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☞ 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)
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- Miscellaneous ... **Misc**

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

The Wisconsin Health Plan
Frequently Asked Questions

Revised November 2005

The Wisconsin Health Plan was unveiled on June 15, 2005, before a committee of the Wisconsin State Assembly. The plan's authors are David Riemer and Lisa Ellinger of the Wisconsin Health Project, and State Representatives Curt Gielow (23rd District) and Jon Richards (19th District).

The authors introduced the Wisconsin Health Plan to encourage a genuine, thoughtful public debate about how we should address the health care crisis in our state. The proposal was intended to be a starting point for discussion, and it has changed in a number of significant ways in response to feedback over the past several months.

Finding reasonable solutions to such a complex problem is going to require patience, open mindedness, and a willingness to move forward in the spirit of compromise. Business and labor leaders, the insurance industry and health care providers, consumers and advocacy groups, elected officials, and the people of Wisconsin are all encouraged to share concerns, ask questions, and offer suggestions to further improve the proposal.

Information for Consumers

Who will be covered by the Wisconsin Health Plan?
The Wisconsin Health Plan will cover all Wisconsin residents less than 65 years of age, with a few exceptions. The plan will not cover any person who:

- has resided in Wisconsin less than six months (newborns with parents who have lived in Wisconsin for six months are covered);
- claims residency in another state or jurisdiction for Wisconsin income tax purposes;
- is institutionalized;
- is an employee of the federal government; or
- is eligible for Medicaid or BadgerCare.

Will I "own" the health insurance policy? What choices will I have?
Yes, Wisconsin residents enrolled in the program will "own" an individual, portable Health Insurance Purchasing Account. This account will have two components, both of which give the person a range of health care choices.

All adults (age 18-64) will receive a Health Savings Account (HSA), funded at $500 each year. HSAs can be used to pay for a wide range of medical care. The enrollee, an employer, or another person can supplement this amount with additional funding, provided that the total amount credited to the HSA in a year does not exceed limits established under federal law. The enrollee may invest the HSA through a range of financial instruments, and any increases in the HSA's value would be exempt from federal and state income tax. The enrollee also has extensive choice when it comes to using all or part of the HSA balance to pay for health-related costs. Extensive information on "qualifying" medical expenses is available at: http://www.health--savings--accounts.com/qualified-expenses.htm

In addition, all eligible Wisconsin residents will receive a "Premium Credit," which the participant uses to purchase health insurance from competing, qualifying health insurance plans such as an HMO, PPO, or other insurance carrier. Each year, enrollees will have the opportunity to change health care providers — doctors, hospitals, etc. — they want to use for health care services. Read more about these choices in the "tiering" section below.

Why won't people under age 18 have Health Savings Accounts (HSAs)?
Children ages 0-17 will not have HSAs because federal law does not permit HSA coverage for individuals under age 18.

What benefits will be covered?
The Premium Credit will pay for a benefit package that covers medical care, hospital care, and prescription drugs. All participants will receive a limited, evidence-based set of preventive care services with no cost sharing. The applicable deductibles, coinsurance, and out-of pocket maximums are listed below.

For Children (age 0-17):

- an annual deductible of $100;
- preventive dental care with no cost sharing;
- co-insurance (between 10-20%) for medical and hospital care;
- co-insurance and co-pays for prescription drugs;
- an annual out-of-pocket maximum of $500.

For Adults (age 18-64):

- an annual deductible of $1,200;
- co-insurance (between 10-20%) for medical and hospital care;
- co-insurance and co-pays for prescription drugs;
- an annual out-of-pocket maximum of $2,000;
- an annual "family" out-of-pocket maximum of $3,000.

Will my pre-existing conditions be covered?
Yes. The only exception will be for individuals who move to Wisconsin after the inception of the program. These enrollees must provide evidence of health insurance coverage substantially similar to the health insurance provided by this program for the year prior to enrolling in the Wisconsin Health Plan. Those unable to do so will have to wait two years before their pre-existing conditions are covered – although all health problems unrelated to the pre-existing condition(s) are covered.

The reason for this restriction is to discourage non-Wisconsin citizens from moving to Wisconsin solely for the purpose of obtaining health care for their pre-existing conditions at the expense of Wisconsin's taxpayers and employers.

What does it mean when you say you will "tier" my health plan options?
Not all health care plans are the same. They can vary greatly in cost and quality. The Wisconsin Health Plan will allow enrollees to make any choice they wish, but provides financial "rewards" to enrollees who choose the higher quality and lower cost plans.

As mentioned above, all eligible Wisconsin residents receive a "Premium Credit," which they direct to the health care plan of their choice. Any insurer (for example, HMOs, PPOs, or indemnity carriers) licensed to sell health insurance in Wisconsin -- and that meets specified financial, coverage area, and disclosure standards -- is qualified to compete to provide insurance coverage. The competing insurer plans are placed into three "tiers" based on risk-adjusted cost and quality measures.

Participants have a clear financial incentive to choose the "Tier 1" health care plans because their Premium Credit covers the full cost of the monthly premium for these plans, with no additional out-of-pocket payment. Participants who opt for higher-cost plans ("Tier 2" or "Tier 3") are required to pay a portion of the premium to enroll.

This system not only provides a powerful incentive to participants to choose the low-cost Tier 1 plans, but also motivates the insurers to be designated low-cost Tier 1 plans and encourages providers to be associated with those plans – thus controlling health care costs.

Will I be able to keep seeing the physician I currently see?
Yes.

What is the Private Health Insurance Purchasing Corporation of Wisconsin?
The Wisconsin Health Plan will be administered by the Private Health Insurance Purchasing Corporation of Wisconsin, a private corporation governed by an eight-person Board of Directors responsible for establishing and operating the health insurance purchasing program. Board members include two gubernatorial appointees and one representative from each of the following organizations:

- Wisconsin Manufacturers and Commerce
- Milwaukee Metropolitan Association of Commerce
- National Federation of Independent Business / Wisconsin
- Wisconsin AFL-CIO
- SEIU Wisconsin State Council
- Wisconsin Farm Bureau

All major Board decisions require seven of eight votes. Board meetings are held in public, and subject to open meetings and open records law. The Board is required to submit annual reports to the Legislature, and the Legislative Audit Bureau is required to conduct a comprehensive audit at least every two years. The Board is responsible for choosing and overseeing an Executive Director and other staff, as well as approving all major contracts.

How will the Wisconsin Health Plan be financed?
Any entity (or person) operating in Wisconsin that is required under federal law to file form "941" or schedule "SE" is required to pay an assessment that finances this program. The assessment schedule is roughly equal to the following percentage of Social Security wages as reported on these forms:

- 3% up to $50,000 of wages
- 4% at $100,000 of wages
- 5% at $150,000 of wages
- 6% at $200,000 of wages
- 7% at $250,000 of wages
- 8% at $300,000 of wages
- 9% at $350,000 of wages
- 10% at $400,000 of wages
- 11% at $450,000 of wages
- 12% for payrolls greater than $500,000

Employees are required to pay a flat assessment equal to 2% of their Social Security wages.

Individuals whose earnings from Wisconsin employers are less than $10,000 annually if filing singly ($20,000 if married and filing jointly), but whose Adjusted Gross Income (AGI) is more than $20,000 if filing singly ($40,000 if married but filing jointly), will be subject to a special assessment. This is to account for the fact that those out-of-state employers cannot be assessed for the cost of this program, but their employees benefit as residents of Wisconsin. This rule will also apply to non-working residents with high income and low earnings who benefit from the program.
The assessment will equal the lesser of:

- 10% of the difference between AGI and Wisconsin earnings, or
- $2,000 if filing singly or $4,000 if married and filing jointly.

Federal funding for persons enrolled in the "family" portion of Medicaid and BadgerCare will also help to fund this program.

How will I enroll?
Eligible Wisconsin residents will be able to enroll on-line. Those who do not have access to computers or the internet will enroll through a paper enrollment process. The Health Insurance Purchasing Corporation will oversee the enrollment process as well as education and outreach to help consumers understand their choices.

I live in Wisconsin, but work in another state, will I be covered?
Yes. Wisconsin residents who meet the specified eligibility criteria will be covered regardless of whether they work in another state.

I live in another state during the winter months, but return to Wisconsin every summer. Will I be covered?
It depends on whether you maintain residency in Wisconsin for income tax purposes. If you do not, you will not be covered. If you do, and meet the specified eligibility criteria, you will be covered.

Will I be covered if I am unemployed or work part time?
Yes. As long as you and meet the specified eligibility criteria, you will be covered. Loss of a job or part-time employment will not affect your coverage.

If I change jobs, will my coverage "follow" me?
Yes. As long as you and meet the specified eligibility criteria, you will be covered.

What choices will be available for people living in rural areas?
People who live in rural areas often lack choices when it comes to health care. Doctors are often few and far between, and the choice of convenient hospitals may be limited.

While this program will not increase the supply of available doctors or hospitals, it is likely to increase the choice of health insurance choices for everyone in Wisconsin — rural or urban. By pooling the purchasing power of all the Wisconsin residents under age 65 in rural counties, the program will make it more attractive to insurers to submit bids and offer coverage in those areas.

Will I be able to see a physician outside of my health care plan?
Every participant will have the opportunity to select a plan that offers unlimited access to every physician in the coverage area.

Won't sick people from other states move to Wisconsin to take advantage of this program?
No. There is a 6-month residency requirement to discourage this behavior. And, as discussed above, a pre-existing condition provision strongly deters people from moving to Wisconsin for the sole purpose of taking advantage of our new health insurance program.

How will this impact the benefits currently mandated under state law?
This program will make no changes to the number (or nature) of mandated benefits.

How will this system help control health care costs?
The plan will promote cost containment by placing all health care plans in "tiers" based on their risk-adjusted cost and various quality factors. Those plans with the lowest risk-adjusted costs, and that score well on quality measures, will be placed in Tier 1. Enrollees will be encouraged to join Tier 1 plans because they will not have to contribute beyond their Premium Credit to join a Tier 1 plan. Meanwhile, those plans that have higher risk-adjusted costs will be placed in Tier 2 or Tier 3. Enrollees will be free to join these plans, but in addition to their Premium Credit they will pay extra to sign up.

These price signals will cause consumers to look more favorably on the low-cost Tier 1 plans, but think twice about higher-cost Tier 3 and Tier 3 plans. Likewise, the tiering structure will encourage insurance carriers to develop Tier 1 plans — and encourage doctors, hospitals, and other providers to function cost-effectively so that Tier 1 plans will want to include them in their networks. These multiple, coordinated incentives aim to achieve one of the program's main goals: lower the growth of health care costs.

The proposal will further control costs by providing incentives for enrollees to appropriately use health care services. Preventive care will be encouraged by making it free of charge. Adult participants will be encouraged to choose their care wisely by requiring them to pay a significant, yet reasonable, portion of the cost of their care up to the maximum out-of-pocket caps. The choice will always be left to the consumer, but financial incentives will encourage them to be smart shoppers with their health care dollars.

How will this system promote quality health care?
The program will encourage health care plans, as part of the competition to become Tier 1 plans, to demonstrate that they score well on various quality measures.

How will this system promote transparency in pricing information?
The Private Health Insurance Purchasing Corporation of Wisconsin will have the authority to promote transparency on both cost and quality. This includes initiatives such as posting cost and quality data on its website.

Why won't seniors be covered by this plan?
Elderly and long-term care is a significant portion of the money spent on health care. This program does not propose providing care for the population over age 65 because the federal Medicare program already provides comprehensive health insurance for seniors. While Medicare has its shortcomings, it does provide a basic level of health insurance protection for almost all of Wisconsin's seniors.

This sounds complicated. Is there anywhere I will be able to go to get assistance in making my choices?
Yes. The Private Health Insurance Purchasing Corporation of Wisconsin will be responsible for providing complete, user-friendly information to all participants about all features of the program.

Information for Employers

How will the program be financed?
Any entity (or person) operating in Wisconsin that is required under federal law to file form "941" or schedule "SE" is required to pay an assessment that finances this program. The assessment schedule is roughly equal to the following percentage of Social Security wages as reported on these forms:

- 3% up to $50,000 of wages
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- 6% at $200,000 of wages
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- 8% at $300,000 of wages
- 9% at $350,000 of wages
- 10% at $400,000 of wages
- 11% at $450,000 of wages
- 12% for payrolls greater than $500,000

Employees are also required to pay a flat assessment equal to 2% of their Social Security wages.

I am self-employed, will I pay the assessment?
Yes. Self-employed persons, including farmers, already fill out federal Schedule SE as part of their annual federal income tax return. The assessment schedule is roughly equal to the following percentage of Social Security wages as reported on these forms:

- 3% up to $50,000 of wages
- 4% at $100,000 of wages
- 5% at $150,000 of wages
- 6% at $200,000 of wages
- 7% at $250,000 of wages
- 8% at $300,000 of wages
- 9% at $350,000 of wages
- 10% at $400,000 of wages
- 11% at $450,000 of wages
- 12% for payrolls greater than $500,000

Self-employed persons are also required to pay the flat employee assessment equal to 2% of their Social Security wages.

My company is self-insured, how will this impact our program?
The program will impose the same assessment on all employers.

I do not provide health insurance for my employees, will I pay the assessment?
Yes. This program will require all employers to pay the assessment to avoid the unfair cost-shifting

that now exists. In the current system, some employers do not provide health insurance and their employees' health care costs are ultimately paid by the majority of employers who do provide employee health insurance.

Will the assessment increase in future years?
The assessment could only be increased through an act of the state Legislature and the Governor.

What if the assessment does not raise enough money to support the benefits package?
If the Private Health Insurance Purchasing Corporation of Wisconsin determines that the assessment will not generate sufficient funds to pay for the health insurance benefits described above, it will be required to present options to the Legislature to raise revenue and lower costs. If the Legislature does not act, the Corporation will be required to reduce the HSA funding or other benefits. The Corporation will also have the authority to direct any surplus revenues to a reserve fund, increase the HSA funding or other benefits, or recommend an assessment decrease to the Legislature.

How do I know the state will not use the assessment revenues for a different program?
The use of the funding will be restricted to this purpose by state law. The statute that will create the Corporation and authorize the new program for buying health insurance will not allow the assessment revenues to be used for unrelated purposes.

I don't think I can afford a 12% assessment, what options will I have?
Employers who currently do not provide health insurance for employees, or who pay significantly less than 12% of payroll, will have several options for paying for the assessment. One option would be to alter employees' wages to help finance the assessment. A second option would be to alter employees' non-health benefits to help finance the assessment. A third option would be to increase the prices of their goods and/or services. This final option may not put the employer at a competitive disadvantage, as their competitors will also be required to pay the assessment and may also choose to do so by increasing prices.

Who will administer the plan?
The Wisconsin Health Plan will be administered by the Private Health Insurance Purchasing Corporation of Wisconsin, a private corporation governed by an eight-person Board of Directors responsible for establishing and operating the health insurance purchasing program. Board members include two gubernatorial appointees and one representative from each of the following organizations:

- Wisconsin Manufacturers and Commerce
- Milwaukee Metropolitan Association of Commerce
- National Federation of Independent Business / Wisconsin
- Wisconsin AFL-CIO
- SEIU Wisconsin State Council
- Wisconsin Farm Bureau

All major Board decisions require seven of eight votes. Board meetings are held in public, and subject to open meetings and open records law. The Board is required to submit annual reports to the Legislature, and the Legislative Audit Bureau is required to conduct a comprehensive audit at least every two years. The Board is responsible for choosing and overseeing an Executive Director and other staff, as well as approving all major contracts.

Will I have a lot of paperwork to fill out?
No. In fact, many employers will see a major *decrease* in paperwork. The program will require employers to do only one thing: take an existing number they (or their payroll firm) already calculate for Medicare wages, multiply by a simple formula (described above), and remit the result to the Wisconsin Department of Revenue. Employers would no longer have to shop or negotiate a health care benefits package or handle the enrollment of their employees in a plan.

How will this impact existing collective bargaining agreements?
The program will respect existing collective bargaining agreements. An employer with a collective bargaining agreement that provides for health insurance coverage and that is in effect upon the inception of this program will be excluded from the full assessment. The exemption will apply to any employee who is covered by the agreement and lasts for the duration of the existing coverage. Those employees will not be covered by this program until the collective bargaining agreement ends, or if both labor and management agree to re-open negotiations.

I currently offer a more generous benefits package to my employees. What will I be able to do if my employees are not satisfied with the benefits package offered under this plan?
Every employer will be able to continue to offer employees a more generous benefits package. This program will provide a "core" package of benefits. Employers will be free to build upon this by contributing to an employee's HSA, or offering a supplemental package that makes the overall coverage more comparable to that currently offered.

The program should still lower employers' costs. The cost for the core package should be less than the employer is now spending for the equivalent benefits component because the program combines thousands of employers and individuals' purchasing power, and aligns the incentives to encourage health care plans and providers to operate efficiently and improve their quality.

Won't this proposal conflict with federal ERISA Law?
No. The federal Employee Retirement Income Security Act (ERISA) prohibits states from regulating employers' health benefit plans. However, ERISA does not block states' ability to raise revenue from employers from a payroll-based assessment. That is what this program proposes.

The new program will impose only one mandate on employers — the obligation to remit a payroll-based assessment. It will *not* require employers to buy (nor prohibit them from buying) health insurance. It will *not* require employers to provide specified health benefits (or deny them the right to do so). The program will not run afoul of ERISA because it allows employers do anything they want to do with respect to health insurance.

Information for the Health Care Industry

How will the tiering work? Who will decide the quality and efficiency criteria?
The Private Health Insurance Purchasing Corporation will oversee the tiering of health plans and will employ a mechanism similar to that used by the Wisconsin Department of Employee Trust Funds (ETF) for state employee health plans. Insurers will submit their prices and then the Private Health Insurance Purchasing Corporation will:

- "risk-adjust" the prices to account for the health and demographics of the covered population;
- award "bonus" points to plans for identified quality measures;
- place the health plans that submitted the lowest risk-adjusted prices and scored well on quality measures in Tier 1;
- place plans with significantly higher prices and/or that did not score as well on quality measures in Tier 2;
- place plans with the highest prices and/or that did not score as well on quality measures in Tier 3.

What role will agents, brokers and third party administrators play in this model?
The Private Health Insurance Purchasing Corporation will contract with one or more private organizations to serve as the Purchasing Administrator(s) for the new program. It's very likely that existing Third-Party Administrators (TPAs), will bid to perform this function. The Private Health Insurance Purchasing Corporation will also arrange for the Purchasing Administrator to contract with agents and brokers to assist with education, outreach and enrollment functions. A portion of the proposed budget for the program will be allotted to pay for these services.

Will this program impact the existing relationship between insurers, hospitals and providers?
No. Insurers (HMOs, PPOs, or indemnity plans) will be free to structure relationships with hospitals, doctors, and other providers as they do currently. The *incentive* structure of the new program will encourage insurers, hospitals, and doctors to lower costs and improve quality, but will not *require* them to do anything. The program will rely on the market to control costs rather than regulation such as price-setting or Certificate of Need (CON).

What will happen to the Medicaid and BadgerCare programs?
There are two phases that will affect the Medicaid and BadgerCare programs. Initially, the Wisconsin Health Plan calls for the Medicaid and BadgerCare programs to continue to operate in their current form. The only proposed change pertains to the funding mechanism for the programs.

Currently, state government provides funding for Medicaid and BadgerCare from General Purpose Revenue (GPR), which is used to leverage matching funding from the federal government. Under this proposal, the GPR dollars currently provided by the state government for "family" Medicaid and BadgerCare are replaced by funding from the employer and employee assessments. *(Note: This proposal only applies to the "family" portion of the Medicaid and BadgerCare programs, and does not impact funding for the "elderly and disabled" Medicaid programs.)*

This proposal also requires the Department of Health and Family Services (DHFS) and the Private Health Insurance Purchasing Corporation to jointly develop a plan to fold low-income residents eligible for the family portion of Medicaid and BadgerCare into the Wisconsin Health Plan. If the Legislature concurs with the plan developed by DHFS and the Corporation, DHFS is required to seek a waiver from the U.S. Department of Health and Human Services to implement this merger and obtain an acceptable federal match for state health insurance expenditures for our low-income population.

Phase two, contingent upon the waiver request, will integrate the "family" Medicaid and BadgerCare enrollees into the overall program. These enrollees will have individual Health Insurance Purchasing Accounts, Premium Credits, and the same health care plan choices as the general population. The only difference will be that these enrollees would be subject to significantly lower levels of cost sharing, appropriate for their lower income and ability to pay.

One of the major benefits of this aspect of the program is that it will provide a new mechanism for financing the state share of "family" Medicaid and BadgerCare. The state currently spends approximately $500 million each year to pay for these programs. This proposal frees up that funding for other purposes, such as cutting taxes or making needed investments.

What will happen to the Health Insurance Risk Sharing Pool (HIRSP) program?
HIRSP will be repealed and the applicable HIRSP taxes will expire.

Will provider rates be cut?
This proposal does not call for any rate cuts. Insurers and providers will negotiate rates, just as they do in the current system.

How will providers be paid?
Again, this proposal does not dictate payment mechanisms. Insurers and providers will negotiate payments, just as they do in the current system.

Will this be a "guaranteed issue" system?
Yes. Wisconsin residents with Health Insurance Purchasing Accounts must be accepted for enrollment in this system. The only possible basis for being turned away will be if a health care plan is at maximum capacity and has no ability to service additional enrollees.

Will this be a "community rating" system?
No. The Private Health Insurance Purchasing Corporation will pay insurers differing amounts based on the age, gender, and other risk factors of the participants who enroll in that plan.

Who will assume the risk in this system?
This program places the risk on the insurers.

What will happen to underwriting in this model?
Health care plans would not be able to underwrite (i.e., turn away participants) based on underwriting factors such as health history, health status, or genetic factors.

Information for Elected Officials

How will this free up state resources?
As explained above, under the Wisconsin Health Plan proposal the state government no longer pays the $500 million GPR spent each year for family Medicaid and BadgerCare. Under this proposal, the state funding share for these programs will come from the assessment. This proposal will free up that funding for other purposes, such as cutting taxes or making needed investments.

What could the state do with those savings?
The Wisconsin Health Plan proposes to use this funding to cut the following taxes on Wisconsin businesses and individuals:

- eliminate the personal property tax paid by businesses,
- double the Earned Income Tax Credit for low-income workers,
- phase out the corporate income tax.

By lowering most employers' health care costs and eliminating two major business taxes, the Wisconsin Health Plan will substantially reduce the cost of doing business in Wisconsin and help stimulate economic growth in the state.

Will we lose federal funding if we enact this proposal?
No. The program will be structured to preserve current and anticipated levels of federal funding.

How will this save local governments money?
The program will reduce costs that local governments, as employers, now spend on local employees by making health insurance coverage more affordable. Rising health care costs for these employees is the single biggest factor putting pressure on local governments and school boards to raise property taxes. The program will help control the cost of health care; decreasing the growth of property taxes.

In addition, the program will eliminate the need for counties to use property taxes to provide health care for the "medically indigent," such as Milwaukee's General Assistance Medical Program (GAMP) program and other county General Assistance programs.

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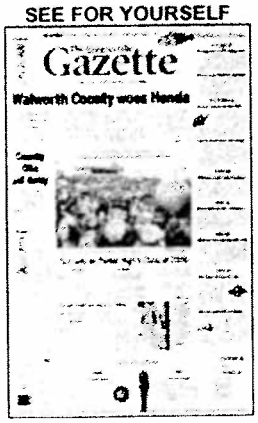

Health care reform makes a comeback

(Published Thursday, June 8, 2006 10:47:24 AM CDT)

By Frank Schultz
Gazette Staff

Gwen Daluge has been waiting for health care reform since she traveled Wisconsin in 1992, working for Hillary Clinton's doomed plan of health care for all.

Now, a movement is afoot in Wisconsin to try again.

Daluge was one of about 30 people at the Janesville Senior Center on Wednesday to hear about three competing proposals:

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-- Wisconsin Health Care Partnership Plan.

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AARP Chapter 5361 invited the speakers. Also present were three Democratic politicians- Assembly representatives Chuck Benedict of Beloit and Mike Sheridan of Janesville and a candidate in the 43rd Assembly District, John Stellmacher.

No Republicans appeared, but two of the plans have Republican co-sponsors in the Legislature.

The speakers said America's health care system is fraught with outrageous costs and fails to take care of all citizens.

All three plans strive to provide health coverage to all or nearly all Wisconsin residents. About 500,000 Wisconsinites are uninsured.

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Steve Schwartz of Wisconsin Citizen Action defined the problem this way: As health-care costs rise, people or employers can no longer afford it, so people lose their benefits. These uninsured people get sick and go to the emergency room, where health care is its most expensive. To pay for the people who can't afford to pay, the hospitals increase their prices, which leads to more uninsured people.

Schwartz advocated for his organization's Wisconsin Health Care Partnership Plan.

Gene and Linda Farley, both retired physicians from Madison, favor the Wisconsin Health Security Act, a health care financing system run by the government.

The government would not, how.ever, own the hospitals or employ the doctors, so it's not socialized medicine, Gene Farley said.

Several speakers said the number of people working in health-care administration has increased 2,500 percent since 1970.

"They don't make people better or worse. They make your health care cost a lot more. It's an outrage," Benedict said.

At the same time, drug companies have 18 percent profit margins, and insurance company executives are paid enormous salaries, Gene Farley said.

"Who pays for it? You do," Farley said.

One questioner said he believed any government-run system would cost more, but Linda Farley said the plan is designed to eliminate waste and runaway costs and minimize the bureaucracy.

A government-run system would boost Wisconsin's economy, some claim.

Chuck Neeson of the AARP chapter noted that Toyota recently decided to build a plant in Canada, in part because health care costs are lower than in the United States.

Neeson and Gene Farley said universal coverage would attract new business from outside the state and remove a roadblock-escalating health costs-to anyone starting a business here.

"Wisconsin could become a growth state just from this one move alone," Neeson said.

Lisa Ellinger of the nonprofit Wisconsin Health Project described the Wisconsin Health Plan, which she called a blend of ideas from across the political spectrum.

Both Ellinger and Schwartz touted their plans as compromises that could appeal to people from a variety of political

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perspectives.

A Democrat and a Republican in the Legislature proposed the Wisconsin Health Plan this spring, Ellinger said. It's market-based because a government-based system won't fly politically, she said.

The speakers urged people to get involved and hold their legislators' toes to the fire.

Benedict said that unless voters change the makeup of the Republican-controlled Legislature in November, chances for any of the plans are slim.

Sheridan said he likes parts of all three plans.

"Let's get everyone in the same room and get this thing done," he said.

Rep. Debi Towns, R-Janesville, was contacted by The Janesville Gazette after the forum. She said the Legislature passed significant reforms in the recent session.

Towns herself has twice introduced bills that would allow farmers to join the state employees health-care group, but officials of the Democrat governor's administration placed such a high price tag on the idea that it failed, she said.

Towns said she likes aspects of the Wisconsin Health Plan, but she said it faced the same fate and never made it out of committee.

The Legislature did pass a bill that allows people who buy their own insurance to deduct that cost from their income taxes, Towns said.

Towns said she opposes universal health care, saying that "it comes down to continuing to let consumers have choice or let government get bigger and tell what health care will be."

The advocates for each of the three plans, however, said they would let people pick their own doctors and would not interfere with doctors' ability to practice medicine.

William Curtis of Milton said he compared costs and taxes with his son who lives in Austria and found that his son pays less but gets higher quality care under Austria's government-run system.

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The Dunn County News

Print Page

FRIDAY JUNE 9, 2006

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Health care proposal opens door to discussion

By Barbara Lyon, Editor

Forget the war in Iraq, wiretaps, and corporate corruption. The issue that consistently concerns Americans across the country is one that affects them at the most personal level.

Health care — how to get it, who gets it and how to pay for it — has proven to be among the most complex problems that faces everyone, from industry giants to welfare parents. Double-digit premium increases and decreased coverage have caused a crisis at every level of society.

Nearly a year ago, state representatives Curt Gielow (R-Mequon) and Jon Richards (D-Milwaukee) teamed up to introduce Assembly Bill 1140, otherwise known as the Wisconsin Health Plan (WHP). The bipartisan health care reform initiative was authored by David Riemer and Lisa Ellinger, working under the auspices of the nonprofit Wisconsin Health Project.

Ellinger was on hand Thursday to share details of the plan with a small but interested audience of community members who attended the monthly Good Morning Menomonie event at Olde Towne, sponsored by the Greater Menomonie Area Chamber of Commerce.

"You'll probably hear something you don't like very much today," she warned her audience. "But for better or worse, that is actually what we've set out to do. We've tried to create what we jokingly call the 70 percent solution.' We figured if everybody could like at least 70 percent of what they see, regardless of your perspective on the health care crisis... then we could actually move forward and have a serious discussion about the problem."

Crafted as a "compromise solution," the project's authors have come up with what they call guiding a market-based plan with a consumer-driven philosophy. Its multi-pronged intent is to lower health care costs and taxes, yet make it easier for employers in Wisconsin to create jobs that not only pay higher wages while reducing the cost of doing business in the state and earning companies solid profits.

"Looking at the political landscape, it was our sense... that the political leadership was not quite ready for a single-payer, government-run system," Ellinger explained. "And we want consumers to be as aware as possible about the costs and quality of the care they're receiving. We also want to reward people for making smart decisions about their health

care."

She outlined what she called the "triple crisis" in the state's health care delivery system: the deficit in its Medicare budget, the rising number of uninsured, and the skyrocketing cost of health care.

"The good news is we think it's a solvable problem," Ellinger declared.

What WHP proposes is to leverage buying power in the market by putting everyone in the state into a single, large purchasing pool, overseen by a private, nonprofit corporation.

The details

Under WHP, with a few exceptions, everyone under the age of 65 (when Medicare kicks in), would own a health insurance savings account in which $500 would be deposited on an annual basis. In addition, each would receive a premium credit, to be used like a voucher, to shop for and buy the insurance plan of their choice.

The benefits package includes medical care, hospital care, and prescription drugs. Annual deductibles are low: $100 for children ages 0-17 and $1,200 for adults ages 18-64. Co-pays, catastrophic care and other out-of-pocket expenses are capped, depending on the size of the family. In addition, certain preventive dental care for children and other preventive care services are available at no cost.

Prevention and wellness are actually key components to the plan.

"We provide preventive care — things like immunizations, annual exams, Pap smears, mammograms, colonoscopies — with no cost sharing," Ellinger explained. "We want to encourage people to get these tests done regularly."

Rather than participating in an employers' or self-funded plan, all (and that's practically everybody) qualified state residents would instead purchase the health insurance plan that meets their needs. Licensed insurers would be invited to submit bids to provide insurance coverage to this new, equalized pool of consumers.

The competing plans will be placed into one of three tiers, depending on how well they manage costs and network with high-quality and efficient providers. All three tier levels will offer the same benefit package; the only difference is the cost to provide coverage.

Individuals enrolled in Tier 1 will not have to pay a premium. Tier 2 participants would pay a relatively low out-of-pocket monthly premium, while those in Tier 3 would pay a higher monthly premium.

Since they won't have to pay to participate, the largest volume of individuals will probably choose Tier 1. And that should provide a significant incentive to insurers to bid low enough to qualify.

"If they're focused on people getting appropriate care, they'll want to provide preventive care," Ellinger pointed out. "It's cost effective and a smart way to purchase health care. Consumers are paying attention to the cost of their health care and focused on being smart consumers."

As to the likely effect on insurers, she noted, "We've tried to figure out the smallest role government could play to help level the playing field and set some more logical rules for how people compete. Insurers can choose, on a county-by-county basis, where they want to provide coverage. We leave the insurance industry in the market as they are today; we just ask them to compete in a different way."

The program would be mandatory.

"We studied examples from all over the country and the world," Ellinger reported. "We did not find a single successful voluntary program."

Paying the piper

And how does AB 1140 propose to pay for the Wisconsin Health Plan? Actually, it doesn't.

"We have a proposal that we use as a starting point for discussion, but we have not reached consensus among business, labor and other employers about what is the most fair, simple way to finance this program," Ellinger admitted, noting that the funding mechanism was intentionally left out as politicians across the state enter the campaign season.

The springboard for discussion is a sliding scale assessment based on an employer's payroll.

"We propose a 2 percent tax on employees, deducted just like Medicare and Social Security are today," Ellinger explained. "On the employers' side, there would be a payroll tax that starts as low as 3 percent for the smallest of employers and caps at 12 percent for employers with payroll of $500,000 or higher."

Self-employed individuals would contribute both the employer and employee assessment for a total of 5 percent.

The overall cost for the program is estimated at about $12 billion a year. Payrolls in Wisconsin total about $100 billion per year. Although some spend nothing while for others the bill is as much as 25 percent, employers currently spend between 15 to 16 percent of payroll to finance health care costs.

The reaction from the labor community, Ellinger admitted has been mixed:

"On the one hand, they love the idea of being able to negotiate on salary increases for a change, rather than negotiations focusing solely on health care costs. We've worked closely with them to come up with a split assessment. They didn't want it to be too much of a burden on their membership, but they understood the logic to employees contributing to a system like this."

The economic impact of WHP could be favorable, considering the difficulty most businesses encounter as they attempt to invest in the future without knowing how much health insurance premiums are likely to increase.

"We think an environment where health care costs are predictable and more stable would be a huge benefit," Ellinger stated. "There could be a huge entrepreneurial effect, too. A lot of people might be willing to risk their savings, but not necessarily their health care benefits."

To learn more about the Wisconsin Health Plan, check out www.wisconsinhealth plan.org. Information about AB 1140 is available at http://www.legis.state.wi.us/2005/date/AB-1140.pdf. Or contact The Wisconsin Health Project at (414) 267-6020; e-mail lisa_ellinger@yahoo.com or driemermil@yahoo.com.

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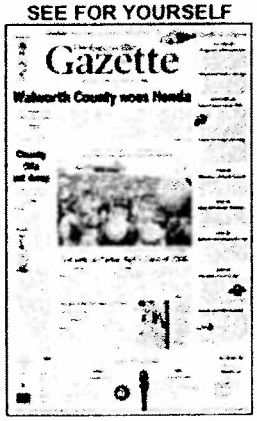

Health plan might heal ailing patient

(Published Sunday, May 14, 2006)

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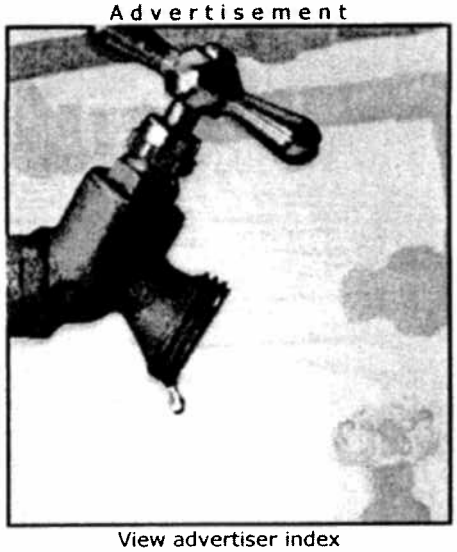

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The ramifications of skyrocketing health care costs are painfully obvious to every Wisconsin business, government and resident.

Lawmakers keep picking at the problem. They pitch Band-Aids such as tax incentives or purchasing pools.

Yet health care costs greatly outpace inflation. Every year, they gobble more taxpayer dollars and leave consumers with less money to spend on utilities, food, clothing and shelter.

Conservative lawmakers would never propose "socialized" health care. They fear another massive entitlement such as Medicaid that soon would run staggering deficits.

But what if a plan insured nearly everyone younger than 65? What if it relied on a large purchasing pool and "consumer driven" incentives to encourage wise and appropriate use of coverage? What if it saved employers and employees money?

Still reading? That's good. Because such a plan might be in the works. Reps. Curt Gielow, R-Mequon, and Jon Richards, D-Milwaukee, introduced the Wisconsin Health Plan as Assembly Bill 1140 in March.

The plan targets Wisconsin's "triple crisis" in health care: Skyrocketing costs, rising numbers of uninsured and the Medicaid deficit.

Gielow and Richards didn't include funding in their bill so debate can focus on the plan's merits. But funding might include a 2 percent assessment on employee wages and

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employer assessments ranging from 3 percent to 12 percent of wages.

Advocates say Wisconsin employers spend an average of 15 percent of payroll for health care premiums and that costs are rising at double-digit clips.

Massachusetts recently turned heads by requiring all residents to buy insurance.

"Massachusetts showed that Democrats and Republicans working together can solve this problem...," Richards said. "Our proposal or proposals like it seem to be getting more and more serious attention almost each passing week, and I'm encouraged that more people seem to be taking our efforts seriously."

David Riemer and Lisa Ellinger are championing the plan in an effort paid for by Milwaukee foundations. The two used vast backgrounds in public policy and health care issues to help write the plan. It has fallen on "fertile soil," Riemer says.

The status quo is terrible for employers. Predictable, stabile health care costs would benefit them greatly. Wisconsin has a history of tackling big issues and providing national leadership in programs such as unemployment compensation and welfare reform.

"If we could do it then, we can do it again," Riemer says. "Why not show the country how to get out of the systemic mess we're in?"

It doesn't help that Gielow is leaving the Legislature. The Wisconsin Health Plan intrigues other Republicans, but none has endorsed it.

For the good of every Wisconsin employer and employee, they should keep open minds and seriously consider it. Health care has the patients-all of us-on financial life support.

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What to do about the cost of health care?

By Dustin Block

By Dustin Block Journal Times analysis RACINE COUNTY - Chances are you've had a problem with health care costs. If you haven't, then you know somebody who has.

Last year, an estimated 500,000 people in Wisconsin, and 44 million nationwide, did not have health insurance. But the number of people struggling with affordable health care and rising costs is much higher.

People with insurance are paying, on average, roughly 20 percent of their health bills, plus annual increases in their premiums. Meanwhile, businesses are facing increases of 10 to 25 percent in health costs annually, forcing them to lay off employees and to raise prices.

The result is a growing consensus that something needs to be done about health care costs. What's unclear is whether the consensus will turn into a political movement strong enough to facilitate change at a state or national level.

Wisconsin Health Plan The current proposal closest to reaching political viability is the Wisconsin Health Plan. The bipartisan plan would provide health insurance to all state residents, stabilize health costs for businesses and use purchasing pools to lower prices.

Paying for the plan remains the major obstacle. An initial proposal called for a payroll tax on business and employees to raise at least $12 billion annually. Supporting a tax increase on businesses, particularly in an election year, would be politically damaging to any candidate.

Racine County Executive Bill McReynolds, a Republican candidate for state Senate, demonstrated the knee-jerk opposition to health care reform last week with a scathing attack on his opponent, state Rep. John Lehman, D-Racine, who backs the Wisconsin Health Plan.

In a press release, McReynolds tarred Lehman as an opponent of business who would drive jobs out of Wisconsin.

In response, Lehman said he backed a bipartisan approach to controlling health care costs and extending insurance to all residents.

The differences in approach between McReynolds and Lehman captures the promise and difficulties the Wisconsin Health Plan faces in a political debate.

Grassroots effort

The outright rejection of the proposal, known as the Wisconsin Plan, was the type of reaction the authors of the bill have been trying to avoid.

David Riemer and Lisa Ellinger, former members of Gov. Jim Doyle's administration, have traveled the state, soliciting input on the proposal in the hopes of building grassroots support for change.

They've taken an interesting approach to lawmaking: Disagree with their efforts to create an affordable

health care system for all state residents? No problem, what's your solution?

The approach has achieved modest success. Ellinger pointed out that hospitals and Wisconsin Manufacturers and Commerce haven't come out hard against their proposal, despite their steadfast opposition to government involvement in health care.

She also noted that there are Republicans who support the plan, including state Rep. Curt Gielow, R-Mequon, who is co-sponsoring the proposal with state Rep. Jon Richards, D-Milwaukee.

Richards added that there are number of people in state government who are "quietly intrigued" by the proposal, which was crafted as a combination of Democratic-backed efforts to provide health care for all, and Republican-backed methods to implement the plan.

For example, the plan includes health savings accounts - a Republican plan - for all Wisconsin residents between 18 and 65 who have lived in the state for six months.

Democrats generally oppose HSAs as favoring the "healthy and the wealthy" - people who don't have a lot of medical expenses and do have extra money to save.

In response, the Wisconsin Health Plan seeds the HSAs with $500 per year. This money can be used for medical-related expenses, including dental care, or can be rolled over to the next year. State residents also could save money in the accounts tax-free.

The Wisconsin Health Plan also includes co-pays and deductibles for all state residents, and a cap on out-of-pocket expenses of $500 for children, $2,000 for adults, and $3,000 for families.

Political hurdle The funding mechanism for the Wisconsin Health Plan was purposely left out of the bill introduced into the Assembly. The hope was by focusing on the plan itself, and not the increase in taxes needed to fund the bill, that the proposal could be discussed without political recriminations.

But the plan written by Riemer and Ellinger includes up to a 12 percent increase in the state's payroll tax, depending on the size of the business, and a 2 percent contribution from employees. For all of their bipartisan efforts to craft the plan, it's the tax increase that makes it difficult for even election-year Democrats to support.

Doyle, facing a tough re-election challenge from Republican Mark Green, hasn't lent support to the proposal. Locally, Lehman may have trouble withstanding McReynolds' simple attack, particularly if health care reform is presented as a surface issue of taxing and spending at the expense of business.

The reality of the Wisconsin Health Plan is more complicated. While health care reformers can take solace in how the plan extends insurance to all state residents, the strength of the proposal may be its pro-business leanings. Focusing on taxes alone overlooks a promising plan to stabilize the financially chaotic health care system.

In his attack on the Wisconsin Health Plan, McReynolds himself inadvertently backed a large portion of the proposal. He called for tax-free health savings accounts, better transparency in health care costs and incentives for health care providers and consumers to make cost-effective decisions. The Wisconsin Health Plan includes all three provisions.

Current roles retained Using a three-tiered system, based on the health insurance plan given to state

employees, the Wisconsin Health Plan divides insurance companies and medical providers into tiers.

Companies that qualify for "Tier 1" are available to all state employees for free. Companies in "Tier 2" or "Tier 3" are available to employees, but at additional cost.

Implemented statewide, the tiered system would give health care companies strong incentives to qualify for Tier 1. It also puts the state in a position of setting guidelines for what it takes to reach Tier 1, without creating a large government bureaucracy to run the program. Instead, the state sets the rules and private companies compete to follow those rules.

"The role of government is very small and limited in this plan," said Riemer, noting a key point of the proposal: It leaves the current players in health care, including hospitals and insurance companies, in place. "The government referees. Beyond that, we let them (health industry businesses) do their thing."

Pro-business The recent trouble with health care costs is their unpredictability. Businesses, local governments and individuals are struggling to budget into the future, because health care costs are increasing in spikes. One year, the increase can be 8 percent, the next year it can be 25 percent. With minimal negotiating power, businesses and governments are left to pay the steep increases and make cuts elsewhere.

The Wisconsin Health Plan works to even out the spikes by pooling state residents and creating purchasing pools that insurance companies can't ignore. The state would absorb the volatility of the health care market by simply taking away business' health care expenses. In return, businesses would pay up to a 12 percent payroll tax and employees would pay a flat 2 percent tax. The combined 14 percent of total payroll is less than the current state average of 15 percent of payroll being spent on health care.

Further, the percentage of payroll being spent on health care is growing annually. Ignoring the health care crisis, Ellinger said, is the anti-business stance.

"Doing nothing and allowing the status quo to continue is a jobs killer," Ellinger said.

Politics

The complexity of the health care issue could be its undoing. While the Wisconsin Health Plan is a seemingly elegant solution to a worsening problem, charges of tax increases on businesses could be too potent to overcome.

The equalizer could be grassroots efforts like Riemer and Ellinger are working to create. Politicians need permission from the public to make radical changes.

"The people are way ahead of the politicians on this one," said Richards, who remained optimistic that state legislators could turn in favor of the plan. Initial meetings with Democrats and Republicans are going well, he said. Ellinger added that several politicians are "quietly intrigued."

The hope for the Wisconsin Health Plan is to have it passed in the next state budget. Its prospects could hinge on the governor's race, and whether Doyle or Green would be willing to take the political risk of backing a comprehensive change to health care in Wisconsin.

The question for the gubernatorial candidates isn't whether reform is needed, it's whether the situation

has gotten so bad that they can risk the change. With hundreds of thousands without insurance and businesses and individuals struggling to afford even basic health care, it's time for reform.

Either Doyle or Green could seize control of the November election by embracing the Wisconsin Health Plan - if they can resist the simple worries about tax increases and sell the comprehensive reform that would help businesses and individuals. If they can't, the status quo of deteriorating health care at escalating prices will persist - and the entire state will continue to carry the burden.

"We have to do this before a catastrophic event happens and our health care system collapses under its weight," Richards said. "It's good for us to address now, than when we may not have many good options."

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Extend health insurance to all

A Wisconsin State Journal editorial
April 15, 2006

In a bold effort to cure what ails the health care system, Massachusetts last week became the first state to require everyone to be covered by medical insurance.

Wisconsin should follow Massachusetts' lead.

No, that doesn't mean Wisconsin should adopt the same plan Massachusetts adopted - at least not necessarily.

But it does mean Wisconsin should summon the same bipartisan leadership, energy and courage to find a solution for the uninsured - before the costs to our economy and public health reach critical mass.

Therefore, we call on Gov. Jim Doyle and state lawmakers to adopt a plan by this time next year to extend health care coverage to the 500,000 state residents who now lack insurance.

There is already a place to start. The Wisconsin Health Plan, proposed by Reps. Curt Gielow, R-Mequon, and Jon Richards, D-Milwaukee, would cover everyone under age 65 through a statewide purchasing pool.

The plan has weaknesses, including uncertainty about how it would be financed (the authors tentatively suggest a payroll tax). But by making minimum use of government bureaucracy and maximum use of market solutions, it forms a foundation upon which to build.

Covering the uninsured is an easier goal to set than it is to reach. Who doesn't wish that everyone had health insurance? People without insurance risk health problems because they often choose not to go to the doctor until their condition is severe and because their treatment may be restricted by their lack of coverage.

Moreover, when the uninsured are unable to pay, the cost of their treatment is spread across the health care system, raising costs to everyone.

But extending health coverage to the uninsured is an expensive proposition. Who pays? What changes are made to the status quo? Who wins? Who loses?

Many advocates have aimed for a federal solution. But the better approach is to encourage states to construct their own solutions. That

allows states to innovate and to tailor their plans to meet the needs of their populations.

The Massachusetts plan is full of potential and risk. On its surface, the plan is remarkably simple - require everyone to have insurance. But beneath the surface lie complications. For example, the state plans to subsidize insurance for the poor through several financing mechanisms. However, one source of funding - a fee charged to businesses that fail to offer health insurance to workers - was vetoed by Gov. Mitt Romney.

The odds of success for Massachusetts are unclear. But what is clear is that Massachusetts has demonstrated what is required for a state to confront the health insurance problem. Republican Romney and the Democratic legislature worked on the plan for two years, melding differing approaches, overcoming disagreements and boldly going where no state has gone before.

Wisconsin should learn from Massachusetts' experience. The state should also draw on its own history of policy innovation from unemployment compensation to welfare reform.

Now is the time for Doyle and lawmakers to make universal health insurance a top priority.

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Editorial: A time for boldness

From the Journal Sentinel

Posted: April 11, 2006

The decision by the Massachusetts Legislature and governor requiring everyone to buy medical insurance has received national attention and praise for its boldness. But a plan every bit as daring and potentially even more sweeping has been taking shape in Wisconsin for more than a year, and we can only hope it will now receive new energy, urgency - and attention. A bill to enact the plan was introduced in March.

Advertisement The Wisconsin Health Plan, proposed by state Reps. Curt Gielow, a Mequon Republican, and Jon Richards, a Milwaukee Democrat, is similar to the Massachusetts plan. But it would call for creation of a statewide private insurance purchasing pool to provide health coverage for everyone under age 65 and put the primary financial responsibility on employers.

In June, we called it one of the most promising ideas we've seen so far.

Upon further review and discussion with its authors this week, we feel even more strongly about it. Like Gielow and Richards, we're inspired by the dramatic way Massachusetts dealt with essentially the same problem by bringing everyone to the table and working out a compromise all interested parties could live with.

That same kind of broad coalition is critical if Wisconsin is ever going to come to grips with its health care crisis and the especially high costs of health care here.

The primary goal is to provide health care for the roughly 500,000 Wisconsinites who don't have health insurance even though roughly 75% of them work. The cost of their care is passed on to those who have health insurance, which is unfair and economically unsound.

While Wisconsin should not rule out adopting a version of the Massachusetts plan, we think the smartest approach is to tailor the solution to our state's particular needs, characteristics and culture. David Riemer, one of the plan's chief architects, who is with the Wisconsin Health Project, did precisely that - which quite literally gives this plan custom-made credibility.

As Gielow and Richards correctly point out, their plan is also more comprehensive and contains mechanisms to rein in spending. Their plan would rely on market-based incentives, rather than

government bureaucracy to drive down health care costs.

"We're trying to have government play the least role it can," Riemer said of the plan, which should add to its appeal among employers and others leery about what they might see as unnecessary and costly governmental interference.

It would wisely rely heavily on individual choice and options. Everyone would get a health savings account and credit to purchase coverage from competing, qualified insurers, with the option to buy additional coverage at their own expense. We like the strong emphasis on preventive health care, the best way to keep people healthy and lower costs.

One of the failings of the Massachusetts plan is its vague, hodgepodge financing. Gielow and Richards suggest a tax of 3% to 12% for Wisconsin employers, based on payroll, coupled with a 2% tax on employees. Since most employers now spend about 15% of payroll for health care costs, the lawmakers say this would be cheaper.

The tax would provide a sustainable and arguably equitable revenue stream although Gielow and Richards are not wedded to it - why it's just a suggestion for now and not actually in the bill.

The two lawmakers plan to hire an independent consultant to evaluate their plan. That should help their cause, but it will be for naught if folks here refuse to do what the lawmakers did and think boldly.

From the April 12, 2006 editions of the Milwaukee Journal Sentinel
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A quiet push for state health plan

2 Wisconsin lawmakers want to follow trail Massachusetts blazed

By GUY BOULTON
gboulton@journalsentinel.com

Posted: April 11, 2006

For roughly a year, two state representatives, one Democrat, one Republican, and two health policy officials have been speaking to business groups, farmers, trade associations and editorial boards about a plan to provide health insurance to every person in Wisconsin.

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In some ways, their proposal, the Wisconsin Health Plan, is the state's version of the legislation passed last week by the Massachusetts legislature. The bill - worked out by a Republican governor and a Democratic legislature - is designed to ensure that nearly everyone in that state has health care coverage.

"Massachusetts blazes a trail here," said Rep. Curt Gielow (R-Mequon), one of the backers of the Wisconsin Health Plan. "We should be on their tail."

Both the Massachusetts legislation and the Wisconsin Health Plan use a mix of mandates and market solutions to expand health insurance coverage. But the Wisconsin Health Plan is more sweeping in scope and, in all likelihood, would face more opposition.

The plan would require all employers to contribute to the cost of health insurance for their employees through a payroll tax, raising costs for some employers but ending the cost-shifting that takes place when one employer provides health benefits and another doesn't.

It would transform the way health insurance is bought and sold in Wisconsin, potentially increasing competition. And, at least theoretically, it would force hospitals and doctors to become more efficient.

Since the Wisconsin Health Plan was announced last summer, Gielow and Rep. Jon Richards (D-Milwaukee), along with David Riemer and Lisa Ellinger of the Wisconsin Health Project, have been quietly working to generate interest.

There are no signs that the Wisconsin Health Plan has widespread support. But it at least intrigues some business, labor and farm groups. The Massachusetts bill, scheduled to be signed into law by Gov. Mitt

Romney today, could add to the interest.

"It shows that major reform is possible," Richards said.

The Massachusetts legislation, he said, also shows that health care reform shouldn't be a partisan issue.

"People on both sides of the aisles have to come to grips with this," Richards said.

With Congress showing scant interest in the complex and politically dangerous issue of health care reform, that is increasingly happening at the state level.

"There are no easy answers, but I think states are trying to be creative," Alice Burton, director of State Coverage Initiatives at AcademyHealth, a health policy research organization, said earlier this year.

If nothing else, the Wisconsin Health Plan is an example of that.

"We may be a little ahead of ourselves," Gielow said. "But nonetheless the dialogue is good."

The financial impact

Providing health insurance for the uninsured costs money, and policy analysts note that means redistributing wealth. It's one of the inherent obstacles to health care reform. Massachusetts' legislation, for example, has been criticized for being vague about how it will pay for its expanded coverage.

Any initiative to extend coverage also means subsidies of some kind, either in the form of higher insurance premiums or higher taxes.

The Wisconsin Health Plan is a version of an idea backed by several prominent health care economists. Basically, the plan would require employers to pay a tax, varying from 2% to 12%, based on the size of their payroll.

Employees, who would pay a 2% tax, would get a voucher to buy basic insurance coverage. The health plans would cover preventive care and include a health savings account.

Health insurers would bid to sell the plans, and a private corporation would place the plans in tiers based on price and quality. Those in the first tier would not have a monthly premium.

The idea is to encourage health plans to control costs by contracting with the hospitals and doctors that are most efficient. That would put pressure on hospitals and doctors to provide quality care at a lower cost.

"We are letting the market work," Ellinger said.

People could buy additional coverage at their own expense. Employers also could provide additional benefits. But the voucher could be used only for health plans meeting certain standards for coverage, allowing people to make apples-to-apples comparisons.

Everyone, in short, would know what they are getting. That's not always the case under the current system.

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Hillarycare? No, and it deserves another look

Posted: Nov. 15, 2005

Patrick McIlheran
ARCHIVE

Remember that statewide health plan proposed last summer - universal coverage, bipartisan sponsors, smelling kind of socialized and vanishing quickly?

It didn't vanish. It was tinkered, and, says its Republican patron, Rep. Curt Gielow of Mequon, it's coming back to the Capitol, perhaps by the first of the year.

It's not socialized, either - so much the opposite that it's worth another look.

The plan is promoted by Gielow and Rep. Jon Richards, a Milwaukee Democrat. It was drawn by Lisa Ellinger and David Riemer, who has long been active in Democratic circles. If you're expecting Hillarycare Redux, the details so far show otherwise.

Riemer says that with hundreds of thousands uninsured in Wisconsin, Medicaid costs eating the budget and insurance costs breaking businesses, whatever solves the crisis is OK by him as long as it respects four fundamentals: It has to cover everyone, has to be funded by some mandatory levy, has to let free markets work and has to lower business costs.

That last part includes one of the big autumn changes to the plan. Riemer and Ellinger would fund health care by a payroll tax. Starting at 3%, topping out at 12%, it would be less than the 15% of payroll that the average business now pays for health care. In exchange, they propose the state kill the property tax on equipment and the corporate income tax.

"No one seems to believe it or listen to it," says Gielow of this new angle. But, as Richards points out, if Wisconsin pulls it off, it not only solves a crisis, it could dramatically cut businesses' costs.

The idea hasn't yet chased off the unions on Riemer's advisory panel. "We're trying to keep everyone at the table," says Richards.

As for business, Jim Pugh, spokesman for Wisconsin Manufacturers & Commerce, suspects tax relief wouldn't survive Madison logrolling, and the group may still oppose the plan. But for now, "We're willing to listen . . . and let people think outside the box."

The Riemer and Ellinger plan does that by its reliance on health savings accounts. The state would give everyone a chit to buy a basic, high-deductible health plan. Benefit packages would be identical, but you could opt for a wider network of doctors at your own expense, as it works now in the state employees' benefits plan. Aside from preventive care, you'd pay some of that high deductible with money the state puts annually into that HSA for you.

So, says Riemer, the plan isn't single-payer, like Canada's. Instead, it's a 4.6 million-payer plan, since every adult pays for routine care with money he keeps if he's parsimonious. Meanwhile, everyone's insured for the big-dollar stuff that's often unexpected.

There are dangers. J.P. Wieske of the Coalition for Affordable Health Insurance, a group funded by the insurance industry, points out that HSAs are poison to unions; he thinks they'll torpedo them. "It's not single-payer," he says, "but it'll get us there." Pugh fears that once we accept a state solution, we could "end up with a system where you wait two years for a heart transplant and it has all the efficiency and friendliness of the postal service."

The plan's designers, however, seem aware of this. "Something that's not market-based . . . isn't going to work," ," says Ellinger.

intention of putting money in the hands of patients, not bureaucrats, can stave off something much worse, it's worth a cautious second look.

Read more about the plan at www.wisconsinhealthproject.org and HSAsat www.cahi.org (an industry-funded site)

From the Nov. 16, 2005, editions of the Milwaukee Journal Sentinel
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Here's a health care proposal: Insure everybody

Steve Lund KENOSHA NEWS

Read& React

Mar 23, 2006

A proposed remedy for soaring health care costs in Wisconsin can be summed up in a few words: everybody in the pool.

That means everybody gets a basic insurance plan that includes free preventive care, incentives for staying healthy, prescription drug coverage and $500 per year in a health savings account for each adult. The plan would have a $1,200 deductible for each adult and $100 for each child, with co-pays of 10 to 20 percent after that.

"Everybody in the pool" also means one health insurance group of more than 4 million Wisconsin residents - everyone who has been here for six months or longer, whether employed or not, and who isn't in Medicare. The plan would be administered by a private corporation that works like a farmer's co-op, soliciting bids from insurance companies for health coverage and ranking the companies on quality and efficiency.

This idea is called the Wisconsin Health Plan. It was introduced Tuesday by Rep. Curt Gielow, R-Mequon, and Rep. Jon Richards, D-Milwaukee, and referred to the Committee on Insurance. AB 1140 is not a socialized health plan, but it would need to be written into law because participation would be mandatory.

That means mandatory for payers as well. No payment mechanism is specified in the bill, but one of the ways that's been suggested is a payroll assessment - a sliding scale for employers ranging from 3 percent to 12 percent of payroll, plus 2 percent of wages for employees.

"The only way this plan works is if everyone is in the pool," said David Riemer, project director for Wisconsin Health Project, which developed the plan. "It makes everyone pay their fair share, but it doesn't force companies to pay more than they can afford."

Riemer estimates that most employers will pay less than the 15 to 16 percent of payroll the average company now pays. Companies that don't offer health insurance, however, would no longer have a free ride.

"Wisconsin has a health care crisis," Riemer said. "We need to do something big and bold to avoid a train wreck. This kind of a solution is the right approach, I think. At least it's a worthy plan that ought to be discussed. If not this, what else?"

Keeping the discussion going is also the aim of Richards and Gielow, neither of whom expects any action on the bill this session.

"It's not going to pass this year, maybe not next year," said Gielow, a former hospital administrator. "This has things Republicans like, such as freedom of choice, HSAs, all insurance companies are in, and personal responsibility. It appeals to the Democratic desire that everybody is covered.

"It's not going to make all the Democrats happy and it's not going to make all the Republicans happy, but I hope people will think about what makes good policy sense," Gielow said.

"If we can keep the coalition of the frustrated - business, manufacturing, labor, farmers - if we can keep them all at the table talking about this, we can keep moving forward," he said.

Richards, the assistant minority leader in the Assembly, said, "What we're finding is there is tremendous frustration with how expensive health care is in Wisconsin and how hard it is for people to get it. Every year it gets worse and worse. That's why business has been so willing to talk about this."

Gielow and Richards actually floated this plan for discussion last summer but it was just introduced in the Legislature this week. They heard lots of criticism about it being mandatory; they pointed out that without everyone in the insurance pool, it doesn't work.

They also heard the criticism that it makes health insurance an entitlement. Gielow said that's already the case. Uninsured people, he said, get health care but in the wrong place at the wrong time - the emergency room - and everyone else pays for it through higher insurance costs.

"It's a great cost shift," he said. "There's no free care. The hospital gets paid by shifting the cost to people with insurance."

Richards sees the Wisconsin Health Plan playing a role in the state's economic development.

"It really goes to our competitiveness," Richards said. "That's why you're seeing more and more business people embracing this idea. They're competing with other people in places where they don't have such horrendous costs."

Richards and Gielow think the state needs to talk about health care, and they've given the Legislature something specific to talk about.

"Before you kill it with criticism," Gielow said, "let's talk about it."

Steve Lund is editorial page editor of the Kenosha News. His column appears on Thursdays.

This is a printer friendly version of an article from the **Green Bay Press-Gazette**

Back

Editorial: Health plan a step in right direction

March 14, 2006

The Wisconsin Health Plan isn't the final answer to state health-care questions, but it provides a framework for government and business leaders' discussions of ways to slow skyrocketing health-care costs.

Issue

Wisconsin Health Plan

Our view

It's a reasonable step toward an eventual solution

The plan — developed by David Riemer and Lisa Ellinger of the Wisconsin Health Project and Reps. Curt Gielow, R- Mequon, and Jon Richards, D-Milwaukee — was designed to decrease the number of Wisconsinites without health insurance and to reduce the state's Medicaid-program deficit.

Wisconsin employers spend an average of 15 percent of payroll for the health-care premiums of their employees, according to a Wisconsin Health Plan concept paper. Costs are rising 10 to 15 percent per year, an increase that is having a negative impact on the state's business climate.

The plan calls for the state to collect from employees an amount of money equivalent to a percentage of Social Security wages. And employers would fund the plan on a sliding scale, based on payroll. Residents would receive a premium credit, which they would use to buy health insurance from competing, qualified health-insurance plans that would include medical care, hospital care and a prescription drug benefit.

Market competition, according to Riemer, would help drive the program's cost down. And people with health savings accounts could carry the unused balances from year to year. That, Riemer said, would be incentive for state residents to help control health-care costs.

Gielow sent the bill late last week to the Assembly chief, who has up to two weeks to assign a bill number and refer it to a committee for public hearings.

Riemer and Ellinger are conducting meetings across the state, including one last week at Ashwaubenon High School during which 80 business people gave the plan mixed reviews.

The Wisconsin Health Plan may not be the final proposal for health-care reform in Wisconsin, but it's a sound step toward a workable solution.

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Editorial: Costs that stymie state's economy

From the Journal Sentinel

Last Updated: Nov. 26, 2005

On the same day General Motors Corp. announced massive restructuring to slash its operating costs, an annual national survey demonstrated once again that companies in Wisconsin face similar pressures.

Health care costs are a major culprit. Barring a federal solution, the state must act to rein these in while making health care accessible for its residents. It can be done.

According to the survey by Mercer Health & Benefits LLC, the total cost of providing health benefits in Wisconsin rose 9.2% this year to an average of $9,321 for each employee - 31% more than the national average. The survey included more than 3,000 employers nationally, 97 in Wisconsin.

The survey underscores what has become a disturbing refrain in the Badger state for companies trying to compete in the hypercompetitive global marketplace: Health care costs here continue to outpace the national and Midwest averages.

The Wisconsin health care marketplace is part of the problem. This past summer, a survey by the federal Government Accountability Office found that physician fees, though not overall health care costs, are higher in Wisconsin than in other states.

Wisconsin employers expect that their benefit costs will increase by only 6.6% next year because they will shift some costs to employees. The national projection is for a 6.7% increase in employee health benefit costs in 2006.

But simply shifting costs doesn't get at the heart of the problem. A multilayered approach is necessary.

Employers must begin putting more money into wellness programs, disease management and risk assessment.

And Wisconsin needs to do a better job overall of making employees better health care consumers by providing them with comprehensive cost and quality information about health care providers in the state, including hospitals and large clinics.

But we continue to believe the best way to rein in health care costs is to tackle the problem on a statewide rather than a local basis.

What Wisconsin needs, says state Rep. Curt Gielow (R-Mequon), chairman of the Assembly Medicaid Reform Committee, is a more systemic approach. Simply negotiating better prices with major health care providers, as many employers now do, "is just cosmetic - nipping and tucking" Gielow says. He's right.

Earlier this year, Gielow proposed, along with state Rep. Jon Richards (D-Milwaukee), a statewide insurance pool, financed by a payroll tax, to help businesses cope with rising health care costs and to provide care for the large number of uninsured state residents.

But what about that national solution? During the last presidential campaign, health care was high on the radar screen but quickly slipped off, replaced by, among other things, the war in Iraq. Unless this nation tackles the problem of health care more aggressively and creatively, it will face dire social and economic consequences.

In the face of shameful federal inaction, Wisconsin must step in. The Gielow-Richards solution is a great place to start the discussion.

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Nuts, bolts of universal care

Last Updated: Nov. 19, 2005

David Riemer's grand concept for universal health care in Wisconsin refuses to go away, even though it is based on a hefty payroll tax.

Riemer, one of the state's more cerebral policy wonks, has weaved a basket of elements into his comprehensive plan in an attempt to gain support from business, labor and social activists.

It's complicated, as it seems everything in health care is, so I decided that clarity would be served if his formulas were run against the experience of my company, Serigraph Inc., on health care.

The tax to cover "a good basic medical plan" for everyone in the state would range from 3% of payroll at small businesses ($50,000 or less in Social Security wages) to 12% for medium and large companies (more than $500,000 in wages).

Serigraph, with 800 U.S. employees, has a payroll of about $34 million. At the 12% rate, our employer share of the health care bill would be about $4 million.

The Riemer plan would add another 2% of payroll paid by employees, in our case about $700,000. The gross bill then would be $4.7 million. That compares to about $5 million that Serigraph actually paid in its fiscal year ended June 30. Dental is not included in the Riemer plan, so it is subtracted from our numbers.

For our current year, thanks to the effects of our new consumer-driven health plan, we will be lower than last year. We project about $4.5 million for fiscal 2006. So, for Serigraph, the Riemer plan would be roughly a wash, right between the two years.

Who benefits most

That probably would not be true for companies that have not aggressively managed their health costs.

At the worst end of the spectrum, General Motors Corp. is spending $6 billion for health care for 750,000 employees, retirees and dependents - about $8,000 per life. That's almost three times higher than the combined employee-employer costs at Serigraph.

GM would think it had died and gone to heaven under a Riemer-type plan, saving $3 billion to $4 billion annually.

Bloated, under-managed plans would come out by: One, going down to a more sensible plan; and two, shifting expenses to the state pool. Looked at another way, they would be shifting costs to other employers and employees contributing to the pool.

Not so happy under the Riemer concept would be employers who aren't now offering health care benefits. That's 40% of all companies that would be mandated to pick up their fair share of the health care burden.

The total Riemer package, which will be re-introduced into the Legislature in revised form by Reps. Curt Gielow (R-Mequon) and Jon Richards (D-Milwaukee), costs out at $13 billion annually for everyone under 65, where federal Medicare kicks in. The Legislative Reference Bureau is doing an analysis to see if the macroeconomics square up with reality.

Individual responsibility critical

for employees and spouses, which are at the heart of any consumer-driven plan.

At the end of the day, no health economics scheme will work without a philosophy that insists on the individual responsibility, and that comes from having a stake in the outcome. When it is the employee's money at stake, consumerism and marketplace disciplines kick in. And medical prices and costs move down.

The best example is Lasik eye surgery, which is an out-of-pocket expense. It dropped over the last decade from several thousand dollars an eye to less than $300. Riemer gets that dynamic.

He throws some other goodies into his plan to entice support: use of some of the payroll taxes to end personal property tax for companies, a gradual phase-out of the corporate income tax and a doubling of the $70 million state Earned Income Tax credit for the poor.

Those inducements would come from an estimated $500 million in annual savings from eliminating the state's share of Medicaid and BadgerCare.

One of the major pluses of the concept is that the uninsured in the state would finally be covered. Another is that Riemer lets the marketplace work, unlike other single-payer proposals.

Will Riemer's opus get legs? So far, there has been a respectful neutrality from labor and business lobbies.

The 14% tax (12% employer, 2% employee), which is roughly the level of Social Security taxes, may prove too steep to sell, given that companies such as Serigraph would be neither a winner nor a loser.

Getting rid of the non-germane goodies would be one way to reduce the 14%. Health cost inflation is a far bigger issue than property or income taxes.

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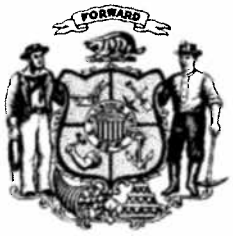
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ASSEMBLY BILL 1140
THE WISCONSIN HEALTH PLAN
WWW.WISCONSINHEALTHPLAN.ORG

Wisconsin currently faces a triple crisis in health care: the skyrocketing cost of health care, increasing numbers of uninsured, and a severe deficit in the state's Medicaid program.

Data show that employers now spend an average of 15% of payroll for employees' health care premiums. With health care costs rising 10-25% per year, this results in an adverse economic effect on wages, profits, job creation and new investment in Wisconsin.

At some point over the course of the year, over 500,000 Wisconsinites -- 10% of our population -- have no insurance coverage. Lack of insurance is a significant factor in premature death and bankruptcy.

Wisconsin's Medicaid program is facing a structural deficit because costs and caseloads are rising significantly faster than state revenues. The state has relied on short-term fixes to get by, yet this ongoing structural deficit continues to undermine other state priorities.

The Wisconsin Health Plan was unveiled on June 15, 2005, before a committee of the Wisconsin State Assembly. The plan's authors are David Riemer and Lisa Ellinger of the Wisconsin Health Project, and State Representatives Curt Gielow (23rd District) and Jon Richards (19th District).

The authors introduced the Wisconsin Health Plan to encourage a genuine, thoughtful public debate about how we should address the health care crisis in our state. One of the main goals is to reduce the cost of doing business in Wisconsin, by lowering both health care costs and taxes and making it easier for Wisconsin employers to create jobs, pay higher wages and earn solid profits.

The proposal has changed in a number of significant ways in response to feedback over the past several months. Finding reasonable solutions to such a complex problem is going to require patience, open mindedness, and a willingness to move forward in the spirit of compromise.

Business and labor leaders, the insurance industry and health care providers, consumers and advocacy groups, elected officials, and the people of Wisconsin are all encouraged to share concerns, ask questions, and offer suggestions to further improve the proposal. Solving Wisconsin's health care crisis will not be easy. It will require input, discussion and compromise from all involved.

WHAT IS THE WISCONSIN HEALTH PLAN?

The Wisconsin Health Plan is a bipartisan health care reform initiative that addresses Wisconsin's triple crisis in health care. The proposal creates an effective purchasing pool and incorporates "consumer driven" incentives to drive down health care costs and promote health care quality. This is not "socialized medicine" – it is a smarter way to purchase health care.

The virtue of this plan is that it leaves in place our first-rate system of health care providers. Participants would be able to choose coverage from a menu of care providers -- including their current physician -- who are already operating in the state. This preserves consumer choice and promotes competition in the medical service industry – things socialized medicine can never do.

The plan would be administered by a private, non-profit corporation. The Board of Directors would be modeled after the advisory committees that oversee the long-standing and successful Unemployment Compensation and Workers Compensation programs. Employers, employees, and consumers would all be involved in the governing process. And, the plan would eliminate nearly $500 million in state spending every year. The Wisconsin Health Plan proposes to use this money to cut taxes for Wisconsin businesses and individuals.

The proposal has three simple components:

1. All Wisconsin residents under age 65 (with a few exceptions) own a Health Insurance Purchasing Account;
2. All participants have an annual choice of health care plans and providers;
3. The program is financed through a **fair and simple** mechanism.

Who is Covered? What is the Benefit Package?

The Wisconsin Health Plan would cover all Wisconsin residents less than 65 years of age, with a few exceptions. All eligible Wisconsin residents would receive a "Premium Credit," which they would use to purchase health insurance from competing, qualifying health insurance plans. Further, all adults (ages 18-64) would also receive a Health Savings Account (HSA), funded at $500 each year.

The Premium Credit would pay for a benefit package that covers medical care, hospital care, and prescription drugs. Basic preventive care (including dental care for children) would be covered free-of-charge. The package would have a deductible of $100 for children and $1,200 for adults, and co-insurance up to an out-of-pocket maximum of $500 for children, $2,000 for adults, and $3,000 for families.

Participant Choice and Incentives: The Key to Controlling Health Care Costs

Any insurer licensed to sell health insurance in Wisconsin would be qualified to compete to provide insurance coverage. Just like the successful state employee health plan, the competing insurer plans would be placed into three "tiers" based on risk-adjusted cost and quality measures. Plans designated "Tier 1" insurers would be those which provide health insurance at the lowest cost and of the highest quality.

Participants who choose Tier 1 plans would enroll for the "value" of the Premium Credit and pay no additional cost. Participants who opt for higher-cost plans ("Tier 2" or "Tier 3") would be required to pay the extra cost in monthly premium payments. There is a powerful incentive for participants to choose the Tier 1 (no premium cost) plans, and therefore to the insurers to become Tier 1 plans, and for providers to be associated with those plans -- by controlling their health care costs.

Financing the Program: The Employer and Employee Assessment

NOTE: The funding mechanism described below is not included in AB 1140. This aspect of the legislation is a work in progress, and the assessment described below is considered a starting point for discussion.

The new system would be financed by a sliding scale assessment based on an employer's payroll. The assessment schedule would be roughly equal to the following percentage of Social Security wages as reported on form "941" or schedule "SE":

- 3% up to $50,000 of wages
- 4% at $100,000 of wages
- 5% at $150,000 of wages
- 6% at $200,000 of wages
- 7% at $250,000 of wages
- 8% at $300,000 of wages
- 9% at $350,000 of wages
- 10% at $400,000 of wages
- 11% at $450,000 of wages
- 12% for payrolls greater than $500,000

Employees are required to pay a flat assessment equal to 2% of their Social Security wages.

Extensive information about the Wisconsin Health Plan is available at:
www.wisconsinhealthplan.org
Assembly Bill 1140 is available at: http://www.legis.state.wi.us/2005/data/AB-1140.pdf

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WISCONSIN LEGISLATURE
P.O. BOX 8952 · MADISON, WI 53708

For Immediate Release
March 9, 2006

Contact: Rep. Curt Gielow
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Rep. Jon Richards
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Legislators Introduce Comprehensive Bi-Partisan Health Care Reform Legislation

MADISON – Representative Curt Gielow (R-Mequon) and Rep. Jon Richards (D-Milwaukee) formally introduced The Wisconsin Health Plan, their bi-partisan legislation for comprehensive health care reform Thursday. The plan will lower costs and increase health care access by allowing Wisconsin residents under age 65 to purchase health care the same way state legislators do.

"A broad-based, bi partisan group has debated and improved this reform initiative over the past year and I'm excited to now make it an official piece of legislation – opening the process to more debate and input," said Rep. Gielow.

"This legislation is going to help middle class families, who are struggling with the high cost of health care, in a meaningful way," said Rep. Richards. "It's a big idea that doesn't tinker around the edges of Wisconsin's health care crisis, and it can work."

The Gielow-Richards plan provides all Wisconsin residents (under age 65) with a Health Insurance Purchasing Account they can use to choose from private health care plans and providers. The Plan creates a large purchasing pool, and uses consumer driven incentives to encourage people to use their coverage wisely and appropriately. The proposal also aims to promote health care quality and transparency and uses market forces to drive down health care costs.

The plan preserves Wisconsin's first-rate system of health care providers. Participants would be able to choose coverage from a menu of care providers -- including their current physician -- who are already operating in the state.

Details of the Wisconsin Health Plan were released in June of last year. Since that time a working group comprised of labor, farm and business leaders, health care professionals and Wisconsin citizens have provided their input to create the legislation that was introduced today.

Rep. Gielow said, "Rep. Richards and I want to thank former Senator Joe Leann and the many constituent leaders and representatives who have helped us formulate this dynamic reform idea over the past months. Everyone's focus is on helping find a better way to provide and afford healthcare for everyone."

"Every year people are paying more and getting less for health care," said Rep. Richards. "The status quo must end. I look forward to working with my colleagues in the months to come to move this proposal forward and deliver a real solution for Wisconsin's middle class families."

# # #

Op-ed on The Wisconsin Health Plan
By Rep. Curt Gielow and Rep. Jon Richards
June 17, 2005

For more information contact:
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This week we announced a bipartisan health care reform initiative which seeks to address Wisconsin's "triple crisis" in health care: the skyrocketing cost of health care, increasing numbers of uninsured, and the ever-present deficit in the state's Medicaid program. If adopted, the plan would eliminate nearly $500 million in state spending every year. This money could used for tax cuts or other needed investments.

To describe the situation as a "crisis" may seem extreme to some. But in our opinion, the situation has reached that level.

We introduced the Wisconsin Health Plan because we wanted to encourage a genuine, thoughtful public debate about how we should address the health care crisis in our state. In our role as legislators, we have heard from all sides of the problem that the current system is not working, and is not sustainable.

Labor unions tell us that health care costs are so out of control that it is impossible for them to negotiate for salary increases.

Employers tell us that they cannot afford to maintain benefits, cannot afford to add employees or expand their businesses, and cannot compete in the world market due to the never-ending increases in their employees' health insurance premiums.

Small businesses who want to provide health insurance either cannot afford it, or are hit harder than most by these costs. Their minimal negotiating power makes it difficult to find a "deal" on health care, and they are always one sick employee or one accident away from having their coverage cancelled.

The self-employed and farmers are much in the same boat; telling us that they are either "uninsurable," or only have access to coverage that is unaffordable.

Local government and school boards are seeing the same increases as every other employer, and the cost of providing that coverage gets passed along to all of us in higher taxes.

Each year, up to 500,000 (one half million) Wisconsinites have no insurance coverage and the number is increasing. Costs and caseloads are rising in the state's Medicaid program as well. The recurring structural deficit in that program is undermining our other state priorities and will only get worse if we do nothing.

The basic aim of our plan is to allow **all** state residents to buy health insurance the same way we do as state legislators. The "Wisconsin Health Plan" has three simple components:
- All Wisconsin employers pay a **fair assessment** – an assessment with statutory caps on the amount paid, which will be a cap on their health care costs;
- All Wisconsin residents (under age 65) own a **Health Insurance Purchasing Account;**
- All participants have an **annual choice** of private health care plans and providers.

Much of our proposal is based on the state employee plan, because that program has been so successful in controlling its health care costs at a time when nobody else seems to have found a good solution to the problem.

By creating this large purchasing pool, and using "consumer driven" incentives to encourage people to use their coverage wisely and appropriately, the proposal aims to promote health care quality and use market forces to drive down health care costs. Coverage under the plan would be completely portable for participants.

Finally, a word about what this plan is not. This is not socialized medicine. The virtue of this plan is that it leaves in place our first-rate system of health care providers. Participants would be able to choose coverage from a menu of care providers -- including their current physician -- who are already operating in the state. This preserves consumer choice and preserves competition in the medical service industry – things socialized medicine can never do.

As we said earlier in this column, we brought this plan forward to initiate a discussion about what government should or should not do to address the issue. We consider our proposal a starting point; it is not written in stone.

Finding reasonable solutions to such a complex problem is going to require patience, open mindedness, and a willingness to move forward in the spirit of compromise. We invite our colleagues, business and labor leaders, the insurance industry, health care providers, and the people of Wisconsin to join us on our quest to find a solution.

A brief but detailed description of the plan is available at: www.wisconsinhealthplan.org


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Capitol Headlines

from the Legislative Reference Bureau

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Taking on state health care crisis

3 groups present mandatory plans to Senate panel

By Anita Weier
The Capital Times

Something must be done about rising health care costs and reduced coverage in Wisconsin, and participation by businesses and individuals in the new system must be mandatory.

Those were the main points of agreement Wednesday as legislators and activists presented a trio of health care insurance reform plans to a state Senate committee.

"Health care is in a crisis mode," former state health services Secretary Joe Leann told the Select Committee on Health Care Reform. "If we don't all pull together, there is no comprehensive solution."

Leann and others argued for the "Wisconsin Health Plan," a compromise effort developed by former state budget director David Riemer; Rep. Curt Gielow, R-Mequon; Rep. Jon Richards, D-Milwaukee; and others.

This plan would be funded by an assessment on employers, ranging from 3 percent of payrolls up to $50,000 per year to 12 percent for payrolls over $500,000. Employees would be required to pay a flat assessment equal to 2 percent of their Social Security wages. Residents under 65 would also get $500 health savings accounts to spend and a premium credit.

The "Wisconsin Health Plan" would also create a purchasing pool and in-

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The Capital Times July 27, 2006

Includes articles from July 22-27, 2006:

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clude consumer incentives to drive down health costs and promote quality care.

Participants could choose coverage from a menu of providers, including their current doctors. The plan would be administered by a private, nonprofit corporation, modeled after the committees that oversee the state's unemployment compensation and worker's compensation programs.

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Slash bureaucracy: Mike Rayome, a human resources manager for Graphic Packaging International of Wausau, supported a plan presented by David Newby, head of the state AFL-CIO, and Rep. Terry Musser, R-Black River Falls.

Their "Wisconsin Health Care Partnership Plan" would also require participation by employers and employees, and rely on payments by both. Employees would pay a $300 deductible per person or $600 per family, as well as small co-pays for office visits and prescriptions. Businesses would pay a per-employee assessment of about $340 per employee per month, "less than half the cost in any other state," Rayome said.

A labor-management oversight committee would put out bids for administration and determine the fee schedule. Streamlined administration and bulk buying power would cut costs, according to Newby. "We would eliminate bureaucratic insurance costs and get rid of networks, so everyone could choose their doctor," he added.

Health care in the United States costs almost twice as much per person as in other countries because the current system is so fragmented, he said. It is a patchwork of policies and plans that costs an extra 25 percent to pay for the bureaucracy necessary to administer the complex system.

"Every time there is an encounter with the health care system, somebody has to figure out who owes who what," Newby said.

Musser said he supports the plan because he fears that ultimately a federal plan could be imposed that would make Wisconsin a "donor state," sending money to other states that have much worse health care systems.

He also said the plan levels the playing field for small businesses, which often lose out because larger companies can negotiate better prices. And, he added, "I like this plan because if you're working, you're covered."

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All of Wisconsin: Unlike those who presented the first two plans, Sen. Mark Miller, D-Monona, said his "Health Security Act" is definitely not a compromise and would go much further — covering everyone in the state.

"The Health Security Act would create a statewide health insurance plan administered by a state agency. The plan would include all Wisconsin residents, regardless of age, gender, marital status, employment status, health status or parental status," said Miller, who co-authored the legislation with Rep. Chuck Benedict, D-Janesville, a retired physician.

"The Health Security Act would create the largest possible pool in Wisconsin," Miller said.

Revenues would come from current health care spending that would be deposited into a state-administered health insurance account. That would include federal and state funds, employer contributions and taxpayer contributions similar to what individuals currently pay — in aggregate — for health care costs.

Miller's plan was developed with the help of the Coalition for Wisconsin Health, represented by local physician Linda Farley.

"Our plan covers everybody, including those on Medicare and Medicaid," Farley said, adding that it would eliminate expensive overhead exemplified by the difference in the size of billing department staffs at 900-bed hospitals in Boston and Toronto. In Toronto, she said, two people staff the billing room, compared to more than 300 in Boston.

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What's next: The health reform committee will continue to gather information on various aspects of health care. Another meeting in August will address the issue of Medicaid, the state and federally funded program that provides coverage for the poor.

"Some of the best minds in the state are working on this. We can't let bomb-throwers torch this thing," said committee member Sen. Luther Olsen, R-Ripon. "This committee can be an advocate."

"I remain open to the concept of an assessment like we do for worker's compensation and unemployment compensation," said committee co-chair Sen. Carol Roessler, R-Oshkosh.

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