☞ 05hr_SSC-HCR_Misc_pt08

☞ Details: Informational hearing to discuss GAO report 05-856 and health care cost, quality and access in Southeastern Wisconsin. Hearing held in Milwaukee, Wisconsin on April 11, 2006.

(FORM UPDATED: 08/11/2010)

WISCONSIN STATE LEGISLATURE ...
PUBLIC HEARING - COMMITTEE RECORDS

2005-06

(session year)

Senate

(Assembly, Senate or Joint)

Select Committee on Health Care Reform...

COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
  (**ab** = Assembly Bill) (**ar** = Assembly Resolution) (**ajr** = Assembly Joint Resolution)
  (**sb** = Senate Bill) (**sr** = Senate Resolution) (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

* Contents organized for archiving by: Stefanie Rose (LRB) (August 2012)

Jennifer Stegall, Committee Clerk Notes

Senate Select Committee on Health Care Reform
4-11-06 Milwaukee Hearing

Mike Brady-City of Milwaukee Employee Benefits Manager

- Submitted written materials: Mayor Tom Barrett's testimony before the U.S. House of Representatives Committee on Ways and Means; GAO Report Highlights; letter from Tom Barrett and Paul Ryan to David Walker, Comptroller General of the U.S.

- The report clearly identifies that hospital prices, doctor fees, and other health care costs are higher in southeastern Wisconsin than the national average. Other local and national reports, including the recent Mercer report, and the Greater Milwaukee Business Foundation on Health have also concluded that metro Milwaukee's health care costs exceed the national average.

- There may be agreement on the causes of high health care costs but there will likely be different ideas in terms of how to control costs, slow skyrocketing expenses and increase affordability without losing the quality of health outcomes.

- According to the GAO, higher than average costs in Southeastern WI. are attributable to the greater utilization of health services, higher prices charged by doctors and hospitals and "provider concentration" and subsequent lack of negotiating power.

- ***When we consider what was NOT included in the GAO's analysis, it is evident that the entire scope of the problem has not been studied; and that solutions based on the report's conclusions will not lead us to better alternatives.***

Q and A

- **Roessler**: Can you provide examples of wellness and disease management efforts?

  Response: 10 City Challenge with National Diabetes Association. The City provides incentives for employees to manage diabetes. Participating

employees met with pharmacists every 30 days to help manage the disease. The City is waiving co-pays for the diabetic medications. Most health plans have options available for employees to take advantage of.

- **Miller**: The GAO report focused only on federal employees in PPOs. WI. is last in terms of federal money coming into the state and likely has the fewest federal employees. Any assessment of the number of federal employees in each of the states?

  Response: Regardless of the number of employees in the program, the report is looking at how much the fed. Govt. was paying for those employees. There is an assumption that other employers who have employees in the same HMO would be paying the same amount.

  Miller: Does the number of federal employees affect purchasing power that may impact how much the federal government is paying for services (Maybe other employees in the same network have more employees enrolled and receive a better deal)?

  Response: Not sure one was provided.

- **Olsen**: We need to look at where the money is going and utilization.

Recommendations

- Analysts must evaluate other drivers of health care costs including Medicare and MA reimbursement, healthcare for the uninsured and the underinsured, ethnic and racial disparities with poor health outcomes that lead to more significant treatment; the price of prescription drugs, the nursing shortage, behavioral health, medical technology and variances in prescribed tests; and even the expense of paperwork.

- Other groups the committee should key into:
  -SE WI. Business Health Care Group Initiative...Diane Kiel
  -WI. Health Information Organization (WHIO)
  -WI. Collaborative for Health Care Quality
  -WPS-Patient Choice Plan (has been in place for 2 years in SE WI....MKE County uses...rewards people who use high quality, low cost plans).

-National Leapfrog Plan
-WHA information on website re: quality and cost...beginning of things that will be of value to consumers.
-Navitus Health Solutions
-Wellness/Disease Management-all employees need to pay attention to.

Steve Brenton, Wisconsin Hospital Association President

- Submitted written comments.
- He provided a verbal summary of his written remarks.
- The GAO report has been misinterpreted.
- Actually, WI is quite average relative to Health Care costs.
- Focus on price verses relative spending is huge. From the 2nd paragraph of testimony:

  GAO staff noted that **provider prices have only a marginal impact on actual spending.** And unless one factors in the volume of services consumed, there is an incomplete picture of dollars being spent on total health care services. Another way to look at it is, 5 widgets purchased at $5.00 are less expensive than 7 widgets purchased at $4.00, even though the price of the individual widget may be less. Indeed, the GAO itself states that only about 1/3 of total cost differences are the result of unit prices.

- The GAO report, using 5 year old data, concluded that the La Crosse metropolitan area is the "priciest" in the nation. But the GAOs own chart (page 65) indicates there are NO WI. metropolitan areas found among the top 20 highest spending areas in the nation.
- Feds. don't have much bargaining power in LaCrosse.
- Upset with representation of the impact MA reimbursement has on prices charged to commercial payers.

- You've seen one report...health care is complex, there are many different ways to look at it.

- FQHC's are "bursting at the seems" and regularly refer people to ER's.

- .48 on dollar of costs = MA reimbursement

- The state should pay the cost of the state program. This will lower premiums for the private pay.

- WHA employees have HAS option but wellness coverage is also provided. This helps to ensure physicals and other preventative care is sought.

- 7 health plans are owned by physicians...administrative cost on average is between 6-8%. Can run up to 12%.

Q and A

Darling: What are the top 3 issues we need to zero in on?
Response:
Utilization-This is the single most cost driver. Aggressive transparency efforts and having employee have "skin in the game" will have a modest beginning impact.

MA reimbursement- Need to begin dealing with this issue.

Increase efficiencies-higher quality and patient safety will have an impact.

Darling: How has the increase in BadgerCare/MA enrollment impacted cost?
Response: If the increase in enrollment is comprised of primarily those people who were uninsured, we are now getting reimbursement for the services we provide to them. This is better than getting nothing which was the case when they were uninsured.
If the increase in enrollment is comprised primarily of those people who once had private insurance and are now receiving public assistance, the hospitals and doctors and getting less money.

Darling: Can you give an example of who have taken part in HSA's at WHA?
Response: WHA has 46 employees. 42 have HSA's...WHA fully funds. First year we haven't seen double digit increases.

Roessler: Can you help us define utilization. There seems to be good utilization and bad utilization.
Response: We will take this on as a homework assignment. Key issue is unnecessary utilization.

Miller: Providers and Insurers don't want to disclose how much they are paying...this is considered proprietary information. How can we get to transparency with this as our market place?
Response: Price Point provides aggregate price information...the average amount commercial payers are paying. This is the most aggressive effort in the nation.

Miller: have you compared utilization in other states?
Response: No.

Olsen: Last year health insurance went up on average, 9%. Schools seeing more like a 20% increase. What, WHA, part do you claim in that?
Response: That should be a question for health plans.

Olsen: Well, question is regarding hospital increases.
Response: Hospital prices are up about 6% but this doesn't mean plans are paying for.

Olsen: What are your costs/expenses going up on a 3 to 4 year average?
Response: I will get that information.

Darling: We, as a committee, are trying to figure out why health care costs keep increasing so much and determine who is profiting.

Recommendations

- Suggestions on bottom of page 4 of testimony:
  -Gov. Doyle's BadgerCare Plus Initiative is a promising proposal that represents a commitment to expand coverage to uninsured children. The

initiative suggests the creation of a single health care safety net program accomplished by merging the family MA, BadgerCare and Healthy Start programs.

-The Governor's Health Wisconsin Program Initiative also deserves additional study and discussion. The initiative suggests charging a working group with exploring the creation f a reinsurance program for small businesses and individuals that would be designed to cover catastrophic health care costs.

-The state of Wisconsin must recognize income tax deductibility of Health Savings Account contributions.

- WI. is a national leader in cost/quality efforts. Continue work with WHIO. The Legislature should continue to encourage and support transparency efforts...we've only just begun.

- National report card recently released indicating that WI. ranks 2nd in the nation in patient safety. Very positive...can always do better.

- Support an increase in the cigarette tax to support an increase in the MA reimbursement rate.

Bill Bazan, Wisconsin Hospitals Association, V.P. Metro Milwaukee

- Submitted written comments.

- The Milwaukee County General Assistance Program (GAMP) provides true safety net coverage for nearly 28,000 residents of the county annually.

- In order to keep GAMP operating, our health care systems are partnering with the county both in terms of financial assistance and in providing health care services to GAMP patients for nearly 6 months each year without reimbursement at all.

- GAMP, MA and uninsured patients have tremendous challenges in finding a primary care home in Milwaukee County. Instead, they look to hospital emergency departments as their primary care provider.

- Aurora, Columbia St. Mary's, Froedert and the FQHC's in the county have formed a Primary Care Alliance. The purpose of the Alliance is to increase primary care capacity for the most needy of the county's residents.

- Access to dental services is a problem.

- Dental Clinic formed: Madre Angela Dental Clinic serves 1400 dental encounters per month for uninsured, GAMP and MA patients. Gets sealants on kid's teeth.

- MA patients cost $600.00 per visit ER visit. The hospital gets about $125.00.

- Want focus on continuity of care: electronic medical records-follow the person.

- Milwaukee hospitals have provided services to 1000 evacuees.

- These are the 4 areas where access is critical. To recap: 1. GAMP services; 2. Primary Care; 3. Oral health/dental services; 4. Medical care for Katrina evacuees.

George Lange, Wisconsin Medical Society...Society Board member from the Milwaukee Area
Cindy Helstad, Wisconsin Medical Society ...Health Policy PhD

- Submitted written testimony and read from the testimony.

- While the Society continues to have question regarding the report's accuracy, we want to emphasize that we believe that growth in health care costs is a critical topic in need of discussion and action.

- Higher costs often means less access to care, which in the long run means Wisconsin's citizens are less healthy then they could be.

- In the last 2 years, the Society has developed a strategic plan focused on health care cost, quality and access, the 3 main tents of our 2003 plan for Health System Reform.

    1. Wisconsin Health Information Organization (WHIO)
       -This will allow people to start looking at utilization of services across an episode of care for the same diagnosis. Where variation exists, we can help drive down costs by reforming what is utilized.

    2. Wisconsin Health Plan
       -The WMS has been a leader in bringing people together to discuss their health reform proposals.

       -In addition to working toward finding a health system reform proposal that would decrease the number of uninsured and have acceptability by the public, we have also been developing a basic set of health care benefits that would be standard for all Wisconsin residents.

    3. Society Annual Meeting-Efficiency Proposal
       -Different insurance plans have different pharmaceutical formularies, which often change over short periods of time. Keeping track of which drugs are a part of each patient's insurance plan makes it difficult for physicians to help control costs in this area.

       -If the Government could collaborate with physicians, pharmacists and insurance companies in this area, a solution might be found. Our resolution calls for formularies to be available and updated online.

Q and A

Darling: How much of your time is spent with Insurance companies verses patients and how much does this cost?
Response: For my Mental Health I haven't added that up ☺ I support cost effectiveness but Ins. Co.'s could make it easier on physicians.

Darling: Requested information on publicly owned health care policy.

Darling: Any insights into why SE Wisconsin costs seem high?
Response: The hidden tax issue is huge, i.e. underfunded care.

Olsen: In spectrum of life to death, where is the most money spent?
Response: I don't have that information. Can spend a lot of money on pregnant moms to prevent an unhealthy baby that can cost the community money for his/her lifetime.
End of life can be costly. A lot depends on the Pwr. of Attorney for Health Care.
WHIO data will help determine where we are spending money in this state.

Recommendations

- Our resolution calls for formularies to be available and updated online.

  -EXAMPLE: If an insurance company won't cover a Stanton-would like the insurance company to indicate which stations will be covered-not just that the initial one prescribed is not covered.

- Continue to support WHIO

- State should avoid the temptation to regulate out way out of this problem; instead, the State should use this hearing as an example of a better way to go about finding solutions.

John Torinus, CEO of Serigraph

- Did not submit written testimony.

- $5.0 million health care bill at Serigraph.

- One of the first companies in the state to switch to consumer driven market. January 1st 2004 is when first started, so about 27 months experience.

- Dental, Mental Health Coverage, onsite nurse, dietician and nurse practitioner. Rates remain flat while other companies experiencing increases.

- Free wellness and prevention services provided.

- Try to do a wholistic job.

- 699 co-workers on plan.

- Philosophy: individual responsibility is essential.

- Ask employees to help mange health care costs

- Need their involvement/engage people.

- Controlling and changing behavior is more critical than discounts.

- Need to let market place work.

- Serigraph sought to change: (1) Utilization; (2) Lifestyle; (3) Follow regimes/disease management for chronic diseases; (4) How health care is purchased.

- Have a $1000.00 deductible. 70-80 dollar price arrangement.

- Want people to get to the doctor early and often.

- They have a very expansive wellness program. Employees get 2 days off as a reward if certain goals are met or people are working toward goals.

- Majority of costs come from a small number of people.

- We know who our diabetics are...disease management pays off.

- He would like health plan providers to be more proactive in providing nurses on site, wellness programs etc. Insurance providers are interested in being re-active rather than pro-actiive.

- Have provided transparency. For example, hip replacements…employee rewarded for choosing high quality/low cost provider.

- Have chosen not to shift cost to employees…same split as they have always had…70/30.

- Most plans don't have many incentives/disincentives.

- Years ago he was part of a workgroup in Washburn County. The County and schools had no incentives/disincentives.

- Johnson's Wax has 3 quality hospitals…if an employee chooses a different one, the employee contribution doubles.

- Serigraph gives $200 of an employee chooses a high quality/low cost provider.

- 25% of employees use flex spending accounts at Serigraph.

- Most of the employees at Serigraph not participating in their health plan are participating in their spouse's plan.

- 45% of the population in WI. receives public assistance.

Q and A

Darling: Who is making the money?
Response: Thinks that physicians, hospitals and health plans are all making a decent return. All making some profit but not necessarily exorbitant.

Recommendations

- Honestly, I think reform will start from the private side before the public payer side.

- I encourage the Legislature and government to put pieces in place and let the private market place work.

- Put incentives in the public system…this way public employees act like private employees.

- Mandate transparency. 5500 state employees, why not let the public know what the state is paying for this.

- Encourage, don't discourage competition.

- Provide tax incentives for wellness programs and chronic disease management.

John Rauser, Rauser Agency...WI. Association of Health Underwriters

- Did NOT provide written testimony.

- Rauser is a small broker of Health Insurance only.

- All clients have fewer than 300 employees.

- Haven't had $10.00 co-pays in some time.

- They try to design fair, equitable solutions.

- Average cost per employee for small business is $7,000.

- Definition of Utilization...Webster says "to use."

- Cost of health care is going up because of underlying fundamental things you can't change. Ex: Aging population, technological advances, etc.

- You can slow increases but need to figure out how to pay for it.

- 80% of the people pay 20% of the cost.

- Untied Health Care's smallest two man group has the same PPO as the large group.

- Supports market forces...be patient and let them work.

- WI. Health Plan and Mass. Plan talk about fair tax/fair share.

- Carriers are working on income-based formulas.
- You think health care is expensive, wait until it's free.
- He doesn't think people will forgo wellness, for example with HSA's.
- The perfect plan would be…no deductible, no co-pay, pay 90% of all necessary care, 10% co-insurance would be capped at 1 times earnings.
- Utilization patterns change significantly with a high deductible plan.
- For every person in your office complaining, there are 90 clients managing fine.

Q and A

Darling: What about pooling?
Response: Small businesses are pooled already. Premiums are up because health care costs are up.

Darling: Who's getting the money?
Response: Everyone is getting some…carriers, providers and physicians. Doesn't think anyone is profiteering.

Recommendations

- Tax incentives to make health care more affordable… HSA's.
- Promote price transparency and competition.
- Push the issue of transparency.
- Fee for service reimbursement arrangements today are dysfunctional. Humana, the SE Health Care Group of SE WI. are working on outcomes.

Dick Tillmar, Diversified Insurance Services, Inc.

- Former CEO, TE Brennan Company
- No written testimony provided.
- Simple equation: cost is unit price times utilization.
- He has made several lifestyle changes in his life.
- Every 8 seconds someone turns 50.
- Impacts on health care:

    1. 20% is genetics
    2. 20% is environment
    3. 10% is the health care system…what is does or doesn't do for you
    4. 50% is lifestyle

- Employees aren't limited in spending on health care like they are when buying office supplies.

Recommendations

- Encourage incentives to be healthy; important emphasis
- Work with children.
- Need more nurses in school systems
- 25% of people in WI. are obese.
- Support transparency efforts.
- Support consumer driven health care.
- Look at utilization: If cost was the only consideration, we could send people to India for 5 star care like France. Cost, of course, is not the only consideration. Need to look at utilization.

David Reimer

- Submitted folder with information.
- Wisconsin Health Care Plan
- Cost driving mechanisms are not in balance. Containment devices not working properly.
- There is a lack of information, incentives and competition.
- Should focus on what area of competition is needed most.
- Networks are not competing aggressively in WI.
- AB 1140 (Gielow/Richards) attempt to put concepts together in a comprehensive manner.
- The plan creates a floor-employer can add more.
- The goal is not only to ensure that everyone has healthcare but also to invest in the economy.

Senate Select Committee on Health Care Reform – Milwaukee hearing

Confirmed Invited Speakers – 20 minute maximum

GAO report – (10:00am – 10:20am)

Mike Brady – City of Milwaukee Employee Benefits Manager (suggested by office of Mayor Tom Barrett, who is unavailable)

- Speaking to provide background on the GAO report; may discuss other related issues

(Cong. Paul Ryan unavailable but will submit statement)

Providers

Wisconsin Hospital Association – (10:20am – 11:00am)

Steve Brenton, President

- Response to the GAO report
- Additional comments on the health care environment in SE WI
- Recommendations for health care reform

Bill Bazan, VP, Metro Milwaukee

- Issues specific to health care in SE WI

Wisconsin Medical Society – (11:00am – 11:40am)

George Lange, Society Board member from the Milwaukee area

Cindy Helstad, Health Policy PhD

- Response to the GAO report
- What the Society is doing to work on making the system better
- Thoughts on what the state can/can't do

Other experts

John Torinus, CEO, Serigraph, Inc. (11:40pm – 12:00pm)

- Insights on health care cost drivers
- Private side, market-based solutions

John Rauser, Rauser Agency (12:00pm – 12:20pm)

- Current president of WI Association of Health Underwriters
- Agency specializes in the small business market

Dick Tillmar, Diversified Insurance Services, Inc. (12:20pm-12:40pm)

- Former CEO, TE Brennan Company
- Insights on health care cost drivers
- Background on employee-sponsored healthy lifestyle programs
- Serves on MMAC health committee

JS notes (Jennifer Stegall, Committee Clerk) 4-11-06

Select Committee on Health Care Reform

Mike Brady – Mayor Barrett
City of Milwaukee Employee Benefits Manager
- Submitted written (Tom Barrett's testimony to the Ways + Means Committee
- Bottom of page 2 – other drivers that must be evaluated.
- Pleased GAO report has prompted dir
- Page 3 2nd paragraph employment /Milwaukee/ health care.
- Sited facts from report – will provide written comments (info. also in JS summary of report)
- SE WI. Bus. H.C. Grp initiative – Diane Kibel
WI Health Info. Organization. (Recent leg)
WI Health Plan (Gielow / Richards)
" Collaborative for Health Care Quality
WPS – Patient choice plan (in place 2yrs in SE WI – mke County uses – Rewards those who use high quality, low cost pkrs)
- National Leapfrog plan
- With info. on website re quality + cost – beginning of things that will be of value to consumers
- Navitus Health Solutions
- Wellness / Disease Mgmt – all employees need to pay attention to.

CK - Wellness + Dis Mgmt - pls expand/ examples

AMS → + Provides incentives for employees to manage diabetes - mt of pharm every 30 days. City is waiving co-pays for the diabetes medications

Most hosp. / health plans have options avail. for employees to take adv. of.

Miller - Report focused only on fed. employees in PPOs - WE = least of fed $ coming in state - likely that have fewest fed emp.
Any assessment of # of fed empl. ~~in~~ in each of states

Ans - Regardless of # of fed. emp. in program - listing of how much they were ~~pkg~~ paying for those employees - assuming other employers who have employees in the same HMO would be paying the same.

Quest - Does # of fed emp. affect purchasing power that may impact how much feds paying for services (maybe other employers in same network have more employees enrolled & rec. a better deal).

Olsen – What is avg. per mos. cost in a plan? – better way to look at.
10,000 memb. plan
What paying per mos. (÷ by # of members) = How much paying per member per mos.
Couldn't employer shop around for ins. that way?
That would encompass how utilization impacts costs – ~~you would be looking @~~

– Olsen – We need to look @ where $ is going – utilization.

CK – 400 sing } City Health Care
1200 fam plan

What about a couple benefit?
Ans. This would not save – still paying for group.
So maybe pay $800.00 for 2 person household but family would increase to 1200 plan for family.
Self plans So – City would be paying the same amt.
They pay whatever charges are from docs etc.
HMO's – City could put more resp. on employee – HMO plans – Haven't noticed a change in utilization by doing (their analysis shows)
Cost Quality Access
– Can't efforts w/ SE Bus. Group & WHIO (data ... lead to more competition)
KG → WI be more aggressive w/ Health Ins. Companies.

WI. Hosp. Assn

Steve Brenton -
- Submitted written
- Verbally praised summary & written comments
- GAO report has been misinterpreted
- Actually - WI is quite avg relative to H.C. costs
- focus on price vs. relative spending is huge. 2nd paragraph on test. re: 5 widgets example.
- P. 65 of GAO Report - no metro. areas in the top 20.
- Chart reps. fed. spending on H.C. feds don't have much barg. pwr. in Medicare.
- Upset with representation of MA reimb. impact on prices charged to commercial payers.
- See charts in testimony
- You've seen 1 report - Health Care complex - many diff. ways to look @.
- FAHC's "bursting @ seams" - reg. refer people to ER's.
- .48 on dollar of costs MA reimb.
- State should pay cost of state program. This will lower premiums for private pay.
- ~~Recommendations~~ - P. 4 of test. + following
  - WI. is national leader in cost/quality efforts.
  - UHIO
- [illegible] cost - runs WI 2nd in patient related

- Should look @ GWI's Badger-Care Plus - covers old kids
- Study Re-insurance pool
- HSA tax deduction (1 of few solutions) Not THE solution but yes, a solution — especially for small bus. grps.
- support mc. in CIS tax to support mc. in MA remb.

Bill Buzan - Submitted written
- GAMP - details in testimony
  - true safety net program
- for 7 mos & 4 yr. — treating GAMP patients on their own
- Avon, Columbia St. Mary's, Froedtert, St. Mary's have been working to increase primary care capacity
- shortage of 32,000 slots (appt times) that need to be filled over a year's time.
- Dental Clinic formed
- MA patients cost 600 per visit to ER — Hosp. gets about 125.00.
- No matter what ser. provided - phy. gets $25.00 (ck)
- want focus on continuity of care — electronic medical records — follow the person.
- put Sealants on kids
- P. 2 of testimony expands.
- MKE hosp. provided services to 1000 uninsureds.

- 4 areas where access is critical (the 4 men. in testimony)
- Dorling – Top 3 issues we need to zero in on + RCLs.

Steve –

① Utilization – single most cost driver
Aggressive transp. efforts + have employers have "skin in game" will have modest beg. impact

② MA reimbursement – need to begin dealing with this issue.

③ Increased efficiencies –
higher quality + pt safety will have impact.

Leg. should exist to encourage + support transparency efforts. – we've only just begun.

→ Increase in efficiencies.

Bill adds – leg – needs to look @ dental/oral health issues in a very strong way.

– If increase in BC/MA are prev. uninsured – getting some reimb. – better than nothing get from uninsured. If increase is from prev. cov. by private market → loss. Docs are getting less $.

40% of pat.

Inpat hosp MA served by mke area (mke cty + kac. Cty

- Mike - providers don't want to disclose how much + Insurers they are paying - considered proprietary info. How can we get to transp. with this as our mrk place.

Ans - Price pt - provides aggregate price info — the avg amt commercial payers are paying.

→ Most aggressive in nation.

- Self pd. pat. pay less than .20 on a dollar for their care

Mike - Have you compared Utilization ~~here~~ in other states?

Ans - no

- Steve - UHH employees have HSA opt. but also opt. & wellness cov. → ensure phys. + other preventative care chgs is sought.

- ? health plans owned by phys - admin cost avg is 6-8%.

Can run up to 12%.

→ Should have transparency from that front.

Darling – can you give Dem. who have part in HSA's & WHA?

Ans – 46 emp – 42 ~~are~~ have HSA'S. – WHA fully
no choices → funds. ~~The employee uses the 20… they used to~~

– 1st yr. haven't seen double digit increases.

* CK Can you help us define utilization. Seems to be good ut. + bad utilization.

↳ Steve – will take on as a homework assign.
Key issue is unnecc. utilization

Olsen – last yr. Health Ins. went up avg. 9%.
Schools seeing 20% incr.
What, WHA – ~~part~~ do you claim in that?
Steve – should be quest. for Health plans.
Olsen – well quest – is – ~~why haven't your prices~~
hosp increases –
Steve – Hosp. ~~costs~~ prices up about 6% but doesn't mean plans paying for.

* Olsen – What are your costs /exp. going up 3/4 yrs on avg.
committee staff look into – Steve will get.

Darling – we are trying to figure out why are H.C. cost increasing so much + who is profiting?

Olsen – Yes – why is my ins. going up

WMS

George Lange & Cindy Helstad

- Submitted written
- Read straight from testimony
- P. 2 - Suggestions to help WHIO effort
- " WS Health Plan Discussed
- Recommendations regarding formularies
- It an Ish. Co. won't cover a Statin - would like Ins. Co. to indicate which statins will be covered - not just that the initial one prescribed is not covered.

Recommendation

Darling

How much $ time spent w/ Ins Co.'s vs. patients. + how much does it cost?

Ans - for ment. Health - hasn't added up 😊

Supports cost effectiveness ~~but~~ but ~~not~~ Ins. could make it easier on phys.

Phys, hosp., ins. industry, patients } all should be @ table to discuss.

Darling req - info on publicly owned H.C. plans

- Darling - with increases - who is making the $?

Ans - Maybe older pop - more aging } more needs investment in technology (imp. in addressing quality piece & equation)

- D – any insights why SE WC costs seem high
Ans – hidden tax issue is huge – undertreated care

Q Sen – in spectrum of life to death – where is most $ spent?
Ans – don't have info.
Can spend alot on preg. moms to prevent an unhealthy baby that can cost the community $ for his/her life time.
End of life can be costly. Alot depends on RX

* – WHSO data will help determine where are we spending $ in this state.

John Torinus – no written
- CEO, Serigraph
- $5.0 million healthcare bill @ Serigraph
- One of 1st in state in WI to switch to consumer driven Jan 1st '01 – 2 Tmo. lag
- Dental, M.H., Nurse, Dietician + N.P on site — rates remain flat
- Free wellness + prevention
- Try to do wholistic jobs
- Self insured
- 60% coverages on plan
- Philosophy – individual responsibility is essential
- Ask employees to help manage health care costs
- Need their involvement / engage people

- Controlling & changing behaviors more critical than discounts
- Need mkt place to work
- DSO & paying variations cost & procedures in mkt
- Seigraph sought to change
  1. Utilization (?)
  2. Lifestyle
  3. follow regimens / disengagement for chronic dis.
  4. How purchase

- 1000 deductible
  ~~90~~-80 dollar price arrangement

- Want people to get to doct. early + often

- Wellness prev. programs - very expensive.
  - get 2 days GB as rewards

- Majority of costs come from small # of people.

- Know who their diabetics are - in terms of #'s
  - Dis. mgmt - $
    biggest pay offs

- He would like R health plan providers to be more proactive in providing nurse assists, wellness prog. etc. They are instead being re-active.

- Have provided transparency - ex hip replacements - employee rewarded for choosing high qual. / low cost provider.

- Have not shifted cost to employees - same % split as they had before 70/30

~~3,000 - pay per tier~~

D3e

7339 - per employee (half of what some business, state + schools pay)

- Saving them $1.0 dollar mgr.

~~B~~

What advice for us?

- Honestly - think reform will start from private side before public payer side.

- Encourage beg + sout - put pieces in place + let private market place work.

- Put incentives in public system - then pub. emp. act like private

- Mandate transparency

- 5500 State employees - why not let public know what state is paying for this.

- encourage / not discourage competition.

- Tax incentives for wellness programs + chronic disease mgmt.

- catastrophic cov. provided in some kind of state pool.
At catastrophic level you would have universal cov. — would lift liability $ of small business.

D — who is making the $
Ans - Hosp. making decent net.
H. Plans " " "
Phys.

) all making some profit
not nec. exorbitant

- Theda Care - model - John Toussaint

- If we had a market place working -

- most such plans have few incentives / disincentives

- Washburn Cty - he worked yrs ago on a work grp. Cty, schools - schools had no incentives / dis.

- willing to move out of status quo seems to be problem.

CR — Int. in incent / disincentives

Ans - You max out of pocket —
If don't spend - get to keep $$

Johns work has 3 good hosp — if employee chooses a diff one — emp. contribution doubles.

Serigraph gives 200 if choose high qual/low cost provider.

- Wellness incentives —
2 days PTO if hit top score

- 25% of employees use flex spend. Diff @ Serigraph.

- Most Serigraph emp. not part. in plan are participating in Sparks's plan.

- 45% of pop in US ~~are~~ rec. pub assistance.

Jon Rauser - Rauser Agency

- WI Assn. of Health Underwriters
- no written testimony
- Rauser is a sm. broker of Health Ins. only
- all clients have fewer than 300 employees
- Haven't had $10.00 copays in some time
- Designing fair equitable solutions
- Zero per emp. - avg. cost per employee for Sm. businesses.
- Def. of Utilization (Website says "to use")
- Cost is going up because of underlying, fundamental things, you can't change —
  aging pop
  tech increases
- can slow increases but need to fig. how to pay for it.
- United Healthcare's smallest 2 man grp. has same PPO as large grp.
- Supports mkt forces - be patient + let them work.
- WI. Health Plan + Mass plan talk about fair tax/ fair share
- Carriers are working on income-based formulas.
- You think H.C. is exp.; ~~wait~~ wait until it's free
- Doesn't think people will forgo wellness.

Dealing - Pricing?

Ans - small bus. are priced already

Premium ↑ because H.C. cost ↑

- who's getting $$? - everyone is getting some...
  carriers, providers, pharmas.

- Doesn't think anyone is profiteering.

- 80% of people pay 20% of cost

Perfect plan would → - no deductible, no co-pay + pay 90% of all nec. care, los
  co-ins. would be capped @ 1 x times earnings.

Recommend to us

- Improvement to make H.C. more effective — ex HSA's
- promote price transparency + competition
- push issue of
- fee for serv. reimb. arrangements today are dysfunctional.
- Humana, Bus. H.C. Grp SF CA working on outcomes

Ques - what have you seen for increases?

Utilization patterns chng. sig, with a high ded. plan.

- for every person in office complaining - 80 clients managing time

Dick Tillmer - no written
Diversified Ins. Services Inc
- simple equation -
  cost is unit price ~~x cost~~ times utilization.
- He has made few lifestyle changes in his life
- Every 8 sec - someone turns 50
- Those reaching 65 — 50% alive
- Impacts on Health Care
20% 1. genetics
20% 2. environment
10% 3. Health Care System — what it does or doesn't do to you.
50% 4. lifestyle

- Employees aren't limited in spending on H.C. like they are when buying office supplies.

Rec ⇨ Encourage incentives to be healthy; important emphasis
- work with children
- need more nurses in school systems
- 25% of people in WI are obese.

② Transparency - Supports

3. consumer driven Health Care

If Cost only consideration, could send people to India for 5 Star Care like France. Cost & course not the only consideration — need to look @ utilization.

David Reimer

What's wrong w/ system:

① 300,000 or so w/ no Health ins
In a sense insured, services pd for - Cost shifted.

② Cost shifting

③ Cost driving mechanisms not in balance.
Containment devices not working properly.

Lack of info, incentives, competition.

- Should focus on what area of Competition needed most.

- networks not competing aggressively in WI

- AB 1140 - WI Health Plan (Grelow/Richardi) attempt to put concepts together in comprehensive manner.

- HSA's, premium credits included. transparency. Has incentives to improve lifestyle

- Cost - no financing mechanism in bill (KABIC 40).

- For a plan like this to work need systems to raise rt. amt & ⅄

- Plan creates a floor - employer can add more.

- need to do this fairly as well.

- Goal not only ensuring everyone gets H.C. but also to meet on economy.

Andy Sere > left before name called
Robert Gilmore

Katherine Anarte > Left before name called
David Neeley
* Susan Murray — doesn't want to speak

Woman name?
- Investment up front
- Often reduce # of drugs a person takes
- One insurer + provider @ same time.
- She personally is in an HHS? (HSA?)
  - works