

## Virgin Islands to Study Feasibility of Self-Funded Health Insurance Amid Rising Costs and Fiscal Concerns

**The GESC Health Insurance Board commissioned a case study on self-funding. Officials cited potential savings but warned of high risks, rising claims, and the need for secure reserves as lawmakers voted to keep the Cigna contract in place for now.**

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Although government employees in the Virgin Islands will continue to be covered by a standard group health insurance plan for now, this does not mean that the self-funding option is off the table.

Beverly Joseph, chair of the Government Employees Service Commission Health Insurance Board, disclosed that a case study is now being commissioned to assess the feasibility of a self-funded insurance scheme. “We have to do the outline just to see if this plan could sustain going to self-funding,” Ms. Joseph told lawmakers during a Committee of the Whole hearing on Wednesday. The case study will be performed by the Gehring Group, the Board’s consultant.

Governor Albert Bryan Jr. has touted self-funding as a cost-saving mechanism. In a [recent op-ed](#), the governor stated that “the concern that the government may not be able to cover claims under self-insurance is valid, but it is not insurmountable...This is not a leap into the unknown. It is simply directing the money we already spend into a system designed for our benefit rather than for the profit margins of distant companies.”

While Ms. Joseph agrees that “there are some benefits,” she reminded lawmakers that “we have to make sure the structure is in place, the funding is there, [and] that the money is going to be secure.” Indeed, having a reliable and dedicated stream of funding is critical to sustaining a self-funded insurance scheme. “It has to be where it's untouched,” Ms. Joseph emphasized.

The results of the case study will be shared with the Legislature and the governor. If it is determined that self-funding is responsible, the next steps would include issuing a request for proposals for an insurance provider. Since transitioning to a self-funding mechanism would involve breaking the existing contract with Cigna, the government would “have to pay off its balance to Cigna for the remaining years,” Ms. Joseph explained. “You would have to have the cushion in the bank and then be able to take the risk,” she added.

Christian Bergstrom, senior consultant for the Gehring Group, explained that the study will involve “looking at the various different components that determine whether or not the plan would have been able to stand on its own, or if the plan would be running in a deficit.” They’ll also assess the potential source of funds to cover any deficits.

“That makes just good sense to me,” remarked Senator Milton Potter, who also commented that a study would “allay my fears and my comfort level in supporting something like that would hinge on the results of this case study.”

According to Ms. Joseph, the Gehring Group frequently suggests a move to self-funding, in line with Governor Bryan's desires, but the GESC Health Insurance Board is duty-bound to consider the bigger picture. “The cost is rising. Funding is going up. We have to look at what is taking place in the financial area of this government to do sustainability for our insurance,” she said, informing lawmakers that “it's going to take three years for y'all to even see a change in that profit.”

Earlier in the conversation, Yesenia Sanchez, Cigna’s General Manager, stated that “we are not against anyone going self-insured. We want to just level set and provide you with all the information at the end of the day.” The government, she said, needs “stabilization of claims.” Annually, government employees average \$145 million in medical claims and \$50 million in pharmacy claims.

Under the current group health insurance plan, Cigna assumes the risk as the coverage provider. Therefore, if medical insurance claims surpass the agreed-upon premium, Cigna foots the bill. However, in the self-funded model, the government must cover any excess claims. Ms. Joseph noted that individual claims have been increasing by approximately 18.4% each month.

“This month, you may pay \$16 million. Next month, like how these claims keep climbing, it might be \$21 million. You gotta have that money in that account to pay for it,” she told Senator Franklin Johnson, arguing that any savings accrued through self-funding would likely have to be used to pay excess claims.

The conversation troubled Senator Marise James. “When we say government is going to foot it, we're talking about taxpayers, and taxpayers do not include government employees alone,” she noted.

Wednesday’s conversation was also a difficult one for Senator Hubert Frederick. “Who knows what's going to happen in 2026. But our government, because of our cash flow situation, we are not in a position to gamble.”

Ultimately, self-funding boils down to “funding that bank account and having the funds in place,” a statement made by Cigna’s underwriter, Mark Maynor.

Several lawmakers contend that remaining with the group insurance is the best fit – at least for now.

“We cannot risk to be looking and wondering. What are we going to have to cover our people? We have to stick with what we have that is good for us,” said Senator Franklin Johnson.

“The government of the Virgin Islands and the people of the Virgin Islands simply cannot afford to shift to a self-funded insurance model at this time. The risks are too high, and the cost would be unsustainable,” argued Senator Kenneth Gittens.

Lawmakers signaled their intent to maintain the status quo, voting in favor of [Bill 36-0189](#), which ratifies the Group Medical Health Insurance agreement between the GVI and Cigna. It covers health, dental, voluntary critical illness, voluntary accidental injury, and voluntary hospital care.