



The Coalition for Sensible Health Care Solutions is made up of four major insurance agent associations in Wisconsin, representing health insurance counselors, agents, brokers and other professionals. The four associations include the Independent Insurance Agents of Wisconsin (IIAW), the National Association of Insurance and Financial Advisors - Wisconsin (NAIFA), the Professional Insurance Agents of Wisconsin (PIA) and the Wisconsin Association of Health Underwriters (WAHU).

PRIVATE MARKET SOLUTIONS OVER GOVERNMENT PROGRAMS

Unfortunately, when the discussion of health care surfaces it is usually couched in the context of the plight of the uninsured and the supposed “excess administrative cost” of our private health care system. According to the Federal Government’s Center for Medicare and Medicaid Services (CMS), the actual administrative cost of private insurance is 12 cents on every dollar. And, much is being done to increase efficiency in this system. Therefore, we advocate that the focus of the debate and solutions should be centered on the remaining 88 cents of the dollar or the real problem: **The Cost of Health Care Services**. As professional insurance advisors we are advocating that the state move forward with the following Sensible Solutions. These steps will help drive cost of care down, thereby improving access for all:

- ✓ **Returning to the Fundamental Principal of Insurance – Protection against catastrophic losses.**
 - Support state deductibility of Health Savings Accounts
 - Support the availability of major medical plans to public sector employees
 - Support expanding Section 125 plans to make premiums more affordable
- ✓ **Covering the Uninsured – Reinvent BadgerCare & Encourage Public/Private Partnerships.**
 - Help the uninsured afford coverage rather than expand Medicaid
 - Develop Public/Private Partnerships to help keep people in the private market
- ✓ **Expand Wellness Programs - Get to the root of 50% of our costs.**
 - Support incentives for employers to offer wellness plans
 - Support the offering of wellness programs to Medicaid enrollees and state employees
- ✓ **Health Information Technology Expansion - Become more efficient and safer.**
 - Support incentives for expansion of Health Information Technology
- ✓ **Health Care Transparency – Full disclosure of prices so consumers can compare.**
 - Support and encourage publication of real health care costs
- ✓ **Insurance/Market Reforms – Implement smart reforms that make the market work better.**
 - Support List Bill and the ability for employers to payroll deduct premiums
 - Support improving the application process for employees, making it easier for employers to shop
 - Support state financing of the Health Insurance Risk Sharing Plan

Please contact the Wisconsin Association of Health Underwriters for more information.

www.ewahu.org • 608-268-0200

COALITION FOR
Sensible 
Health Care
Solutions

WE BELIEVE:

- 1) All Wisconsinites deserve a health care system that delivers both world-class care and financial security.
- 2) Wisconsinites deserve a system that is accessible, affordable and fair.
- 3) Wisconsinites deserve a system that boosts the state's economy, attracts new business and strengthens existing enterprises.
- 4) All Wisconsinites share responsibility to be better stewards of their own health.
- 5) Healthcare is a national challenge; as a state, we can only do so much. But what we *can* do, we *should* do.

WHO WE ARE

The Coalition for Sensible Health Care Solutions is made up of four major insurance agent associations in Wisconsin, representing health insurance counselors, agents, brokers and other professionals. The four associations include the Independent Insurance Agents of Wisconsin (IIAW), the National Association of Insurance and Financial Advisors - Wisconsin (NAIFA), the Professional Insurance Agents of Wisconsin (PIA) and the Wisconsin Association of Health Underwriters (WAHU). We occupy a unique place in the health care coverage system, connecting Wisconsinites with the best possible coverage from health insurance companies. We educate consumers on choices, help them select the most appropriate plans for their specific needs and serve as their advocate if problems arise. *We see firsthand what's working and what's not.*

THIS DOCUMENT

As Wisconsinites and as insurance professionals, we want a stronger, more effective health care coverage system. We applaud governmental leaders and others who have put forward comprehensive reform proposals – even when we disagree with their suggested methods. This document provides a yardstick against which any proposal can be measured and offers a reform package we believe is a “sensible solution” for the health care challenges facing Wisconsin.



608/244-3131



608/268-0200



608/274-8188



608/256-4429

OUR PRINCIPLES

- ▶ We believe reform must address and reduce skyrocketing medical care costs.
- ▶ We believe any reform package must ensure that all Wisconsinites have access to basic health care coverage.
- ▶ We believe reform must neither bankrupt families nor bankrupt the state.
- ▶ We believe reform must provide the state's diverse population with equally diverse health care coverage choices.
- ▶ We believe reform must promote ongoing and long-term innovation and experimentation that enables the state's health care system to adapt over time to the evolving needs of its citizens.
- ▶ We believe reform must provide consumers access to meaningful information and expert advice and counseling from licensed and trained professionals.

PRIVATE MARKET SOLUTIONS OVER GOVERNMENT PROGRAMS

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SPECIFIC PROPOSALS TO MOVE FORWARD WITH SENSIBLE HEALTH CARE REFORM

1) Returning to the Fundamental Principal of Insurance – Protection against catastrophic losses

The basic principal behind insurance is to provide indemnification against large unexpected financial losses. Unfortunately, health insurance has evolved in the wrong direction. Rather than providing protection from unexpected large medical expenses most insurance today only requires the participant to be responsible for small co-payments for their medical or prescription expenses. According to the CATO Institute “As the percentage of the patient’s share of medical bills goes down, the cost of that care increases dramatically because patients no longer care what the total cost is”. The private sector is already moving back to comprehensive major medical plans and we must move to do the same in the public sector and allow for the for the same tax deduction to Health Savings Accounts on a state level that is already afforded on a federal level.

[Support state deductibility of Health Savings Accounts](#)

[Support the availability of major medical plans to public sector employees](#)

[Support expanding Section 125 plans to make premiums more affordable](#)

2) Covering the Uninsured – Reinvent BadgerCare to end cost shifting

We in Wisconsin are fortunate to have over 90% of our population covered by insurance. However, there still remains many left uninsured for the entire year. We must be sensitive to the needs of the uninsured, especially those who truly cannot afford insurance yet have made a conscious effort to acquire it. Currently, the government safety nets are Medicaid and BadgerCare. With reimbursement rates to providers of roughly 40 cents on a dollar, health care providers must cost shift this shortfall to the private sector. *Each time these government programs are expanded, the law of unintended consequences shifts greater financial cost to the private market causing an increase in the uninsured population.* While the goal of BadgerCare is to assist the working poor by providing health care coverage until they no longer require assistance, government should look to work with private employers who offer their employees health coverage to access their plan. The state should create individual Health Coverage Accounts (HCA) so funds would be available to have the BadgerCare recipient be enrolled and insured through his or her employer’s health program. The HCA would provide the funds to pay the normal employee premium contribution required by the sponsoring employer.

[Enroll BadgerCare recipients in their employer’s group insurance and fund the employee portion of their premium through a Health Coverage Account using BadgerCare funding. Where no group coverage exists, fund the HCA and allow the employee to purchase individual coverage. This system would eliminate cost shifting from BadgerCare to the private sector as BadgerCare enrollees would be in the same “pool” as others in the general marketplace.](#)

[Develop Public/Private Partnerships to help keep people in the private market where possible and to help consumers become less dependent upon government programs. Similar to the Long Term Care Partnership program recently adopted, Wisconsin should pass legislation to take advantage of the financial assistance from the SCHIP Reauthorization bill that would provide help to those in employer sponsored plans remain in those plans.](#)

3) Expand Wellness Programs – promote and give incentives

Research continues to illustrate that over 50 percent of health care costs are attributable to individual lifestyle and behavior choices. All Wisconsin citizens need to take responsibility for their lifestyle choices that negatively impact their health. We believe lawmakers should do everything possible to enable employers to provide benefit incentives and premium flexibility that encourage healthy lifestyle choices of employees and their dependents.

[Support incentives for employers to offer wellness plans;](#)

[Support the offering of wellness programs to Medicaid enrollees and state employees](#)

4) Health Information Technology-give incentives

According to the Center for Disease Control and Prevention's October 26, 2007 Advance Data report, only 12% of practicing physicians nationwide use a comprehensive electronic medical record (EMR) system for tracking their patients. Computerized orders for prescriptions, computerized orders for tests and reporting of test results and clinical notes would provide safer and more efficient health care delivery to Wisconsin consumers. The legislature can encourage providers in this process by providing tax incentives for EMR expansion.

[Support incentives for expansion of Health Information Technology](#)

5) Health Care Transparency – Full Disclosure of Prices

Medical care is perhaps the only service American consumers regularly purchase without having any knowledge of the actual price. As consumers continue to migrate into comprehensive major medical plans that require their financial participation, they of course are now asking the fundamental question, "What will this cost me?" The State should set reasonable timelines for the health care community to come forward and begin sharing timely, what is to be charged.

[Support and encourage publication of real health care costs](#)

6) Insurance/Market Reforms – implement smart reforms that make the market work better

While health care costs should be our focus in reducing costs, there are some insurance market reforms that can make health care coverage more accessible and affordable. One example is that many small employers do not sponsor a group health insurance program for their employees because they cannot afford to financially contribute to the premium for their employees. Often these are new employers just starting out in their entrepreneur enterprise. Although they cannot afford to pay for the employees' health insurance they are often willing to assist the employee in purchasing their own personal policy and allow for premium payments to be handled through payroll deduction. Present law effectively prohibits this option. List Bill would allow for payroll deduction of personal health premiums through small employers not able to fully sponsor a group health program. Other changes to our current system would help improve the process of shopping for insurance, such as shortening the employee insurance application form for small employers. Lastly, our state used to financially contribute to our high risk pool. As the state withdrew its funding, the additional costs were passed on to those consumers who need the insurance the most. Wisconsin should help reduce those premiums for high risk individuals by contributing state stimulus money toward HIRSP.

[Support List Bill and the ability for employers to payroll deduct premiums](#)

[Support improving the application process for employees, making it easier for employers to shop](#)

[Support state financing of the Health Insurance Risk Sharing Plan](#)





WISCONSIN ASSOCIATION OF HEALTH UNDERWRITERS

Wisconsin's Benefit Specialists

MANDATED BENEFITS *Position Statement – February 2009*

Whether it is mental health parity, controversial coverage for treatment of autism, cochlear implants, or chiropractic benefits, the Health Underwriters Association and members have held a steadfast position on mandated benefits. Our position in opposition is twofold. First, our opposition to any state and federal mandate in no way speaks to the value of the benefit being mandated. Our position remains that the health care services performed by medical professionals are best left up to those medical professionals and their patients. Health Underwriters fully support the medical community in the services they provide their patients.

Secondly, as experts on the financing of health care, we have a responsibility to our customers, peers, and to society to ensure that Wisconsin citizens have the ability to purchase health care coverage in the free market place now and in the future. We have the responsibility to ensure that Wisconsin citizens have the freedom to choose their benefits, rather than having those benefits dictated by government. It is because of this responsibility that the Health Underwriters oppose all state and federal mandated benefits.

▶ **Mandates Increase Utilization & Raise Premiums**

- Mandates increase the utilization of that particular care, and in some instances is not medically necessary. More importantly, the providers of that care typically increase their fees, which is simply passed through to the consumer through higher insurance premiums

▶ **Mandates Remove Choice & Reduce Coverage**

- Mandates don't force insurance carriers to pay for certain benefits; they force consumers to purchase benefits the government decides they should buy. This isn't the proper role of government. *The cost of mandated benefits is paid by employees*, not insurance companies. As the carriers increase the cost of premiums to pay for these mandates, employees pay for these mandates in the form of higher premium contributions, reduced wages or fewer benefits.

▶ **Mandates Unfairly Discriminate**

- Mandates do not apply to larger employers who self-fund their health benefits. With half of Wisconsin's population in a self-funded plan, how can the legislature justify forcing some consumers to purchase a certain benefit, when the other half continues to enjoy the FREEDOM of choosing the benefits they desire?

Each mandated benefit takes away a consumers ability to afford health care coverage, as each mandate increases the cost of health insurance. According to a number of sources (including Milliman & Robertson), statistically, a one percent increase in premiums will cause between 200,000 and 400,000 people to drop their health insurance coverage nationally. In Wisconsin, with more and more mandates being enacted, we are losing our freedom to choose the benefits we want. More importantly, we are losing the ability to afford basic health care coverage for catastrophic illnesses and accidents. In this era of discussing “patient protections”, we believe the most important patient protection is the ability to afford basic health insurance coverage to protect consumers from catastrophic loss. Real access to health care and choice cannot exist when such coverage cannot be afforded.

Solution: WAHU proposes Consumer Choice and Benefit Flexibility legislation that would give small employers back the FREEDOM to choose the benefits they can afford and that best fit their needs.

This proposal **would:**

- ▶ **Require insurers to offer the same services and benefits currently mandated by the state, and to make them available for employers to purchase.**

The proposal **would not:**

- ▶ **Force small employers to purchase the services or benefits they did not want.**
- ▶ **Deny any small employer the ability to purchase these services or benefits.**
- ▶ **Remove or repeal any of the services and benefits currently required.**

Please contact the WAHU office at 608-268-0200 if you would like more information on this proposal.



WISCONSIN ASSOCIATION OF HEALTH UNDERWRITERS

Wisconsin's Benefit Specialists

BADGER CHOICE

Position Statement – February 2009

BadgerCare Plus is the expansion of BadgerCare and Phase III of BadgerCare Plus is known as BadgerChoice. The Administration first discussed this idea in early 2008. The proposal is still under development by the Department of Health Services (DHS). While the proposal has not yet been introduced as legislation, the Department has put together several documents outlining and explaining the details of the plan. Based on the information provided by the Department, the **Wisconsin Association of Health Underwriters respectfully opposes BadgerChoice**. Although there are more details that need to be worked out by the department, from what we know, BadgerChoice would do the following:

- ▶ **Create a “Connector” Government Program for Small Employer Plans**
The “connector” idea is taken from Massachusetts, where the Government sets up a central processing hub whereby all small employers and their employees would come to purchase health insurance. Insurers would then be required to apply with the State to provide coverage to the Connector based upon criteria set up by the state. It should be noted that Massachusetts is nearly a Billion dollars in the red with their connector program and they are now considering service reductions.

- ▶ **Completely Dismantle and Eliminate our Current Health Insurance System**
The current proposal for BadgerChoice is to eliminate our existing system and prohibit employers and employees from obtaining insurance coverage in the private sector. If an employer and their employees were happy with their existing insurance plan, they would be forced to drop that plan and would be forced into the Connector.

- ▶ **Create Community (or Modified Community) Rating for Health Plans**
Community Rating removes the ability for insurers to rate their premiums based on the health status of the person they are insuring. So the person who is overweight and smokes would be given the same rate as the person who exercises each day and eats right. The result of community rating is that roughly 66% of all existing small employers and their employees would see an increase in their premium and only 33% would see no change or a slight reduction in premium. Proponents of the plan admit that it would take a government subsidy to offset the premium increases as a result of Community Rating.

► **Modeled After State Employees Plan**

BadgerChoice is designed after the state employee's plan where all contact, questions and assistance is done through the state and without the advice and expertise of licensed and trained insurance intermediaries. Although it is alarming that BadgerChoice would eliminate the role of the insurance agent and displace literally thousands of employees, the bigger concern is that the State Employees plan costs taxpayers over \$11,000 per employee and private sector averages less than \$7,000.

Another Reform Plan that Fails to Address Health Care Costs

BadgerChoice is yet another idea that focuses on trying to change the way in which we finance health care, rather than on how to reduce the cost of health care. For every insurance premium dollar spent, only 12 cents is used to finance the cost of that care. That 12 cents is kept by the insurance company to pay overhead, agent commissions, premium taxes, premium reserves and all profit. That means that 88 cents out of every dollar is going to the cost of health care. BadgerChoice is a plan to revamp the 12 cents and ignores the 88 cents. Health insurance premiums are expensive because of health care costs and we need to find ways that address these costs.

At first blush, BadgerChoice may seem like a non-intrusive alternative to Healthy Wisconsin, but in reality, it would have the same end result but would be implemented incrementally. Most employers put together health plans to attract employees, but with no control over the plan, it is likely employers would reduce their financial contribution to a state run plan, if not drop participation all together. When this occurs, and since the private market system was dismantled, the only option for the state is to impose mandatory participation for both employers and employees.

The Wisconsin Association of Health Underwriters respectfully objects to the concept of BadgerChoice and the Connector. However, we support affordable health insurance coverage for all Wisconsin residents. WAHU supported vouchers when BadgerCare was initially created and we still support the voucher concept today. However, there are sensible, and significant, healthcare solutions being proposed that would increase enrollment in the private sector and encourage price transparency, empowering Wisconsin consumers to make appropriate healthcare decisions with their doctor and encouraging responsible insurance agents to assist those consumers in choosing the most beneficial policy for their individual, family and employer client's healthcare needs.

Solution: WAHU, along with the other three major agent associations, has developed an entire health care reform package that attempts to address the root of the problem – health care costs. The proposal is known as Sensible Health Care Solutions.

Please contact the WAHU office at 608-268-0200 if you would like more information on this proposal.