



**WAHU & NAHU**  
**State & Federal Health Care Reform**  
**Regional Listening Sessions**  
**June - 2009**



WISCONSIN ASSOCIATION OF  
HEALTH UNDERWRITERS

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*Wisconsin's Benefit Specialists*

## Wisconsin Association of Health Underwriters

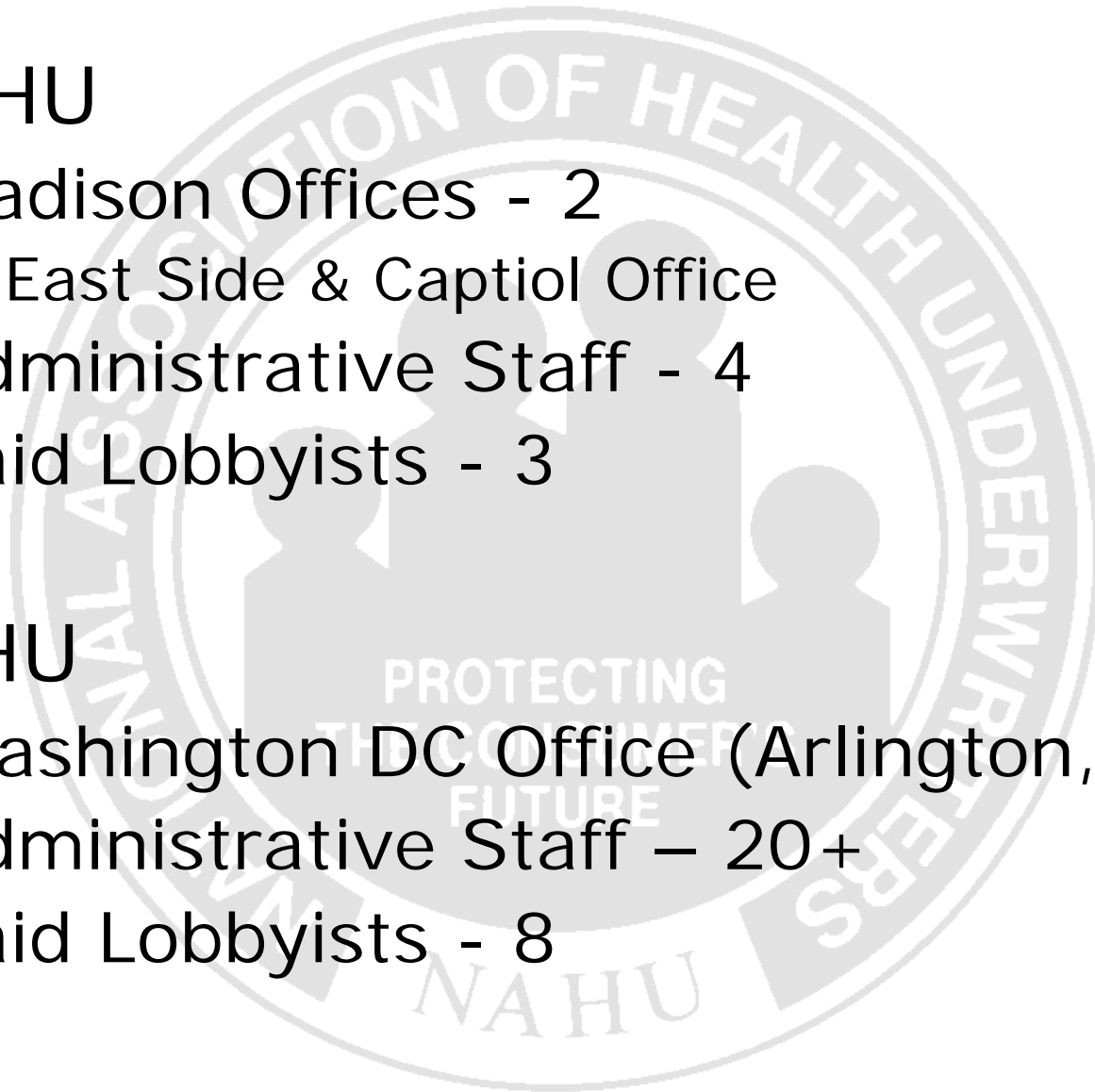
- Board of Directors (16 members)
  - 4 Local Chapters with their own board
  - Chapter Presidents on State Board
- Legislative Committee (15 members)
  - Local Chapter Legislative Chairs
  - Two Representatives from each Chapter
  - Determine Public Policy Positions of Association
- Parent Organization is NAHU

- WAHU

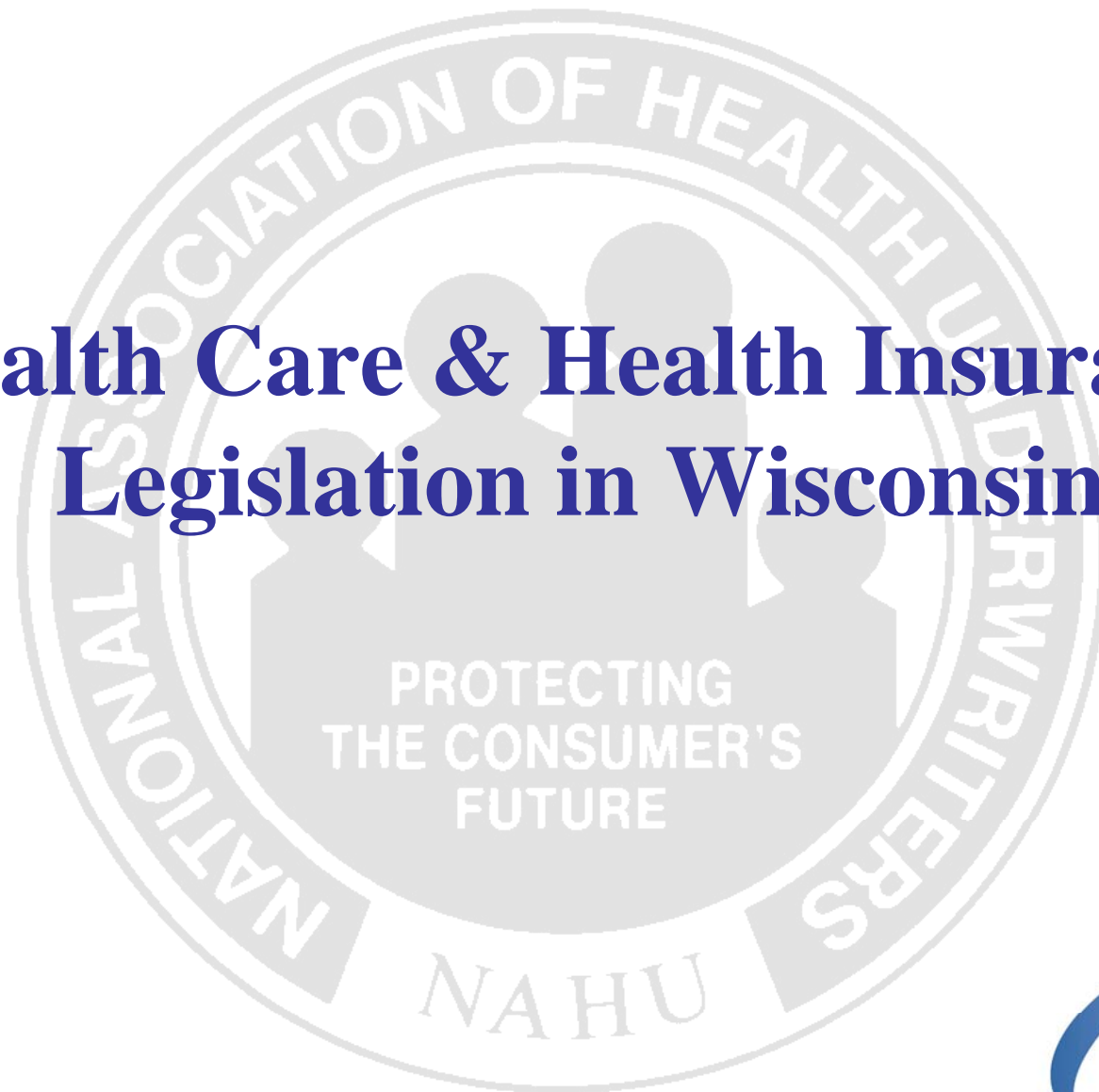
- Madison Offices - 2
  - East Side & Capitol Office
- Administrative Staff - 4
- Paid Lobbyists - 3

- NAHU

- Washington DC Office (Arlington, VA)
- Administrative Staff – 20+
- Paid Lobbyists - 8



# Health Care & Health Insurance Legislation in Wisconsin



# Wisconsin

- Governor Doyle's Plan
  - BadgerCare Plus
  - BadgerChoice
- Senate Democrats Plan
  - Healthy Wisconsin
- Mandates
- Senator Vinehout's Plan
  - Health Insurance Market Reforms
- No Transparency
- No Health Care Reform



# Governor Doyle's Plan

- BadgerCare: All children covered
- BadgerCare Plus: Targets "childless" adults (Federal approval granted in Fall 2008; state \$\$ needed)
- Achieve 98% coverage access; negate need for comprehensive reform ("Healthy Wisconsin")
- *BadgerChoice: Targets small business market*
  - *Under development – NOT part of biennial budget*
    - *Establish "Connector" entity; eliminate agents (?)*
    - *Establish larger (single?) small business insurance market*
    - *Subsidize cost for certain small businesses*

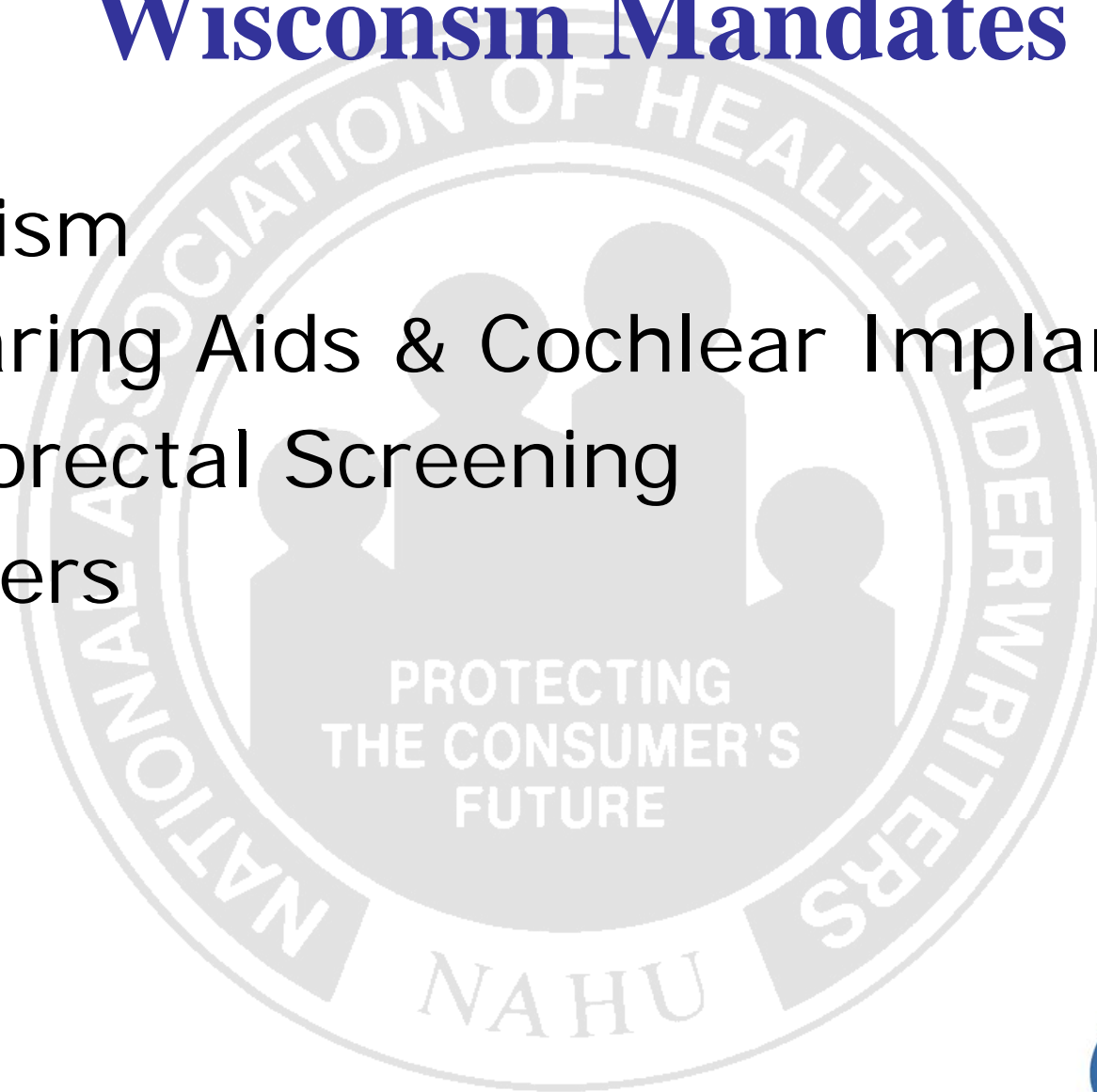


# Senate Democrat's Plan

- Healthy Wisconsin
  - Universal access
  - Generous benefits/low enrollee cost-sharing
  - Funding: 10.5% Employer payroll tax & 4% Individual income tax
  - Subsidies for low-income/small businesses
  - Cost: \$15+ BILLION – Is it enough?
  - Completely Dismantle Existing System

# Wisconsin Mandates

- Autism
- Hearing Aids & Cochlear Implants
- Colorectal Screening
- Others



# Senator Vinehout's Plan - Health Insurance Reforms

- Mandatory coverage of dependents > 27 yrs.
- Changes to Pre-existing Conditions Limitations
  - Limit “look-back” period and conditions exclusion to one year
- Modifications at Renewal & Eliminate Closed Blocks
- Expand Independent Review
  - Expand to include pre-ex condition denials and rescissions
  - Review NOT binding on insured; insured can pursue civil suit
- Uniform Application in Individual Market



# Transparency

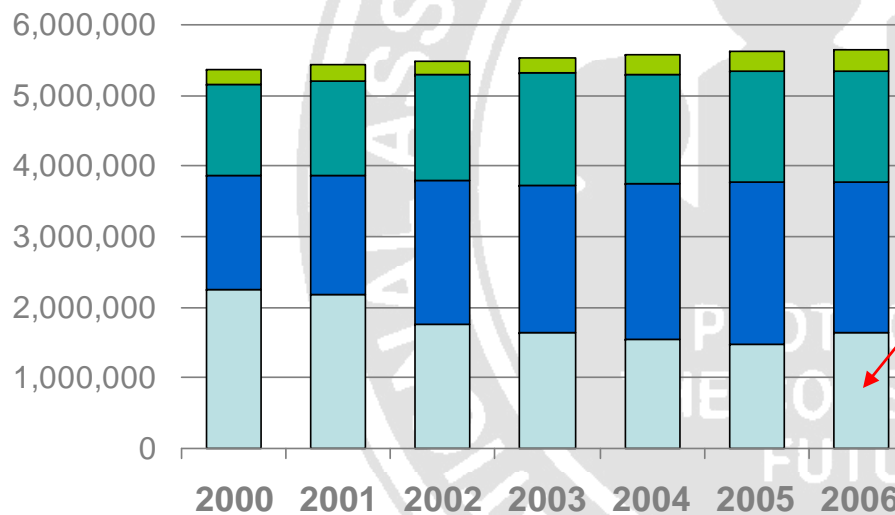
- OCI
  - Insurer Administrative Cost Categories
  - Segment group size (2-15, 16-50, etc)
- Senator Sullivan
  - Health Care Cost Data Bill



# The Changing Health Care Market

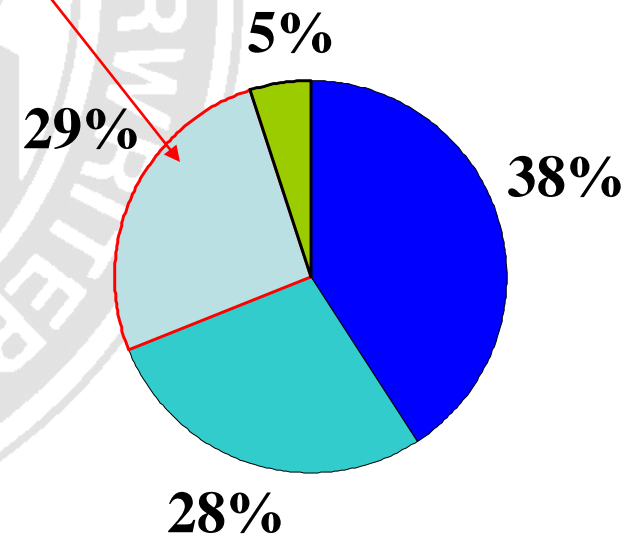
**Rising costs force employers/consumers out of the commercially insured market: greater dependence on public HC programs.**

**Population Change Since 2000**



**Health Insurance Purchasers-  
Subject to State Regulation**

**The Market in 2006**



Uninsured (all 12 mos.)
  Self-Funded\*
  Publicly Funded
  Commercially Insured

Office of Commissioner of Insurance; Department of Health and Family Services

\* Estimated figure for Self-Funded 2005 Population

# Medicaid Enrollment

- Elderly/Blind: 180,000
- BadgerCare Kids: 399,000
- BadgerCare Adults: 217,000
- Childless Adults: 81,000
- projected
- Senior Care: 88,000
- **TOTAL: 965,000**

# Health Care Reform Measures

- **NONE**



# Likely Outcomes

## 2009-2010 Legislative Session

What we won't see:

- No Healthy Wisconsin
- No BadgerChoice
- No Transparency



# Likely Outcomes

## 2009-2010 Legislative Session

What we will see:

- Health Insurance Market Reforms
- Mandates





# “Change” in America’s Health Care System

*A Federal Legislative Update*

June 2009

PROTECTING  
THE CONSUMER'S  
FUTURE

Presented By:

**Megan Mamarella**

**Director of State Affairs**

**National Association of Health Underwriters**

# Picture of America's Health Care

- \$2.4 Trillion per year on health care
- 46 Million uninsured (last census)
- 70.9% of workers 19-64 have employer-sponsored coverage
- 10-15 Million non-elderly covered by the individual market (CBO study)
- President Obama stated “Someone in the U.S. become bankrupt because of health care bills every 30 seconds.”
- Health care reform has been the top domestic policy media story

# President Obama's Health Care Reform Principles

- **Reducing Costs** — Rising health care costs are crushing the budgets of governments, businesses, individuals and families and they must be brought under control.
- **Guaranteeing Choice** — Americans must have the freedom to keep whatever doctor and health care plan they have, or to select a new doctor or health care plan if they choose.
- **Ensuring Affordable Care for All** — All Americans must have quality and affordable health care.

# Timeframe For Reform

- Senate Committees of Jurisdiction—Finance (Senator Baucus) and HELP (Senator Kennedy).
- Both Committees have been meeting about legislation with stakeholders for months. NAHU is the only agent/broker group at the table.
- Senator Kennedy poised to release legislation this week, walk-throughs/hearings and mark-up through June and early July.
- Senate Finance Committee has released three health options papers. Plan is to release/mark-up legislation after HELP.
- Goal is to combine bills when they reach the Senate floor, which is scheduled for July.

# Timeframe For Reform

- In the House of Representatives, the three committees of jurisdiction on health care – Energy and Commerce, Ways and Means and Education and Labor – have agreed to work together to produce one health reform bill.
- Speaker Nancy Pelosi has pledged that a health care reform bill on the floor by July 31 of this year.
- Goal is to have a bill passed both houses before the August Recess begins of August 7.
- Conference following end of Recess on September 7.
- October 15 Reconciliation Deadline.

# GOP Response

- On the Senate Side there has been limited bipartisan cooperation in the HELP and Finance Committees.
- No bipartisan cooperation in the House
- Caucus allowing members in both Houses to release many alternative bills based on common principles.
- Unclear if they will also release official GOP alternative.

# Likely Components of Reform

- Market Reforms
  - Changes to the way coverage is issued and rated in the individual and small group markets
  - Wide enough age bands and wellness as a rating factor
  - State-based financial back-stop or risk-adjusters
- Individual Mandate
  - Needs to be enforceable to be effective
  - Standard of creditable coverage must not be overly complicated/rigid

# Likely Components of Reform

- Government-Run Public Plan Option
  - We oppose. Cost-shifting, decline of private market
  - Government cannot be a regulator and a competitor
  - Resources should be used for subsidies instead
- Exchange/Connector
  - State-based, with option for multiple competing arrangements
  - Online portal model, not bricks and mortar, not purchasing pool
  - Must include access to agents and brokers
  - Subsidies must be available inside and outside of the Exchange
  - No mixing of individual and small group markets

# Likely Components of Reform

- Subsidies/Tax Credits
  - Subsidies for low-income and small businesses
  - Ability to use in any market
  - Premium assistance when ESI is available
  - Essential benefits package
- Employer Mandate
  - We oppose. Detrimental to job growth and the economy
  - Particularly bad for small employers

# Likely Components of Reform

- Wellness
  - Incentives in public programs
  - Wellness as a rating factor
  - Create tax credits for employers offering wellness programs
  - Legal protections and improvements to bona fide wellness plans
- Other Means of Cost Containment
  - Comparative effectiveness
  - Health IT
  - System efficiencies - Pay for performance, transparency, evidence-based medicine
  - Efficiencies should apply to public programs and private payers and providers

# Likely Components of Reform

- Financing
  - Lifestyle taxes
    - Alcohol
    - Sugar and High Fructose Corn Syrup-Based Beverages
    - Trans-fats
  - Preservation of the Tax Advantages of Account-Based Plans
    - HRAs, HSAs, FSAs
  - Preservation of the Employer Exclusion

# Grassroots Action

- Operation Shout Requests
  - Email, phone calls, letters, faxes, letters/emails from clients
- Joint producer organizations' July 15 Fly-In
- Attendance at Congressional Town Hall Meetings and in-district meetings during Congressional breaks
- Brokers Making a Difference Resources
  - White Paper on the Value of An Agent
  - 100-page collection of agent value stories and client testimonials
  - [www.brokersmakingadifference.com](http://www.brokersmakingadifference.com)



# National Association of Health Underwriters

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