

☞ **05hr_SSC-HCR_Misc_pt22**



☞ Details: Hearing held in Madison, Wisconsin on July 26, 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**



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E-mail: league@lwm-info.org
www.lwm-info.org

To: Senate Select Committee on Health Care Reform
From: Curt Witynski, Assistant Director, League of Wisconsin Municipalities
Date: July 31, 2006
Re: Support for Wisconsin Health Care Partnership Plan, SB 698

Thank you for focusing on the significant health care cost problems that both public and private employers are contending with in this state. The League of Wisconsin Municipalities welcomes the Committee's attention to this issue of vital concern to local governments. At our 2003 annual conference the League's membership adopted the attached resolution urging the Governor and state legislature to work together with local governments and the private sector to develop a comprehensive plan for addressing the health care cost crisis in Wisconsin.

Constantly rising health care costs are consuming more of municipal budgets and making it impossible for municipalities to provide the same level of services while holding the line on property taxes. Collective bargaining laws make it difficult for municipalities to unilaterally modify employee health insurance benefits.

In 2005, our Board of Directors voted to support the Wisconsin Health Care Partnership Plan developed by the AFL-CIO of Wisconsin, which David Newby described for you at the Committee's July 26th hearing. That proposal has been introduced by Sen. Decker and Rep. Musser as SB 698, which the League supports.

We urge you to be bold in your recommendations. The situation demands nothing less.

Thanks for considering our comments on this important issue.



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No. 2003-4

Calling for the Governor and Legislature to Address the Health Care Cost Crisis

Whereas most Wisconsin employers, both public and private, are contending with ever increasing health insurance costs; and

Whereas in some parts of the state, particularly the Southeast, soaring health care costs exceed the national average; and

Whereas constantly skyrocketing health care costs are consuming more of municipal budgets and making it impossible for municipalities to continue to provide the same level of services while holding the line on property taxes; and

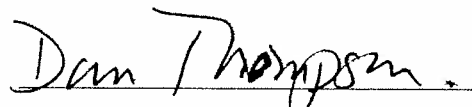
Whereas ever spiraling health care costs negatively impact the state's economy; and

Whereas the state's response to the health care cost crisis has thus far proved inadequate and ineffective.

Now, Therefore, Be It Resolved that the League of Wisconsin Municipalities in conference assembled on October 30, 2003, hereby urges the Governor and state legislature to work together with local governments and the private sector to develop a comprehensive plan for addressing the health care cost crisis in Wisconsin.



Attest:


Dan Thompson, Executive Director



Malszycki, Marcie

From: Kuhn, Jamie
Sent: Wednesday, August 02, 2006 10:26 AM
To: Malszycki, Marcie
Subject: FW: Power Point Presentation Last week.
Attachments: Linda at capitol, July 26 2006.ppt; GE promotion of Densitometer.bmp

Here it is Marcie. I have also attached something else Linda said she would get to you.

Jamie

Jamie S. Kuhn

Office of Senator Mark Miller
State Capitol
Room 106 South
PO Box 7882
Madison, WI 53707
Phone 608-266-9170
Fax 608-266-5087

From: Linda Farley [mailto:lfarley@wisc.edu]
Sent: Tuesday, August 01, 2006 9:51 PM
To: Kuhn, Jamie
Subject: Re: Power Point Presentation Last week.

Jamie,
I have attached the powerpoint presentation.
Linda

----- Original Message -----

From: Kuhn, Jamie
To: lfarley@wisc.edu
Cc: Miller, Mark
Sent: Tuesday, August 01, 2006 11:19 AM
Subject: Power Point Presentation Last week.

Linda,

Can you email me your power point presentation?

Senator Roessler's office is trying to finish the minutes from the hearing and wants to include your information.

Thanks.

Jamie

Jamie S. Kuhn

Office of Senator Mark Miller

State Capitol

Room 106 South



PO Box 7882

Madison, WI 53707

Phone 608-266-9170

Fax 608-266-5087

"Of all the forms of Inequality, injustice in health care is the most shocking and most inhumane"

Martin Luther King Jr.
(March 25, 1966, National Convention of the Medical Committee for Human Rights, Chicago)

PNHP

HEALTH CARE SECURITY FOR ALL


- A moral, ethical, social & religious good
- A family value
- An economic necessity

PNHP

Wisconsin Health Security Act

SB 388 AB 807

A NECESSITY FOR PEOPLE, BUSINESS, AND THE ECONOMY



46 MILLION UNINSURED

- **THE PROBLEM:** RISE OF MARKET DRIVEN, INVESTOR OWNED, FOR-PROFIT HEALTH CARE WITH COSTS UP, ACCESS AND BENEFITS DOWN
- **THE SOLUTION:** A STATEWIDE PUBLICLY FUNDED HEALTH PLAN FOR WISCONSIN

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18,314 Adult Deaths Annually Due to Uninsurance

Age Group	Deaths
25-34	1,930
35-44	3,431
45-54	4,734
55-64	8,219
Total	18,314

Source: Care Without Coverage. Institute of Medicine, 2002

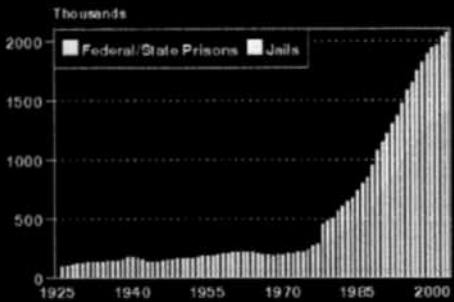
Illness and Medical Costs, A Major Cause of Bankruptcy

- Over 50% of all bankruptcies involve a medical reason or large medical debt
- 326,441 families identified illness/injury as the main reason for bankruptcy in 1999
- An additional 269,757 had large medical debts at time of bankruptcy
- 7 per 1000 single women, and 5 per 1000 men suffered medical-related bankruptcy in 1999

Source: Norton's Bankruptcy Advisor, May, 2000

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U.S. Prison and Jail Population, 1926-2003



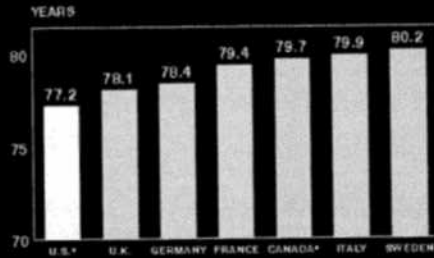
Thousands

Legend: Federal/State Prisons, Jails

Note: 13% of Black men earned only because of criminal records. > 1 of 4 in AL, FL, MS, MD, NM, WA, WY

Source: FBI, FBI Statistics and Facts Abstract of the U.S. Dept. of Justice, 2003, 2002

LIFE EXPECTANCY, 2003

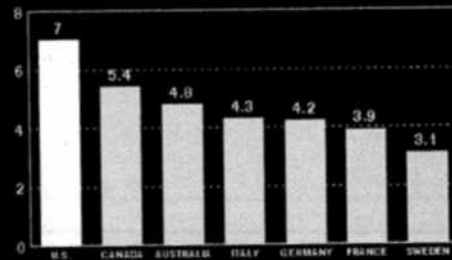


SOURCE: OECD, 2005

* Data are for 2002

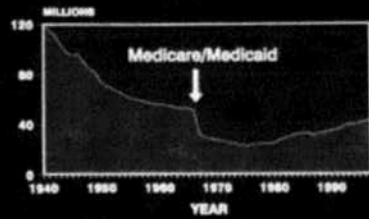
Infant Mortality, 2002/2003

Deaths in First Year of Life/1000 Live Births



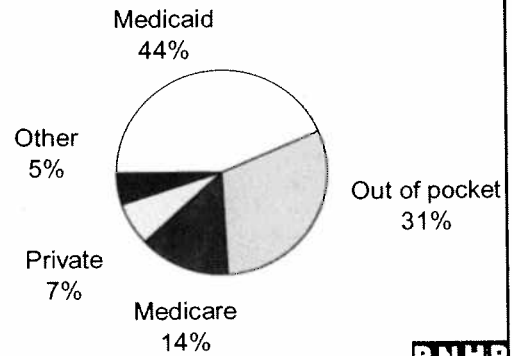
Source: OECD, 2005

NUMBER OF UNINSURED AMERICANS 1940-1997



SOURCE: Social Security Ind. RFA, CPS

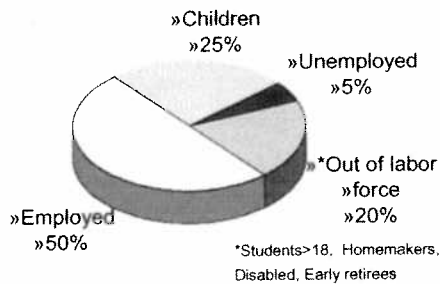
Who Pays for Nursing Home Care?



Source: Health Affairs 2000; 19(3):44

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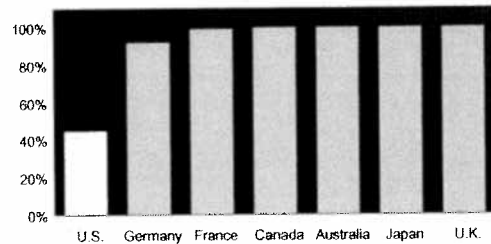
Who Are The Uninsured?



Source: Himmelstein & Woodhuller - Tabulation from 1999 CPS

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Percent of Population with Government-Assured Insurance



Note: Germany does not require coverage for high-income persons, but virtually all buy coverage
Source: OECD, 2002 - Data are for 2000 or most recent year available

U.S. PUBLIC Spending Per Capita for Health Is Greater than TOTAL Spending in Other Nations



Legend: Total Spending (dark grey), U.S. Public (light grey), U.S. Private (medium grey)
 Note: Public include a benefit costs for govt. employees & tax subsidy for private insurance
 Source: OECD 2005, Health Aff 2002; 21:929. Data are for 2001

GROWTH OF PHYSICIANS & ADMINISTRATORS 1970-2004



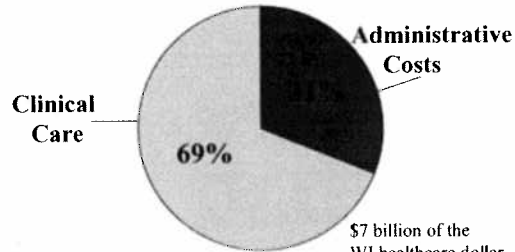
Source: Bureau of Labor Statistics; NCHS; and analysis of CPS

Private Insurers' High Overhead
 Investor-Owned Plans are Worst



Source: Schramm, Blue Cross Commission, Abell Foundation, and CMS

Health Care Administrative Costs in the U.S.



New England Journal of Medicine 8/03

\$7 billion of the WI healthcare dollar is spent on administration

Hospital Billing & Administration United States & Canada, 2005

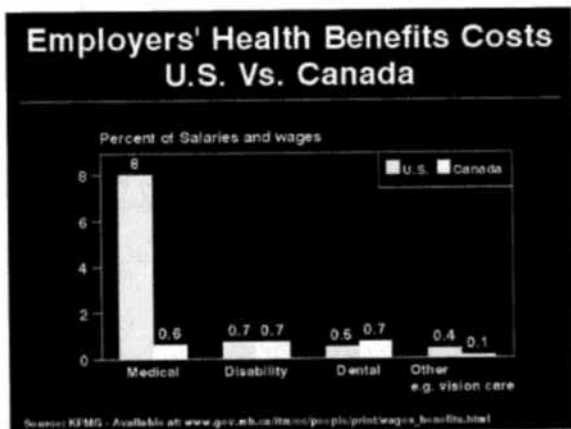
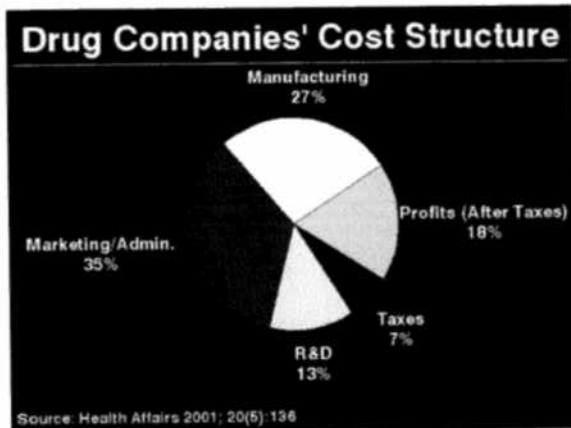


Source: Woodhuller/Himmelschein/Campbell NEJM 2003; 349:769 (up-dated)

HMO CEOs' Compensation, 2004

Executive	Firm	Total Pay
William McGuire	UnitedHealth	\$124.8 mil
Allen Wise	Coventry	\$25.4 mil
John Rowe	Aetna	\$22.2 mil
Anthony Marlon	Sierra	\$16.0 mil
Howard Phanstiel	Pacificare	\$13.8 mil
H. E. Hanway	Cigna	\$13.3 mil

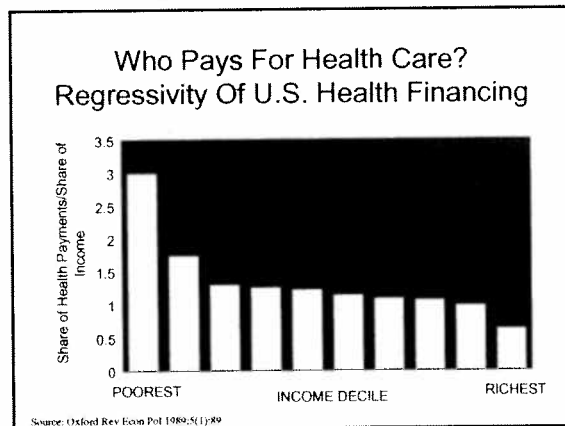
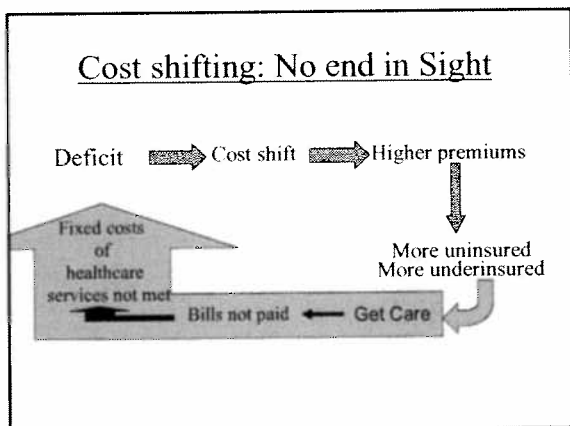
Note: Total pay = salary + exercised stock options
 Note: William McGuire is guaranteed \$5.1 million annually AFTER retirement
 Source: Modern Healthcare 8/1/05:7 and New York Times 4/3/05:B09



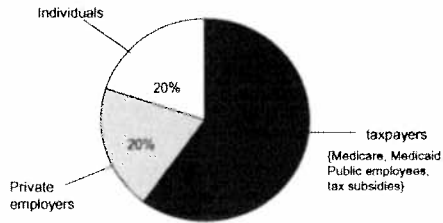
Health Care Financing Today

- The financing of health care is really a shell game with all the payers trying to avoid paying the fixed costs of health care

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Who's paying the Health Care bill?



In the end, we all pay the total bill, but we all don't have coverage for our own care

Source: NEJM 1999; 340:109; Health Affairs 2000; 19(3):150

How Do We Know It Can Be Done?

- Every other industrialized nation has a healthcare system that assures medical care for all
- All spend less than we do; most spend less than half
- Most have lower death rates, more accountability, and higher satisfaction

We Have What it Takes

- Excellent hospitals
- Well-trained professionals
- Superb research
- Current spending is sufficient

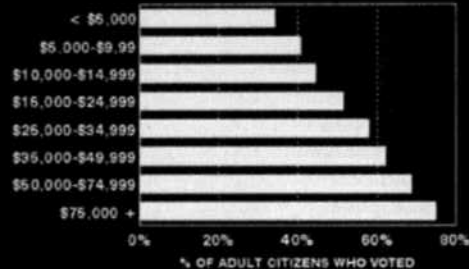
TR TO BILL CLINTON



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Who Votes? Voter Turnout by Income, 2000

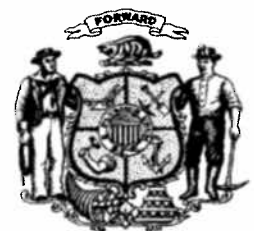


Source: U.S. Census Bureau, February, 2002





WISCONSIN STATE LEGISLATURE



Stegall, Jennifer

Subject: FW: Senator, this is the research we discussed.

Attachments: Universal Health Care.doc

From: Malszycki, Marcie
Sent: Wednesday, October 04, 2006 10:48 AM
To: Stegall, Jennifer
Subject: FW: Senator, this is the research we discussed.

CR email

Marcie Malszycki
Office of Senator Carol Roessler
608-266-5300

From: Van Natta, Lori
Sent: Wednesday, October 04, 2006 10:46 AM
To: Sen.Roessler
Subject: Senator, this is the research we discussed.



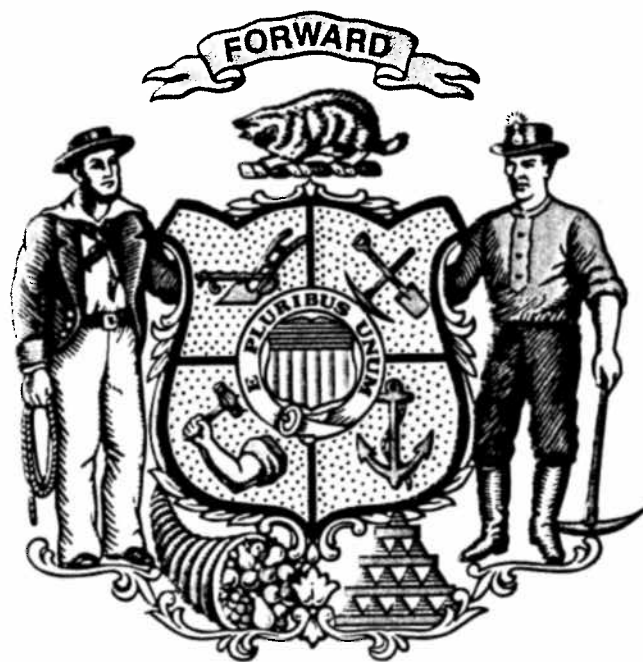
Universal Health
Care.doc (35 ...)

Lori VanNatta
Office of State Representative Scott Suder
69th Assembly District
267-0280

Universal Health Care

- Per capita spending on Health Care in the United States is roughly \$6000. Wisconsin has 5.5 Million people.
Therefore to provide Universal Health Care for all 5.5 Million people would cost 33 Billion Dollars per year.
Currently, total state budget is approximately 26 Billion per year.
- Now, granted the Canadian system spends less per capita. However, when the per capita rate is adjusted for the age of the population that is **not** the case. So, it is not accurate to say we could save money by utilizing such a system because we have an older population. (Quoted from study by the Fraser Institute in Vancouver, BC)
- Fraser Institute Study cited anecdotal evidence described by Dr. Richard F. Davies, MD that in one year patients in Ontario waiting for coronary bypass surgery: **71** died before having the surgery, **121** were removed from the list permanently because they became medically unfit for the surgery, and **44** left the province to have the surgery in the US ---In other words, **192 people either died or were too sick to have the surgery before they got to the front of the waiting line.**
- Fraser Institute in another study indicates that the average patient waits 17.7 weeks for hospital treatment.
- Canadian system is supposed to provide “equal access” to medical treatment. NOT TRUE. A study in the publication, Annals of Internal Medicine, found that more than 90 percent of heart specialists “had been involved in the care of a patient who received ***preferential access***” to cardiac care for ***non-medical*** reasons, such as ***the patient’s social standing or personal connections with the treating position!***
- A New England Journal of Medicine article published in April 2006 detailed a 2005 ruling by the Supreme Court of Canada saying that **“waiting lists for health care services have resulted in deaths, have increased the length of time that patients have to be in pain and have impaired patients’ ability to enjoy an real quality of life”.**
- A chart published with the New England Journal of Medicine article details median wait times for Canadian patients, including
 - 7.7 weeks between seeing a general practitioner and a gynecologist FOLLOWED by a wait of 7.1 weeks from seeing the specialist to getting treatment
 - 11 weeks between seeing a general practitioner and a neuron-surgeon and another 7.8 weeks after seeing the specialist before receiving treatment
 - 5.3 weeks between seeing a general practitioner and a otolaryngologist (ear, nose and throat specialist) and then 9 more weeks before treatment is received
 - 14.7 weeks between seeing a general practitioner and a orthopedic surgeon and then another 25.3 weeks before treatment is received.

- 4.5 weeks between seeing a general practitioner and a specialist for an internal medicine issue (such as, diabetes) and then another 6.3 weeks before treatment is received.





Wisconsin Health Care Partnership Plan

A Labor/Management Partnership Solution to our Health Care Crisis



Health Care That Works for Wisconsin

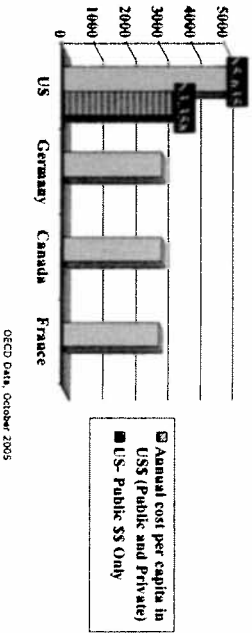
A Sick Healthcare System

The Problem

- Our Patchwork, Fragmented Health Care System Has Failed Us:
- Health Insurance Employer Premiums are Skyrocketing.
- Health Insurance Employee Premiums, Co-Pays, and Deductibles are Skyrocketing.
- Thousands of People Nationwide are Losing their Coverage *Each Day*.
- The Rest of Us Are Only One Paycheck Away from Being Uninsured.
- Among Industrialized Nations, the U.S. ranks only 24th in Overall Level of Health. (WHO World Health Report 2000)

Wisconsin Health Care Partnership Plan

We pay more for health care than countries with unified plans



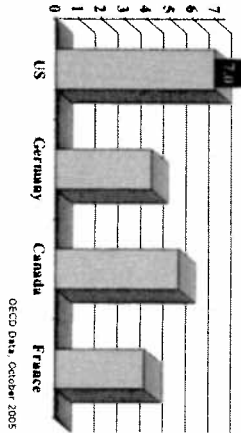
Wisconsin Health Care Partnership Plan

Wisconsin Health Care Partnership Plan

Wisconsin Health Care Partnership Plan

But we're not as healthy

Infant deaths per 1,000 live births

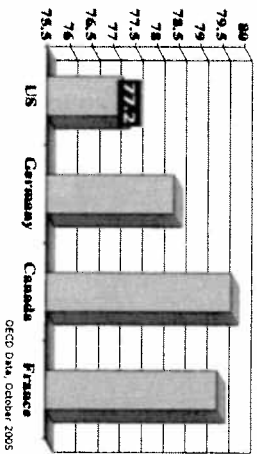


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OECD Data, October 2005

America ranks low in life expectancy after birth

Life expectancy at birth (years)



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OECD Data, October 2005

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**1 out of 6 Americans
have no health insurance**



Wisconsin Health Care Partnership Plan

**The High Cost of Wisconsin's Uninsured
The Insured Must Absorb Costs
of the Uninsured**

- Over 546,000 Wisconsin Residents (over 10%) were uninsured for at least part of 2004¹.
- For every uninsured person in Wisconsin, **\$910** of unpaid medical bills per year is ultimately shifted to higher premium costs for those with insurance².

¹ "Wisconsin Health Insurance Coverage 2004," Wisconsin DHS, September 2005
² "Paying a Premium: The Increased Cost of Care for the Uninsured," Families USA, May 2005

Wisconsin Health Care Partnership Plan

Wisconsin Health Care Partnership Plan

Wisconsin Health Care Partnership Plan

The High Cost of Health Care

Expensive Health Care in Wisconsin

Costs Us Good Jobs

- Wisconsin has the second highest cost for health care in the United States.
- The cost of health insurance has become a "key site location factor" for businesses¹.

¹ "Health Care Expenses Are a Key Site Location Factor," *Expansive Management*, February 14 2007

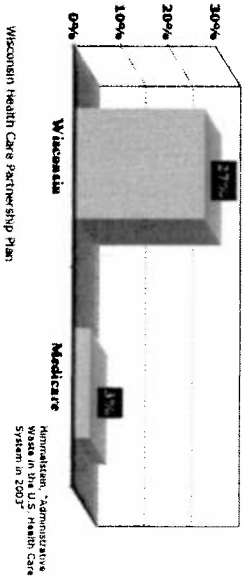
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Cost

Why do we pay so much for healthcare?

ADMINISTRATIVE WASTE

Percent of Total Health Expenditures Spent on Administrative Overhead



Wisconsin Health Care Partnership Plan

Wisconsin Health Care Partnership Plan

Cost (Continued)

- Figuring out who owes what in every single health care encounter
 - Costs to insurance companies/HMO's, Hospitals, and Doctors or Clinics.
- Determining "Cost Experience" for every single insured group
 - Experience-rating
- Negotiating discounts
 - ✓ Not one of these expenses gives us actual health care or adds value to our health care system.
 - ✓ Each of these costs is a "tax" we pay because of the way we have structured access to our health care system.

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More Administrators than Physicians



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Cost (Continued)

The Vicious, Upward Spiral of Cost-Shifting

As the cost of insurance goes up...

- Employers cut health benefits
- Which leads to more uninsured and underinsured
- Who seek uncompensated care in the ER
- And the cost for their care is shifted to payers - people with health insurance and their employers

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Cost (Continued)

Cost Shifting Between Firms

Firms that don't offer health insurance shift their costs to firms that do. This is particularly unfair to businesses that offer health insurance.

In fact, **80 percent** of the **uninsured** in Wisconsin live in a household that includes a full-time worker.

*The Uninsured: A Primer, The Kaiser Foundation, November 2004



This leads to higher health costs for everyone

Wisconsin Health Care Partnership Plan

Cost (Continued)

The Vicious, Upward Spiral of Cost-Shifting

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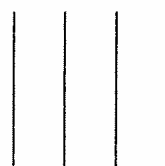
Cost (Continued)

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Cost (Continued)

- But can't we cut the cost of health insurance if we all become better "consumers" of health care and "shop" for better quality at a lower price (as in so-called "consumer-driven" plans)?
- Improving the quality of health care should be integrated into any serious health care reform plan (improves health and reduces costs)
- "Shopping" for lower priced health care will do little over the long run to reduce costs---and won't increase access to quality care
- Besides, 70% of the total cost of health care in the U.S. is incurred by only 15% of the population, particularly those with multiple acute conditions. Better "shopping" will do little to reduce their overall cost of care.

Wisconsin Health Care Partnership Plan

So, what's the solution?



Wisconsin Health Care Partnership Plan

(WHCPP)

SB 698

Co-Sponsored by Democratic Senator Russ Decker and Republican Representative Terry Musser

Wisconsin Health Care Partnership Plan

Wisconsin Health Care Partnership Plan

Wisconsin Health Care Partnership Plan

Wisconsin Health Care Partnership Plan

A Unified System of Comprehensive Affordable Care

- Builds on our tradition of employer-based access to health care.
- A practical proposal that can break the political logjam on Health Care Reform.
- Cuts costs dramatically for both employers and employees.

Wisconsin Health Care Partnership Plan

Who would be covered by the WHCPP?

- All workers and their dependents, private and public sector, in Wisconsin
- Anyone not covered by the WHCPP, Medicare, or Medicaid could buy into the WHCPP at cost (In a separate community rated pool)
- Self-Employed
- Family Farmers
- Retired not yet eligible for Medicare
- Others not covered through employment

Wisconsin Health Care Partnership Plan

Wisconsin Health Care Partnership Plan

Wisconsin Health Care Partnership Plan

What benefits will be included in the WHCPP?

- All medically necessary care and prescription drugs, including:
 - Physician Services
 - Hospital Costs
 - Wellness and Prevention Programs
 - Mental Health Parity
 - Drug and Alcohol Abuse Treatment Programs
 - Rewards to Doctors and Hospitals for adopting highest quality standards
- WHCPP will not initially include dental, vision, and long-term care benefits.

Wisconsin Health Care Partnership Plan

Sounds good...

But how much will it cost...
and how are we going to pay for it??

Wisconsin Health Care Partnership Plan

What benefits will be included in the WHCPP?

- _____
- _____
- _____
- _____
- _____
- _____

Wisconsin Health Care Partnership Plan

Sounds good...

- _____
- _____
- _____
- _____
- _____
- _____

Wisconsin Health Care Partnership Plan

How would the WHCPP be financed?

- The cost of the WHCPP is split between employers and employees
- Basic principles of cost sharing between employers and employees:
 - Fairness
 - Keep it simple! The simpler the payment system, the more we'll save on unnecessary administrative costs

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How would the WHCPP be financed? (Continued)

- The employee fair share is paid in deductibles and co-pays

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How would the WHCPP be financed? (Continued)

- Employee Co-pays and deductibles
 - \$300 individual yearly deductible / \$600 family yearly deductible
 - \$15 per office visit
- Prescription Drug Co-pays:
 - \$15 Generic Drugs
 - \$20 Brand Name Drugs

Wisconsin Health Care Partnership Plan

How would the WHCPP be financed? (Continued)

- Employer Share: Flat monthly fee per worker, paid into central fund

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Wisconsin Health Care Partnership Plan

How would the WHCPP be financed? (Continued)

- Employer monthly fee:
 - Estimated at less than \$300 per month (2003 costs)
 - Includes 50% reduction in fee paid by employers for part-time workers and low-wage workers in small businesses

Wisconsin Health Care Partnership Plan

Wisconsin Health Care Partnership Plan

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How would the WHCPP be administered?

- Legislation would establish a Labor-Management Oversight Commission
 - Determine details of the Plan
 - Put out bids for administration (Payments to Doctors and Hospitals)
 - Determine fee schedule
 - Modify Plan, fees and changes as necessary
- Labor-Management Oversight Commission (similar to our nationally-recognized Nurses' Compensation Advisory Council) would work with doctors, hospitals and health care experts to develop a quality-driven state-of-the-art Health Care Plan
- The Plan would be required to incorporate incentives for doctors, hospitals and clinics to adopt professionally recognized best practice quality measures

Wisconsin Health Care Partnership Plan

Wisconsin Health Care Partnership Plan

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Advantages of the Wisconsin Health Care Partnership Plan

- Streamlined administration
- Single risk pool
- Bulk-buying power, to reduce cost of prescription drugs
- Public accountability and high quality health care delivery
- Dramatic reduction in number of uninsured: Wisconsin's uninsured population would be cut from 650,000 to less than 85,000

Wisconsin Health Care Partnership Plan

Sources of reduced costs for employers

- Administrative Savings from standardized, unified plan
- Elimination of unnecessary bureaucratic insurance costs
- Reduced delayed care and costly Emergency Room visits for the uninsured – costs that currently are shifted to the insured and their employers
- Reduced costs for prescription drugs
- Cost of health care for workers and their families shared equally among all employers

Wisconsin Health Care Partnership Plan

Wisconsin Health Care Partnership Plan

Wisconsin Health Care Partnership Plan

So What would the WHCPP mean for my health care?

- Affordable, Comprehensive, Quality Health Care
- Choice of Doctor
- Not Dependent on Where You Work
- Predictable, Reliable Coverage
- Public Accountability for our Health Care System

Wisconsin Health Care Partnership Plan

Wisconsin Health Care Partnership Plan

**A Practical, Affordable, Achievable
Solution to our Health Care Crisis**

Wisconsin Health Care Partnership Plan

Wisconsin Health Care Partnership Plan

Wisconsin Health Care Partnership Plan

Wisconsin Health Care Partnership Plan

Health Care That Works for Wisconsin

For additional information:

- **Contact Senator Russ Decker (D-29)**
 - Phone: (608) 266-2502
 - Fax: (608) 267-9027
 - Email: sen.decker@legis.state.wi.us
- **Contact Representative Terry Musser (R-92)**
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Wisconsin Health Care Partnership Plan

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The Wisconsin Health Care Partnership Plan

A LABOR-MANAGEMENT PARTNERSHIP SOLUTION TO OUR HEALTH CARE CRISIS

Structure: The Wisconsin Health Care Partnership Plan will cover all private- and public-sector employees and their dependents in the state. Self-employed workers, farmers and early retirees could purchase the same insurance at cost through a separate community-rated pool.

Coverage: The Plan will provide all medically necessary care, including mental health treatment and prescription drugs, with no exclusions for pre-existing conditions. There will be no maximum coverage limits, and individuals will have their choice of providers.

Financing: Costs will be split between employers and employees in a fair manner that keeps administrative costs to a minimum. Employers in both the private and public sectors will pay a flat fee per employee per month. Employees will be responsible for deductibles and co-pays.

Oversight: A Labor-Management Commission will:

- Develop the details of the Plan, within parameters set by legislation;
- Solicit bids to administer the Plan;
- Set fair reimbursement rates for hospitals and medical providers, - with incentives to adopt generally accepted best practice and quality measures;
- Adjust employer-paid monthly assessments and employee co-pays and deductibles as needed; and
- Make changes in Plan benefits and financing as needed.

SB 698 is co-sponsored by State Senator Russ Decker (D) and State Representative Terry Musser (R).

The Wisconsin Health Care Partnership Plan

A LABOR-MANAGEMENT PARTNERSHIP SOLUTION TO OUR HEALTH CARE CRISIS

We need major health care reform now

The health insurance crisis has become a race to the bottom in which no one wins.

Wisconsin and our nation are facing a true health care crisis: Rapidly increasing costs will soon put quality health care out of reach for a majority of the U.S. population. In Wisconsin, it already is out of reach for 500,000 residents.

Nearly every employer is confronted by health insurance premium increases in high single or double digits; some are facing increases of well over 20 percent annually. Most employers try to shift these costs to their workers—who either can't afford to pay the additional costs or experience a declining standard of living to retain health insurance.

Almost every workplace conflict is rooted in health insurance costs, and nonunion workers are affected just as much as union workers -- if not more. Employers, especially small business owners, feel the strain the most. They have a smaller purchasing pool and as a result pay much more for the same benefits. Many have to make staffing and insurance cuts, leaving more and more people uninsured. The costs of uncompensated care for the uninsured are shifted to the cost of insurance premiums. In essence, the health insurance crisis has become a race to the bottom in which no one wins.

In the United States, we pay almost twice as much per person for health care as any other country. How can we spend so much more on medical care and have constantly rising costs, while nearly 46 million Americans are without health insurance entirely? The answer is relatively simple:

We have a highly fragmented system by which people access health care, and that fragmented system is extremely expensive, adding a "tax" of about 25 percent to pay for the bureaucracy necessary to administer this complex system. That "tax" includes the costs of administering hundreds of insurance and HMO plans (each with its unique set of co-pays, deductibles and coverage exclusions), negotiating discounts with hospitals and physicians and "experience-rating" each group covered by a specific

**Our current
healthcare system is
costly, dysfunctional
and unfair.**

health insurance policy—to say nothing of advertising and promotional costs. None of these costly processes actually provides health care or improves its quality: they are simply an added cost we pay for the way our health care system is structured.

Currently, some employers manage to offer comprehensive health insurance to their workers, but at great cost. Other employers offer no health insurance at all or offer only substandard insurance that is often unaffordable for working families because of high out-of-pocket payments for premiums and co-pays. The result? Many workers do not have comprehensive, affordable health insurance, while the escalating costs of caring for the uninsured are shifted to employers and insured workers via higher charges to cover the costs of uncompensated care. This system is costly, dysfunctional and unfair.

Some suggest that larger purchasing pools are the solution because they can lower costs dramatically. But voluntary purchasing pools don't work because only groups with above-average costs want to participate. "Consumer-driven" or "market" reforms simply shift costs to individuals and ration access to health care according to wealth. None of these approaches increases access to quality health care, improves our health care system or reduces overall costs.

Other strategies to reduce costs have included computerized drug ordering, quality control measures, computerized medical records and patient safety protocols. These changes help to lower costs slightly and raise the quality of care; however, they are not enough. HMOs and insurance companies have to choose to voluntarily implement these modest changes, and the small gains will not materialize until many years from now. We need answers now.

The Solution

The Wisconsin Health Care Partnership Plan

A coalition of organizations -- including unions, employers, physicians and other concerned groups -- has developed a new proposal: the Wisconsin Health Care Partnership Plan. It is based on our current system of employer-based access to health care for workers and their families, but lowers costs and levels the playing field between employers by requiring all employers in both the private and public sectors to pay their fair share towards the cost of health care.

The basic elements of this plan, inspired in part by Wisconsin's successful and nationally emulated Workers Compensation and Unemployment Insurance systems, are:

- All Wisconsin employees and their dependents, in both the private and public sectors, will be covered by a common comprehensive health care plan. That Plan will cover "all medically necessary care" including prescription drugs.

**All Wisconsin
employees and
their dependents
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by a common
comprehensive
health care plan.**

- A Labor-Management Commission will be established through legislation to decide the precise details of the Plan. The Commission will be required to develop a quality-driven comprehensive plan, within parameters established by legislation (e.g., "all medically necessary care", fair division of cost between employers and employees as indicated below, etc.). The Commission also will oversee a bid process for administration of the plan. Modeled after the Wisconsin Workers Compensation and Unemployment Insurance advisory councils, the Commission will be advised by the finest medical and health care experts available in the state and the nation.
- The plan would be financed by a fair split of costs between employees and employers. Employees would pay their fair share in the form of deductibles and co-payments. Employers would pay a standard monthly assessment for each employee, as determined by the Commission.
- An actuarial study of the Wisconsin Health Care Partnership Plan done by the highly regarded Lewin Group estimated that, even with reduced employer assessments for part-time workers and low-wage workers in small firms, the standard employer assessment would have been considerably less than \$300 per worker per month in 2003, the year the actuarial study was done.
- The employee share of the cost will be paid through co-pays (\$15 per physician visit, \$10 for generic prescription drugs, \$20 for brand name prescriptions) and deductibles (\$300 per year for a single person, \$600 for a family).
- Employers may offer, or unions may still bargain for, employer payment of part or all of any co-pays, deductibles or other employee costs set by the Commission, as well as additional benefits (such as vision, dental or long-term care, which we do not propose to include in the initial Plan).
- The self-employed, family farmers, early retirees and their families and others not covered through employment could buy into the plan at cost, thus making comprehensive health insurance affordable to those who currently are charged extremely high premiums for substandard coverage. (The cost for buy-in has not been determined. It will certainly be less than an individual policy in current markets, but this will be a separate statewide community-rated pool that will participate in the cost reductions of the standardized comprehensive plan and reduced prescription drug prices.)

Why the Health Care Partnership Plan will work

Price reductions for prescription drugs are estimated to be at least 20 percent.

- The Wisconsin Plan will level the playing field for employers on health care costs and eliminate cost shifting between plans that cover active employees and members of their families. All participants should consider the plan "fair", thus it is more likely to receive widespread social acceptance.
- Small businesses will pay the same per-employee assessment as large ones, thus reducing their costs for health insurance and extending comprehensive insurance to employees and owners of small businesses, many of whom currently have limited health insurance or none at all.
- The Plan will reduce administrative costs dramatically by standardizing benefits, costs, and billing procedures.
- The Plan will establish a group large enough to bargain effectively with pharmaceutical companies for significantly reduced prescription drug prices and to establish common quality standards for hospitals and health care providers that can control and significantly reduce costs. Price reductions for prescription drugs are estimated by the Lewin Group to be at least 20 percent.
- The Plan will make it possible to universalize, in Wisconsin, best-practice quality standards such as wellness programs, preventive care, computerization of medical records and prescription drug ordering, quality measures and quality control. It also will make it possible to universalize integrated, intensive treatment ("chronic disease management") for those who need the most care (the 15 percent in any group who account for about 70 percent of total costs). In short, it will raise the quality of life and health care for all Wisconsinites and make health care dramatically more affordable for employers and employees alike.
- The Plan is a uniform, comprehensive, quality-driven plan, as opposed to the expensive health insurance market and plan fragmentation we have today—which is supplemented by an even more complicated and expensive variety of public programs to fill in the gaps. Major savings are possible by adopting a simpler, unified system.

- The Wisconsin Plan avoids the problems of adverse selection(which have undermined just about every effort to organize voluntary buying pools) because it will include all employers.
- In addition, the prescription drug bulk-purchase buying pool will not be subject to adverse selection. Quite the contrary: other state programs could be included, since the greater the volume of drug purchases, the more bargaining power we have to reduce prices.
- Participants in the Wisconsin Health Care Partnership Plan will have complete freedom to choose their primary care physician who will coordinate their care. However, to contain costs, visits to specialists not recommended by a person's primary care physician will be subject to a 25 % co-pay.
- Because all workers and their dependents will be covered by the Plan, the number of uninsured in Wisconsin will be reduced dramatically--to fewer than 85,000 people.

The Wisconsin Health Care Partnership Plan will be a powerful driving force for economic development. Imagine if we could tell present and prospective Wisconsin employers that their health care costs for employees will be considerably lower than in other states, the quality of care will be higher and they will have no administrative costs for the health care of their workers. Furthermore, this Plan most rewards firms that currently pay family-supporting wages and provide good health insurance.

Wisconsin does not have to be a victim of the current crisis in health care costs and access. A labor-management partnership, with the support of the medical community and other concerned groups, can restructure our health care system to the immense benefit of employers, workers and their dependents. We can turn this crisis into an exciting opportunity to fundamentally reform our health care system and ensure the highest quality of health care for all at an affordable price.

SB 698 is co-sponsored by State Senator Russ Decker (D) and State Representative Terry Musser (R).



Health care for all in bill

It's modeled on state workers' comp

By Anita Weier
The Capital Times

4/25/06

Unions, businesses, municipalities and a bipartisan group of legislators today announced a health care bill that would follow the model of Wisconsin's successful workers' compensation and unemployment insurance systems.

Employers would be required to pay a monthly premium and employees would be responsible for deductibles and co-pay costs. Self-employed people, early retirees and others not covered

could buy into the plan at cost.

David Newby, president of the Wisconsin State AFL-CIO, proposed the general outline of the plan years ago, but it has now been refined and officially introduced as a bipartisan bill by Sen. Russ Decker, D-



Newby

Schofield, and Rep. Terry Musser, R-Black River Falls.

"Its time has come," Decker said at a crowded State Capitol press conference, praising Newby for years of hard work on the plan.

Musser said that so far, health care solution proposals have consisted of "putting a Band-Aid on a hemorrhage. It just doesn't work."

The proposal was developed in consultation with employers, medical experts and community representatives as a way of providing affordable, comprehensive, quality health care, Newby said.

"We will have a product that people can look at, so we have something concrete that can be discussed during the coming election campaigns," Newby added. "We knew we would not get consideration during this legislative session because it is almost over."

Decker said he will work this summer to build a coalition to support the measure when the Legislature meets in January.

Musser predicted that because

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Newby has developed a solid written proposal with an actuarial cost study, the plan will eventually succeed.

"It rewards people for working and levels the playing field for small companies," he said. "This is win-win."

Details of the plan are available on www.wisaficio.org. The bill — S.B. 698 — will soon be available on the Legislature's Web site, www.legis.state.wi.us.

The bill would establish a Wisconsin Health Care Partnership Plan with basic parameters to be developed in detail by a Labor-Management Oversight Commission, in consultation with health and medical experts.

"Our current health care system simply isn't working," Newby said. "We are paying almost twice as much per person for health care as any other country in the world, yet we are ranked 24th in the world for the healthiness of our population. We don't live as long as people in other industrialized countries (and) more babies die within a year after birth."

Benefits would be comprehensive and cover "all medically necessary care," he said, including inpatient and outpa-

tient hospital costs, physician services, routine physical exams, diagnostic testing, maternity care, emergency care and prescription drugs.

An actuarial study done in 2003 by the Lewin Group at the request of the Wisconsin State AFL-CIO found that if the plan been in effect during that year, employers would have paid a flat fee per employee of less than \$300. A projection for current costs comes to \$340.

Employees and dependents would pay a yearly deductible of \$300 for a single person or \$600 for a family. Co-pays would be \$15 for office visits, \$10 for generic drugs and \$20 for brand-name drugs.

Those speaking in favor of the bill included the mayors of Menasha and Lodi, who said their cities and taxpayers could save substantial amounts on insurance coverage under the plan. Fond du Lac County Executive Allen Buechel said the county could save \$3.5 million per year.

"This is the first real solution offered in our state," he said.

Mike Rayone, human resources manager for Wausau-based Graphic Packaging International Inc., said something has to be done because both employers and employees can't afford to pay much more. "We need to get health care off the bargaining table. It's time to get back to talking about productivity," he said.

Dan Thompson, executive director of the League of Wisconsin Municipalities, said it is important to regard the plan as "a giant purchasing pool" that will benefit all who participate.

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Decker plan to insure all merits more discussion

May 4, 2006

There's a lot we don't yet know about the universal health care plan co-sponsored by state Sen. Russ Decker.

Decker estimates it will cost employers \$340 per month per employee. He estimates that the insured will pay \$15 per doctor's visit and that family plan deductibles will be \$600 a year. And he hopes it will cover everything from routine checkups to prescriptions.

At this stage, there's a lot of guesswork. But here's what we know of the proposal Decker, a Democrat from Weston, co-authored with Black River Falls Republican Terry Musser: It's an enormous step in the right direction.

Employers, workers and elected leaders have been saying for years that the No. 1 issue in Wisconsin is health insurance. Yet no one has tackled the problem, perhaps because it's so complex and certainly because politicians have elephantine memories of the political drubbing the Clintons took after offering their plan for universal care.

But now Mitt Romney, the Republican governor of Massachusetts, has passed a comprehensive insurance plan for his residents, and other states are debating their own proposals.

They're all grappling with the same truths:

Health care costs are killing small-business owners. They're preventing employers from hiring new workers. They're forcing farmers and other self-employed folks to choose between care and putting food on the table.

They're driving up taxes for all of us as municipalities and school districts, some of which provide platinum-plated plans, face annual cost increases of 15 percent or more.

And every person who doesn't have insurance, all 546,000 in the state, costs those who do have insurance an average of \$906 a year, according to a 2005 study by health care think tank Families USA.

The plan offered by Decker and Musser would require every employer in the state to participate so that risks and costs are spread evenly among all of them – just as unemployment insurance and workers compensation coverage work. About 85,000 people not covered by employers' plans would be allowed to buy in.

Managers like Graphic Packaging International's Mike Rayome said the plan would greatly ease labor tensions because 70 percent of all strikes involve health coverage disputes. And it likely would lead to less burden on taxpayers if public employers were forced to participate.

As Decker and Musser acknowledge, there's still much to be determined about the plan. But according to one report, it could reduce health care spending by \$34 billion over a nine-year period while reducing the number of uninsured folks in Wisconsin by almost 500,000.

Those numbers – aside from society's moral duty to care for those who can't afford a doctor's visit – compel further discussion of the proposal.

Gas-fueled blowhards

Politicians are falling all over themselves to earn credit for fighting the evil gasoline triumvirate.

Three oil companies, Chevron Corp., ConocoPhillips and Exxon Mobil Corp., recently announced first-quarter

earnings of almost \$16 billion -- up 17 percent over last year.

Those numbers fueled the mock furor of lawmakers, Wisconsin Gov. Jim Doyle and even President Bush, who until recently never had met an OPEC sheik he didn't like.

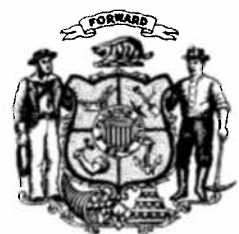
Now Doyle, who is fighting for votes in a November election, has created a Web site with Michigan, www.lowergasprices.wi.gov, that allows voters to sign an online petition demanding congressional action. Among other things, the petition calls for caps on corporate profits to protect "consumers from further abuse."

Fair enough. But consider this:

Health care costs have been increasing for years at rates that make oil profits look tame. Where were these politicians then, when there wasn't an easy target like Big Oil to demonize?



WISCONSIN STATE LEGISLATURE



Posted Sept. 28, 2005

FdL County Board considers alternative health-care plan

A representative from the AFL-CIO on Tuesday presented the Fond du Lac County Board with an alternative health-care plan he said would cut administrative costs and cover all public and private employees and their families in the state.

AFL-CIO representative David Newby presented county supervisors with the Wisconsin Health Care Plan.

Newby said that the key to having the plan work would be cooperation between employers and laborers.

"The most contentious issue between labor and management has been health care," Newby told supervisors.

He said that the plan would save money for employers and provide improved health care to Wisconsin workers.

He said that having the entire state covered by one plan would decrease administrative costs, which, under current health-care systems, can range from 20 to 25 percent. The Wisconsin Health Care Plan administrative cost would be reduced to as low as 3 percent, he said.

"One of the reasons we pay so much is enormous administrative costs," Newby said.

The biggest challenge with the plan, he said, is getting labor and management to work together.

The Wisconsin Health Care Plan includes a recommendation for a Labor Management Oversight Commission, which would consist of labor and management representatives. The governor would appoint the representatives to the commission.

County Executive Allen Buechel told the board that the county would save \$3 million on health-care costs annually under the Wisconsin Health Care Plan.

Newby said that the system would also save costs by having all employees in a "single risk pool," and the state would have "bulk buying power when purchasing prescription drugs."

The plan would allow patients to select their own doctors, and a consumer's health-care coverage wouldn't change during changes of employment.

The County Board adopted a resolution to urge Gov. Jim Doyle and the state Legislature to adopt the Wisconsin Health Care Plan or a similar system.

However, not all County Board Supervisors bought into the plan.

Supervisor Timothy Baumhardt said that he is concerned that having a health-care system such as the one proposed would decrease doctors' salaries, and doctors would leave the state. He also raised a concern that people who cannot get health care may move to Wisconsin to get under the proposed plan.

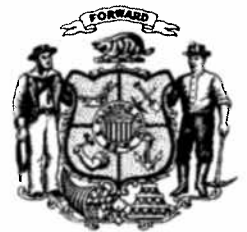
Supervisor Delores Ruedinger said she "was very concerned with a universal plan." She cited troubles with Canada's health-care system.

Ruedinger and Baumhardt were the only two supervisors to oppose the plan. Other supervisors praised the plan at the meeting.

"This isn't a bleeding heart liberal issue. This is about having a healthier community," said Supervisor Judy Goldsmith. "Health-care costs are the Katrina of our economy, and we all know what happens when we're unprepared."



WISCONSIN STATE LEGISLATURE



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Guest column: Health care system isn't working — it's collapsing

By Ed Huck, David Newby and Michael Rayome July 6, 2006

Americans pay almost twice — twice! — as much per person for health care as people anywhere else in the world, yet the health of our people is poorer than that of the citizens of 23 other countries. We don't live as long as people in other industrialized countries, more babies die within a year after birth — by almost any measure, we don't do well.

Compounding our plight, employer-provided health insurance in the United States is breaking down, and we are close to the point where neither workers nor employers can afford the cost of health insurance. And despite all the money we spend on health care, 46 million Americans have no health insurance at all. The breakdown of our health-care system is a crisis shared by workers and employers alike.

At least in Wisconsin, help is on the horizon. Sen. Russ Decker, D-Weston, and Rep. Terry Musser, R-Black River Falls, are sponsoring the Wisconsin Health Care Partnership Plan (SB 698) which will control and reduce costs, keep quality health care affordable, and establish a level playing field for employers by requiring that all pay their fair share toward the cost of health care for Wisconsin working families.

Sen. Decker and Rep. Musser's Wisconsin Health Care Partnership Plan is a distinctly Wisconsin plan, drawing on our state's commitment to shared responsibility and our pioneering Workers Compensation Law. The Partnership Plan would provide comprehensive health care to all Wisconsin workers and their families in both the private and public sectors. Those not covered by employment (such as family farmers and the self-employed) could buy into the plan at cost.

A labor-management body would develop details of the health-care plan in consultation with the best health and medical expertise in the country, and oversee the plan's administration, the guaranteed comprehensive benefits and the funding. This commission is modeled after our widely emulated Workers Compensation Advisory Council.

Benefits would be comprehensive and cover "all medically necessary care."

How would we pay for such a guaranteed plan? What made sense to us, and what proved to be least costly, was to have employees and their dependents pay their fair share in the form of affordable co-pays and deductibles, and employers pay a flat fee per month per employee, with reductions for low-wage small employers and part-time employees.

What would it actually cost the employer if we adopted such a system? A national actuarial firm evaluated the Partnership Plan in 2003. The astounding conclusion was that if the Wisconsin Health Care Partnership Plan had been in effect in 2003, the employer monthly

flat fee per employee would have been considerably less than \$300 — dramatically less than employers who provide good insurance are paying today. The actuary's projection was that the fee, based on national rates of medical cost inflation, would be about \$340 today.

Such a dramatic reduction in cost is possible due to considerably lower administrative costs and the fact that all employers pay their fair share of the total cost. Built-in quality measures will also reduce cost and improve the health of Wisconsin residents.

Major savings to private and public sector employers will make Wisconsin business more competitive and will also reduce the cost of state and local government and public education.

The Wisconsin Health Care Partnership Plan is original and bold. But it is also practical, affordable, and achievable. It will no doubt have its detractors, both those who would oppose it on narrow ideological grounds and those special interests that profit so greatly from our current system. But the Wisconsin Health Care Partnership Plan can be a reality — it can be passed by the Legislature and signed by the governor — if our legislators have the courage to make it happen.