

A quiet push for state health plan

2 Wisconsin lawmakers want to follow trail Massachusetts blazed

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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.

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

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"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.

Massachusetts' legislation includes tax credits and mandatoTd(i)5TJc2167,cr00362 onEdr90362 0 Tc1TJ(a)2TJuTc(r)2

He's concerned about the cost-shifting that occurs when an employer doesn't provide affordable - or any - health insurance. That can give a company a cost advantage over its competitors. Yet its employees still may end up in a hospital if they suffer a serious accident or illness.

Part of the cost of that care is passed on to employers that do provide insurance, in the form of higher hospital rates.

Insurance erosion

From 2000 to 2004, the percentage of people under 65 who got insurance through their employer fell from 67.9% to 63.3%, according to U.S. Census Bureau data. The trend is expected to continue, given that health care spending outpaces economic growth and inflation.

Just how much support exists for broad reform, though, is a question. And winning support for a payroll tax clearly would be a big hurdle.

The Massachusetts legislation imposes a penalty of \$295 per employee on employers that don't provide insurance and have more than 10 workers. Even that was controversial.

Gielow and Richards introduced the Wisconsin Health Plan bill in March and deliberately left out how to pay for it. But Gielow is upfront that there would be winners and losers.

There will be other obstacles.

Gielow, the lone Republican to support the Wisconsin Health Plan, is widely respected for his expertise on health care. But he announced plans last week to leave the Legislature.

He plans to stay active in health care public policy and will continue to support the plan. But he acknowledged the need to build more interest among Republican legislators and to find a co-sponsor to take his place.

"This will only work when the will of the people is for the greater good of the people," he said. "That's the challenge."