

EXCLUSIVE: The Ultimate Act 10 Victory; WEA Trust Pulls Out Of Health Insurance Market

By Mark Belling, WISN-AM

Prior to the passage of Act 10 in 2011, a health insurance company created by the state teachers union controlled virtually 100 percent of the health insurance market for school districts in the state and charged rates drastically above prevailing market prices.

Ten years later, that company, WEA Trust, is bailing out of the health insurance market. This may be the single biggest accomplishment of Act 10, the reform law passed by Governor Scott Walker and the GOP legislature. Prior to Act 10, teachers unions could bargain on anything in their contract negotiations and virtually all of them demanded that health insurance be provided by WEA Trust, the company created by the union. WEA Trust, knowing it had a guarantee to get business, often charged rates as much as double those of other health plans for government workers.

Act 10 barred unions from negotiating on anything other than pay so WEA Trust's monopoly was gone. The company tried to compete by lowering its once exorbitant prices but has gradually lost business to insurers that were more competitive. The savings to state taxpayers is in the tens of millions of dollars.

This week, WEA Trust confirmed that it is exiting the health insurance market but will continue to sell niche insurance products like long term care plans. But the once core health insurance business is dead.

The tactic of the teachers union to force districts to buy insurance from a union created company and then gouge those districts with obscene prices was one of the most despicable of the tactics of the Wisconsin Education Association Council before Act 10. The ability of Walker and the GOP to pass Act 10 killed most of the union's power and only a decade later its health insurance company has gone from overpriced racket to essentially dead.

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