

Regional health insurance cooperative effort under way

Prospective members can learn more on May 14 webcast

By Doug Stohlberg
hsoeditor@rivertowns.net

A group in western Wisconsin has led the way in starting a health co-op as a way for businesses, especially small business, to offer competitively priced health insurance to employees.

Cooperative Health Choices of Western Wisconsin was formed in late 2008, and organizers hope to have the plan in motion by October 2009. To get the project before prospective clients, a webcast has been scheduled for Thursday, May 14, from 11:30 a.m. to 1 p.m. Prospective members of CHC can go to www.stcroixedc.com or www.unitedscv.com/chchealth.htm to participate in the webcast.

"Many businesses are at the mercy of double-digit rate increases or are priced out of the market and are unable to provide health insurance as a benefit," said Steve Healy of River Falls, president of CHC. Also on the steering committee and very active in the CHC effort is Bill Rubin, executive director of the St. Croix County Economic Development Corp.

The effort, however, has a broad scope — CHC covers a 17-county region in west-

ern, west central and north-west Wisconsin. The region includes Ashland, Barron, Bayfield, Burnett, Chippewa, Clark, Douglas, Dunn, Eau Claire, Pepin, Pierce, Polk, Price, St. Croix, Sawyer and Washburn counties.

Rubin is optimistic about the co-op effort.

"This is a relatively new concept under state law," Rubin said. "Legislation put forward in 2003 and 2005 allowed the co-op model to exist."

He credited State Sen. Sheila Harsdorf, R-River Falls, for championing the effort.

"Our first presentation to the public was on April 18, 2008," Rubin said. "It was a Friday meeting, at a bad time (12:30 p.m.) and the weather was bad. Despite all that, we had over 100 people in attendance."

Most of those at the meeting wanted to see the co-op effort move forward.

"We've been toiling in obscurity for most of the past year, but we put together an interim board and established bylaws; we filed articles of incorporation with the state of Wisconsin and St. Croix County," Rubin said. "We also took a very important step in late 2008 by making application to the Wisconsin Office of Insurance. In early February, we received OCI approval."

The local group has been modeling the CHC after a co-op established in the Green Bay area over two years ago. Healthy



PHOTO BY DOUG STOHLBERG

St. Croix County Economic Development Corp. Executive Director Bill Rubin, left, and Steve Healy of River Falls, right, are the driving force behind an effort to bring affordable health insurance to small businesses in northwest Wisconsin.

Lifestyles Cooperative of Brown County was one of the first in the state to establish a health co-op after the laws were changed and now serves over

230 member companies and about 3,000 employees.

The appeal of the co-op is that small businesses — everything from sole proprietors to small corporations to local governments — can pool resources and buy health insurance at much more competitive group rates.

Healy said the CHC will be available to the self-employed, partnerships, for-profit corporations, non-profit corporations, trade and labor organizations, rural utility co-ops and local

units of government.

"We want to be very inclusive rather than exclusive," Healy said.

Another thing unique about the CHC model is that organizers want local insurance brokers to be involved in the program.

"The broker network is important — they are the sales people," Healy said. "If they can provide our product — a better product for many clients — it makes them look good too."

Healy also sees the co-op model offering a strong "wellness" aspect. He said there may be strong financial incentives for people to promote healthy lifestyles. He said it's an important

aspect of any insurance program with higher deductibles.

"When we get our group to be insured together, we will seek a three-year rate cap," Healy said. "That means the contracts may limit rate increases in three-year packages and allow businesses to avoid the 20 percent increases some are now seeing in insurance rates each year."

Selection of an insurance company will occur after the distribution of a request for proposals.

Rubin admits there may be skeptics to the co-op insurance plan, but he firmly believes the effort is on the right track.

Some detractors believe co-op pools may be left with just the people who are high risks after a length of time. They say that businesses with healthy employees would move to private coverage elsewhere, leaving the co-op in — what Rubin calls — the "death spiral." Rubin, however, disagrees.

"Private group carriers won't even look at one-person operations, and rates for small businesses are extremely high — we are in a new day when even insurance plans offered to employees by large, private businesses have provisions that include high deductibles and wellness incentives," Rubin said. "That makes the co-op model much more attractive. The Healthy Lifestyles Cooperative of Brown County continues to grow and is doing very well."

Rubin said the co-op model is similar to what people did a couple of generations ago.

"Our grandparents

formed rural co-ops to get electricity and telephone service to their homes," Rubin said. "They pooled their resources to make it possible to get a product that was not available to them."

The health co-op operates in a similar fashion, pooling resources and people to reduce the high cost of goods and services, and increase bargaining power.

Healy is chair of the steering committee that has put together the CHC program locally. Now retired, he has a strong co-op background, having headed the Pierce-Pepin Electric Cooperative based in Ellsworth.

Other committee members are Linda Skoglund (JA Counter Associates, New Richmond), Linda Hines (Employee Benefits Administration Services LLC, Ellsworth), Jerry Chasteen (Regional Planning), Lisa Montgomery (Menomonee Area Chamber), Rosanne Bump (River Falls Chamber), Bill Warner (Pierce County Economic Development), Carol Bulman (The RiverBank Insurance Agency, Osceola), Darcie Paradies (Fantastic Sam's stores in Hudson, New Richmond and River Falls) and Bill Rubin.

The webcast set for May 14 allows attendees to send questions to presenters through their web browser. Participants must have a web browser and media viewer. The webcast will be archived for those unable to attend.

For more information, contact Rubin, (715) 381-4383, or Healy, (715) 781-9081.