of the Pierce-Pepin Electric Cooperative, serves as chair of the 11-member steering committee.

In 2003 and 2005, Harsdorf authored bills that authorized the formation of cooperatives for purchasing health insurance, based on the idea that the greater the pool, the lesser the risk. Because the risk is pooled across all co-op members, the cooperative is likely to have better bargaining power for competitive premiums, rate stability, and quality coverage than an individual business, said Oemichen.