



CITIZEN ACTION OF WISCONSIN

Organizing people to make Wisconsin
a better place to live and work

Healthy Wisconsin **40 Frequently Asked Questions (March 2008)**

1. What is the difference between the original version of *Healthy Wisconsin* and the new bill that was introduced in March? Just like the version that passed the Senate last summer, the revised *Healthy Wisconsin* (Senate Bill 562) guarantees every Wisconsinite the same quality health care state legislators have had for years, and guarantees a choice of high quality public and private health plans. The new version makes two small but significant changes. First, it makes the plan even better for small businesses, by creating a 3 year phase in period. Small businesses will have 3 years to prepare to pay their fair share of health insurance costs. Second, it caps the household income to which the payroll assessment is applied at \$102,000 per year, to prevent some two income families from paying more than the reasonable cost of health coverage.

2. What will *Healthy Wisconsin* it cost me? It is estimated that the typical Wisconsin family will pay \$1,300 less per year for health care premiums than they are paying now. Workers will be asked to pay on a sliding scale through a reasonable payroll assessment, similar to Social Security, of 4% per month (the assessment is applied to the first \$102,000 of income per family). It is estimated that the typical Wisconsin household will pay about \$163 per month, with a modest deductible of \$300 per adult and \$600 per family, and no deductibles for children. There will be modest co-pays of \$5 for prescriptions (\$15 for brand names) and \$20 for doctor visits. After that, all your costs are covered no matter what. Employers may choose to pay these costs on behalf of employees. Preventive care and on-going treatment of chronic diseases will have no co-pays or deductibles.

3. Will it increase taxes? *Healthy Wisconsin* is paid for by assessments **which replace what individuals and employers currently pay** for health insurance. The typical Wisconsin family will save \$1,300 or more. In addition, *Healthy Wisconsin* will save state and local government \$1.3 billion, by reducing what they have to pay for public employee health insurance. Overall, it is estimated that *Healthy Wisconsin* will save \$750 million in the first year, and \$13.8 billion over the next 10 years, because it cuts excessive insurance company profits and administrative costs, reduces administrative overhead at hospitals and doctor's offices, encourages prevention and better management of costly chronic medical conditions, and discourages inappropriate use of emergency rooms.

4. How does *Healthy Wisconsin* save so much money? The analysis from the highly respected Lewin Group detailed the following savings. *Healthy Wisconsin's* emphasis on primary and preventative care will save \$565 million per year. Bulk purchasing of prescription drugs will save \$178 million per year. The plan will save \$1.6 billion in insurance company administration, and \$400 million in doctor and hospital administration.

5. Some say that the assessment will have to increase, because health care costs are growing much faster than wages? It is the present rate of health care inflation that is unsustainable for Wisconsin families and businesses. Health insurance premiums have

increased 78% since 2001. Even worse, the federal government projects that current already inflated health care costs will double again by 2017 if we do not enact real reform. If we do nothing, as the critics of reform propose, we will spend \$13.8 billion more over the next 10 years than we will under *Healthy Wisconsin*.

6. Will I have to change Doctors, specialists, or hospitals? No, you will be able to choose an affordable plan that includes your preferred medical providers. *Healthy Wisconsin* returns control of medical decisions to you and your primary doctor.

7. If you change jobs, will you still be covered? Yes, your coverage will no longer be tied to your job. From now on, you will have access to the same affordable coverage no matter what.

8. Does *Healthy Wisconsin* affect Medicare? No, it does not affect people over 65. However, it is estimated that *Healthy Wisconsin* will greatly benefit people in the 55-64 age group, reducing their health care costs on average by \$1,369 per year.

9. If I live in Wisconsin but work in another state, will I be covered? Yes, you and your family will be able to buy-into the system for the same price as those who work in Wisconsin. In many cases, your employer will take out the assessment just like Wisconsin employers will.

10. What if I have health care through a union contract? Your current health care plan will continue until your contract expires, or you and your union negotiate a new one. *Healthy Wisconsin* creates a floor, not a ceiling. When bargaining a new contract, you and your union can still bargain for something better than this plan such as more benefits, or having your employer cover your monthly assessment, co-pays, or deductible.

11. How Does *Healthy Wisconsin* affect Early Retirees? Early retirees would be covered by *Healthy Wisconsin*. There is not a separate assessment mechanism for early retirees. If someone retires early but takes a part time job, they would pay a 4% payroll assessment. If they are not working, they would pay a 10% assessment on their Adjusted Gross Income. If they are covered by a union retirement plan, the union could bargain to take the money that would have gone to cover health insurance costs, and cover instead the *Healthy Wisconsin* assessment, as well as other co-pays and deductibles.

12. I heard that teacher's were exempted from *Healthy Wisconsin*. Is that really true? No, teachers are in *Healthy Wisconsin* and pay the same assessment as everyone else. Teachers are the only workers in the state covered by the Qualified Economic Offer (or QEO) law. To make sure teachers keep the same right to bargain over health care that all other unionized employees have, *Healthy Wisconsin* includes a technical correction to assure that teachers are treated the same as all other workers.

13. What if I already have good health insurance? Why do I need *Healthy Wisconsin*? Everyone benefits from *Healthy Wisconsin* because it offers much more secure coverage. With health insurance costs in Wisconsin expected to double again unless there is real health care reform, you may not be able to hold onto your current benefits. You can also easily lose coverage if your personal situation changes. Under *Healthy Wisconsin* you have coverage you can never lose, even if you change jobs, are laid off, or can't work due to a serious illness. You will have coverage even if your employer decides to drop health insurance, or substantially increase its cost. In addition, your children will be covered, even after they graduate from school or leave home. You will be covered even if you retire early, decide to start a small business, or decide to go into any line of work that does not include health insurance benefits.

14. Is this a government take over of the health care system, or socialized medicine? No, *Healthy Wisconsin* does not change our first rate health care system. You will still receive care from the same network of private doctors, nurses, clinics, and hospitals. The plan changes the way we pay for access to the health care system, substantially reducing cost, while guaranteeing access and choice. It will be run by a non-profit board that is publicly accountable. Private health plans will compete for your business, and you will have the option of a public plan. Most of the major decisions under *Healthy Wisconsin* are *not* made by the government. They are made by doctors and other medical providers, and individual patients.

15. Will government bureaucrats make health care decisions for me and my family? No, you will have more control and more real health care choices than ever before. Right now, even people fortunate enough to have good insurance have to take whatever plan is offered by their employer. 87% of employers only offer one type of plan, so most have little choice right now. Under *Healthy Wisconsin*, you, not the government and not your employer, chose the health plan you want to join, and the doctor who will coordinate your care. Everyone will be able to choose from a full range of affordable public or private health plans, and will be covered no matter what. You and your primary doctor will make all the major decisions about the care you need.

16. Is this a radical restructuring of the health care system? No, special interests are saying that to scare people. *Healthy Wisconsin* preserves what is good about the current health care system while making it affordable. It does change the way we pay for health care, but leaves in place our state-of-the-art health care system, making it accessible to everyone by lowering costs, and guaranteeing access and choice.

17. What will *Healthy Wisconsin* cost my employer? Substantially less than your employer pays now, if they provide health insurance. On average your employer will pay about \$370 per employee each month. The average Wisconsin employer who now provides health care will be assessed 15% less than they are currently paying for health insurance, an average savings of over \$1,500 per employee each year. Even taking into account employers who do not pay for insurance now, private sector employers will pay a combined \$378 million dollars less than they do today.

18. Some claim *Healthy Wisconsin* will hurt small business. Is this true? No, the plan helps small business by lowering their health care costs. 44% of Wisconsin small businesses provide health coverage to their workers, but 6 years ago 58% did so. Because they often have to pay double or triple what large businesses have to pay for health insurance, many have dropped coverage, and those who continue to provide it are being pushed to the brink of bankruptcy by spiraling health care costs, or are being undercut by competitors who do not do the right thing. The new version of *Healthy Wisconsin* recognizes that paying their fair share for health care will be a significant transition for some small businesses. It therefore provides a 3 year phase in period before small businesses have to pay the full employer assessment. It is estimated that under *Healthy Wisconsin* businesses with less than 10 employees who provide health insurance will save \$1,535 per worker. Affordable health care will help many small business owners stay in business, and will encourage many more entrepreneurs to go into business who hold back now because they are not be able to get affordable health care for their own families. It will also help thousands of small businesses who want to provide health insurance for their workers and their own families, but can't today because of the outrageous rates small businesses have to pay.

19. What about businesses that don't provide health insurance now. Why should they pay for health insurance if they do not choose to do so? Someone ends up paying. Right now, businesses that do not pay their fair share are shifting health care costs onto the rest of us.

The cost of covering the uninsured is shifted onto private insurance, and onto the government, because of the cost of uncompensated care. According to Families USA, private health insurance policies in Wisconsin cost \$794 more per year on average because of this cost shifting. There are two groups of employers who do not provide insurance: those who can afford to provide good coverage but won't, and those businesses who would provide coverage if they could but can't because they cannot find affordable insurance. It is unfair that employers who are already doing the right thing have to pay even higher costs because of irresponsible companies who could easily provide affordable insurance, but choose not to pay their fair share. For those companies that would like to provide insurance but can't, *Healthy Wisconsin* addresses this problem by making the assessment reasonable and affordable for every business in the state.

20. Will the cost of this plan discourage businesses from locating in Wisconsin, or encourage them to leave? No, lower health care costs will give Wisconsin a huge competitive advantage over other states. Wisconsin right now has among the highest health care costs in the nation. *Healthy Wisconsin* changes that, reducing employer health care costs by 15 to 50%.

21. Some say that *Healthy Wisconsin* is a tax on job creation. No, Wisconsin's much higher than average health insurance costs are a drag of job creation. *Healthy Wisconsin* will make Wisconsin more economically competitive by dramatically lowering what employers have to pay for health insurance benefits.

22. Will *Healthy Wisconsin* put insurance companies out of business? No, they will still exist, but will from now on have to compete on a fair playing field. They will no longer be allowed to profit by using loopholes to deny claims, only ensuring healthy people, or by denying coverage to people with pre-existing conditions.

23. Will businesses pass along costs to consumers by increasing prices? No, *Healthy Wisconsin* will bring down health care costs, and stimulate the economy by saving employers, government, and consumers billions of dollars.

24. Is this plan yet another government giveaway? No, *Healthy Wisconsin* asks everyone to be responsible, and do their part. All workers and all employers contribute their fair share through reasonable assessments. In addition, patients pay more for irresponsible behavior. For example, patients pay a higher fee for inappropriate emergency room visits and pay more for seeing a specialist without referral from their primary care physician. Good behavior is also encouraged. There are no co-pays or deductibles for preventative care, because such care will save money in the long run.

25. I heard on talk radio that people who are uninsured choose to be uninsured. Why should all of us have to pay for them? Health insurance costs have increased by 78% since 2001, and Wisconsin health insurance costs are 23% above the national average. Given how incredibly expensive health insurance has become, it is mean spirited to assert that hard working families who can't afford insurance are voluntarily choosing to go without it. According to Families USA, 4 out of 5 uninsured people are in working families, and 9 out of 10 uninsured children live in families where at least one parent works. The problem is that hard working Wisconsin families increasingly can't afford the skyrocketing cost of health insurance.

26. Will *Healthy Wisconsin* attract undocumented workers to Wisconsin: No, there is a 12 month waiting period for anyone moving to the state to get coverage unless they have a job. If someone is gainfully employed, then they are paying their fair share for coverage under this plan, period. Those who continually raise this issue are trying to distract attention from the real issue: skyrocketing health care costs. The immigration issue should be dealt with by the federal

government, and should not be used by special interests to prevent Wisconsinites from getting quality affordable health care.

27. Some claim that *Healthy Wisconsin* will make our state a magnet for critically ill people from other states? Is that true? No, the 12 month waiting period when you move to the state without a job is designed to prevent people from moving here just to get health care. People who are critically ill cannot wait a year to get care.

28. Won't access to low cost health care cause people to run to the doctor for every little thing, increasing health care costs. No, the reasonable deductibles and co-pays will discourage people from seeking care unless they need it. The much more significant cause of health care inflation is people not seeking preventative care, and then ending up in the emergency room much sicker. By guaranteeing access to preventive care and chronic disease management with no-deductibles, *Healthy Wisconsin* saves over \$565 million dollars per year. Patients and doctors working together will assure that people get the care they need.

29. If *Healthy Wisconsin* is so good, why is there such vocal opposition? There are large special interests which are reaping windfall profits from our broken health care system. They are more interested in profit than allowing the rest of us to have guaranteed access to health care that is affordable. They will not win if we stand together, and fight for real health care reform.

30. Some say that the Massachusetts health care reform plan, which has received so much national attention, will actually increase costs. Won't *Healthy Wisconsin* do the same? No, the Massachusetts plan does not reduce health care costs the way *Healthy Wisconsin* does. The Massachusetts plan mandates that individuals and families buy health insurance without doing enough to make such coverage affordable. *Healthy Wisconsin* will substantially reduce costs, saving \$750 million in the first year alone.

31. Some say that *Healthy Wisconsin* was introduced without public debate and discussion, and was the product of secret negotiations. Is this true? To the contrary, the plan was born out of one of the most extensive public discussions in recent Wisconsin history. The Senate Health & Human Services Committee held hearing around the state. In addition, over 100 health care forums were held in every corner of the state on the 3 health care reform plans that served as the basis for *Healthy Wisconsin*. Since its introduction, nearly 100 public forums on *Healthy Wisconsin* have been held. While too many laws in the past have been written by special interests, *Healthy Wisconsin* is a product of real public input and discussion. The special interests which profit from the current health care system are crying foul because they did not have their usual undue influence.

32. Some have claimed that Wisconsin residents who commute to other states will not get better benefits, so they will be taxed for nothing. This is not true. Commuters to other states will benefit just as much as other Wisconsin residents. First, they will have much more secure health care than they have today, even if they are fortunate enough to currently have a good employer-based plan. Furthermore, the assertion that commuters will pay twice is misleading. Under *Healthy Wisconsin*, it will be just as irrational for border state employers to double cover Wisconsin residents as it will be for Wisconsin employers. We can therefore expect such employers not to double cover Wisconsin residents, but to use the money they currently use to pay for private health insurance to cover some of their employees' co-pays or deductibles, or to add on to *Healthy Wisconsin's* standard benefits package.

33. One Senator has asserted that a resident from another state could claim self-employment in Wisconsin and obtain discounted health care services funded by Wisconsin taxpayers. This is a made up problem. According to a Legislative Fiscal Bureau Memo to Senator Sheila Harsdorf (7-17-07), to do this a person would have to file Schedule SE under the U.S. Internal Revenue Code. If they were not actually self-employed in Wisconsin they would be committing a federal offense. In addition, according to the Fiscal Bureau they would also have to pay between 9% and 10% of their Social Security wages to the *Healthy Wisconsin Authority Board*, so they would be paying their fair share for their health care coverage.

34. If *Healthy Wisconsin* is modeled on the State Employee Health Plan, how is it possible for it to cost so much less per person? This critique totally ignores the elementary principles of insurance that explain why the two plans have different average costs. First, the state employee plan has an older membership—and thus it costs more. Second, while *Healthy Wisconsin* would bring to bear a large purchasing pool in every county, the state employee plan has a strong purchasing pool in only a single county (Dane)—and thus, exercising far less market pressure, it costs more. Third, while *Healthy Wisconsin* would end cost-shifting from the uninsured and non-insuring employers to organizations that cover all their employees, the state employee health plan is on the receiving end of massive cost-shifting in today's environment. Virtually all persons who could be covered under both their own private employer health plan or through their spouse's family coverage via the state employee plan end up choosing to be covered by the state employee plan—and thus it costs more.

35. Is it true that some high income families, especially those with dual wage earners, could pay more under *Healthy Wisconsin*? Because *Healthy Wisconsin* is paid for on a sliding scale, it is the case that some higher income families that are very healthy and are not using the medical system could pay more than they are currently paying. However, they will be getting much more secure coverage that they can never lose, even if they retire early, change jobs, become seriously ill and can't work, or decide to take time off to start a small business. Their children will be covered no matter what, even after they leave home. The new version of *Healthy Wisconsin* greatly reduces this issue by capping the income that is assessed at \$102,000 of family income. In addition, what these higher income families pay right now is not what they will pay in the future. Double digit health care inflation which will continue unabated unless *Healthy Wisconsin* is passed, so everyone will be paying much more in the future for their current coverage than they pay now.

36. Some are saying that there are no caps in the *Healthy Wisconsin* assessment for very high wage earners, meaning that they could pay hundreds of thousands of dollars for health care. Is this the case? No, the *Healthy Wisconsin* assessment is only applied to the first \$102,000 of income (the Social Security tax limit) for each family.

37. How will *Healthy Wisconsin* handle physician reimbursement levels? Some are concerned that they will be too low, especially when one payer (the *Healthy Wisconsin Authority Board*) has so much leverage in the system. Most rates will be set by private networks that are competing against each other, not by the board. These networks will have a strong incentive to pay good rates to doctors, so that they will join their networks and bring their patients and referrals with them. Networks that under-pay their providers will not succeed in this system because they will not have a strong enough network of providers to compete.

38. In some areas of the state there is already a shortage of general practitioners and family doctors? Are there enough doctors for everyone in the state to choose a primary provider to coordinate their care? "Primary provider" in Wisconsin law can mean other health

professionals such as nurse practitioners, physician assistants, specialists where appropriate, and other health professionals.

39. Where do all the numbers about costs and savings for *Healthy Wisconsin* come from? The estimates come from a Lewin Group actuarial analysis of *Healthy Wisconsin*. The Lewin Group is a highly respected health care research organization, which has been used and supported by actors on all sides of this debate, including opponents of *Healthy Wisconsin* such as WMC. It is highly unusual for a state-level bill to receive this level of analysis. Lewin Group analyses were also done for two of the plans that that *Healthy Wisconsin* was built from, the Wisconsin Health Partnership Plan (developed by WI AFL-CIO), and the Wisconsin Health Plan (developed by the Wisconsin Health Project).

40. With the presidential candidates taking so much about health care reform, can't we just wait for national health care reform? The presidential candidates have been influenced by the pressure for real reform from states like Wisconsin, so we need to keep the pressure on. In addition, given all of the ways reform can be blocked in Congress, such as the Senate filibuster, it would be unwise not to keep pushing hard for *Healthy Wisconsin*. The people of Wisconsin cannot afford to allow another doubling of health care costs.

For More Information contact Robert Kraig, Director of Program, Citizen Action of Wisconsin, robert.kraig@citizenactionwi.org

[Last updated 3-9-08]