

## 2007-2008 Legislative Agenda

The Wisconsin Association of Health Underwriters, through its members and Legislative Committee, are determined to keep health care and health care coverage part of the free market system, while promoting the value of providing health care coverage through the agent delivery system.

Nearly all past and recent Health Care Reform proposals have focused on changing the way we finance health care, never addressing the real problem of high health care costs. WAHU is determined to carry out our mission of bringing health care costs to the forefront of any reform discussion, and to keep our health care and health care financing system in the private market. In addition, we offer a private market solution to better access and coverage for all. Legislation and regulation (existing or proposed) that affect our mission will shape our Public Policy Strategy for the 2007-2008 Legislative Session.

**CURRENT HEALTH CARE REFORM PROPOSALS** – The failure of any reform plan will most likely be the failure to understand the problem the plan is addressing. While Wisconsin has done a tremendous job in assuring access to insurance, the fact is that true accessibility to health care and health care coverage is dependent upon whether it is affordable. According to the Centers for Medicaid and Medicare Services (CMS), 88 cents out of every insurance dollar goes directly to the cost of health care. Since 2000, health care inflation averaged 12% each year, compared to increases in the Consumer Price Index at 2.7% for this same time period and US Household Income increases at 3.7%. Therefore, the problem any reform plan should address is the cost of health care. We must review each of the reform proposals out there and ask one simple question - **how will any reform idea reduce health care costs?**

***Single Payer Plans*** – and the wide sweeping reforms the Wisconsin Health Plan removes insurance as a means to finance health care costs and instead uses taxes as the only means to finance health care. Even if they are successful in reducing administrative costs, such savings are meaningless when provider costs increase another 12%. None of these plans address health care costs.

***Medicaid & BadgerCare Expansion*** – WAHU supports the goals that such an expansion is designed for (which is to help people afford health care and health care coverage). However, these plans have inherent problems and expanding the programs simply expands the problems. WAHU supports Medicaid reform.

***Mandated Benefits*** – Mandated benefits, and in particular the chiropractic mandate in the Governor's budget, will dramatically increase insurance premiums. We must find ways to reduce premiums, not increase them.

***Purchasing Pools & Government Reinsurance Pools*** – Proponents argue that large purchasing pools and Government run reinsurance pools could lower insurance premiums or at least stabilize health care for small employers. Such ideas depict a lack of understanding on how existing private market pools and reinsurance companies operate. WAHU urges legislators to avoid such ideas and to work with organizations such as WAHU to become more informed on existing market concepts.

**CONSUMER DIRECTED HEALTH CARE** – With nearly 3 full years of data, the results have proven that this program is a success. CDHC is growing at a rate faster than IRA's or 401(k)'s. Moreover, this data has shown this design is working in holding down costs. The high deductible insurance plans that accompanies an HSA increased only 2.8% in 2006, compared to all other plan designs (HMOs, PPOs, POS, Indemnity, etc), which increased roughly by 8%. This design is also having a direct effect on the uninsured - 33% of those who purchased an HSA were previously uninsured. This concept is the answer to reducing the uninsured and making coverage more affordable. We must: ***Make HSA's tax deductible*** in Wisconsin; ***Expand availability of HSA's to all public sector employees and HIRSP enrollees***; ***Encourage wellness and preventative care***; and ***Continue improving and encouraging real transparency*** in both health care costs and quality.

**COVERAGE FOR THE UNINSURED – MOVING BEYOND MEDICAID** – Reducing, or eliminating the uninsured of Wisconsin is something everyone can agree on. What is not in total agreement is the method by which we reduce the uninsured. WAHU believes that using the same funding sources (both state and federal) on ***Health Coverage Accounts*** (HCA) would provide enrollees with the financial help they need in obtaining health care coverage, without forcing them into a second class health care system. HCA would allow recipients to purchase ***Private Market Health Care Coverage***, providing recipients with realistic insurance plans, access to every provider in the state, and will prevent the cost shifting that occurs with our current Medicaid system. In addition, we propose a ***Public-Private Partnership*** with the state by providing licensed, trained insurance advisors to this population so they can get one on one counseling to help them determine which plans are best suited for them, rather than having to call a state employee on a telephone line. The private sector has the privilege of using insurance advisors to help them through the maze of insurance options and we believe this same benefit should be provided to those who need it the most – the uninsured.

**INSURANCE MARKET REFORMS** – While we firmly believe we must focus on how to reduce health care costs, there are still market reforms that could be implemented that would help increase competition in the insurance market and will improve consumer protection. Some examples are: ***Shock Loss Claims***, which will increase competition among health plans by requiring transparency of all claims data; ***List Bill***, which would allow those employers who do not offer group insurance to help their employees find an easier way to purchase individual insurance; ***Ethics Initiatives***, which would set some guidelines in how insurance is marketed to consumers; and ***Transparency in Health Plans***, which would remove the gag clauses that are found in provider contracts, revealing the true cost of health services for plan enrollees.