

The WEAC Insurance Monopoly Strikes Again

by Scott Niederjohn

A recent article in the *Small Business Times*, dated June 9th by Eric Decker, documented an astonishing decision by the Kenosha Education Association (the teacher's union in Kenosha). Facing a budget shortfall of \$7.2 million this year, the Kenosha school district asked each of their labor groups to switch their health insurance provider from the WEA Trust to Minneapolis-based United Healthcare. The coverage offered by United Healthcare has the same benefits and cost sharing provisions as the WEA Trust plan currently used by the district's employees. All of the labor groups within the district, except for the teacher's union, chose to make this change and save the district over \$3 million in benefit costs. Another \$3 million would have been saved if the teacher's had switched to this identical insurance plan as opposed to remaining with the union owned insurance provider.

The most remarkable part of this story is that because the teachers chose not to make this switch, the district has been forced to layoff 40 teachers to alleviate their budget shortfall. The teachers had been told in April that layoffs would be required if the health insurance switch was not made. In other words, the teachers chose to remain with the overpriced WEA Trust health plan even though identical benefits were available that would have saved fellow union teacher jobs. What is going on here?

Unfortunately, this story is not all that rare in Wisconsin. The health insurance market for public school teachers is dominated by the Wisconsin Education Association (WEA) Insurance Corporation, an affiliate of the state's largest teachers union. The WEA Insurance Corporation writes health insurance coverage on teachers in approximately 78% of districts in the state. In most districts, the carrier has been chosen through a no-bid process.

A Wisconsin Policy Research Institute report (January 2005) estimated that if public school teachers were included in the state employee health insurance pool (the plan that all state of Wisconsin employees use), the savings on health insurance would exceed \$100 million per year state-wide. If shared with the teachers, this would represent an average yearly salary increase of \$1,448 per Wisconsin public school teacher.

School districts all over the state are starting to figure this out. Recent media stories reporting on negotiations between teacher's unions and school districts frequently document the district's desire for the teachers to leave the WEA Trust insurance plan and free up money to use for educational purposes. Unfortunately, when faced with this decision, Kenosha teachers chose to line the pockets of their union-owned monopoly insurance company over educating kids. Hopefully, other state teacher's unions will quit playing politics and think about the kids they are being paid to teach.