We Can Lower Health Insurance Costs and Meet the Healthcare Needs of Waukesha County

March 28, 2016

Waukesha County Health Care Initiative

TABLE OF CONTENTS

APPENDIX

1. Introduction

Having health insurance is vital to the health of your family and your wallet. It can significantly reduce your out-of-pocket medical expenses, and medical bankruptcy is the leading cause of personal bankruptcy in the U.S. today[39].

However, the high cost of health insurance is a concern for everyone. Since 2000, incomes have barely kept up with inflation and insurance premiums have more than tripled.[32] Two of the biggest factors that drive insurance rates upward are the general health of the population (the risk pool) and the cost of health care.

At the same time 18,700 uninsured still reside in Waukesha County[22] preventing access to basic affordable health care for many low income residents.

A decision by State government to accept the additional federal funds for BadgerCare as provided by the Affordable Care Act will provide health insurance for more people and save millions of dollars. A portion of those savings can then be used to fund programs that will reduce health care cost and promote better health throughout the community.

The purpose of this report is to outline the factors affecting the cost of health insurance in Waukesha County and then explain how accepting the additional federal funds for BadgerCare can improve the health of the community and lower health insurance premiums for all without raising taxes.

2. Background

- The Affordable Care Act (ACA)

The Patient Protection and Affordable Care Act was signed into law by President Obama in March 2010. The Act affirms the core principle that everybody regardless of income should have basic security when it comes to their health care. Free enterprise competition, individual responsibility, and contributions based on the ability to pay, work to make the insurance affordable.

Since its major provisions went into effect in Jan. 1, 2014, the ACA extended insurance to many uninsured people, primarily by enhancing Medicaid and providing federal subsidies to help lower and middle income Americans buy private coverage. The key benefits of ACA are providing coverage for preexisting conditions, extending health care to dependent individuals through age 26 and more emphasis on wellness.

Starting January 1, 2014, for those seeking insurance in the health insurance Marketplace, individual and small group health plans are available. These plans fall into one of four categories: bronze, silver, gold or platinum. The metal tier tells you the actuarial value of the health plan and are a simple way of rating and comparing one health plan to another. The actuarial value of a plan tells you what percentage of health care costs that health insurance plan is expected to pay for its beneficiaries. All health plans on the same metal tier have the same actuarial value.

The ACA provides health insurance subsidies for those living under 400% of the federal poverty limit (FPL). For those at 250% FPL and below, Cost Sharing Reduction (CSR) subsidies are also available on the Silver plans that lower the amount you have to pay for out-of-pocket for deductibles, coinsurance, and copayments.

In addition to creating the federal insurance marketplace, Medicaid was enhanced to provide 100% federally funded coverage to low income individuals and families previously ineligible for Medicaid. The initial law required states to expand coverage to everyone making less than 138% of the Federal Poverty Level (FPL). However, that provision was changed by a

Supreme Court ruling which allowed states to opt-out of adopting the full federal Medicaid program. Doing this allowed for the creation of an unintended "coverage gap" in most states that chose not to expand.

- BadgerCare[7]

BadgerCare, Wisconsin's health care coverage program for low-income residents, is part of the federal Medicaid program. By being in the program, a portion of the cost is paid for by the federal government. The percentage paid by the Federal government is determined by the Federal Medical Assistance Percentage (FMAP). This percentage depends on a number of factors and will vary slightly over time. For Medicaid in Wisconsin, it is approximately 58%.

In early 2011, the state's Medicaid and BadgerCare programs provided broader programs than most states. Children at all income levels could be enrolled, and those in families up to 300% of the FPL were eligible to receive subsidies, as were parents/caretakers up to 200% of the FPL. A capped limited benefit program was available for childless adults (without dependent children) up to 200% of FPL.

Changes were made as part of the FY2011-13 biennium budget. Rather than expand the state BadgerCare program according to the provisions of the ACA, Wisconsin chose to change the rules for those living above133% FPL and for those adults on transitional Medicaid in the following ways.

- Scaled premiums were changed similar to the federal health insurance marketplace.
- The restrictive enrollment period was changed from 6 months to 1 year if you fail to make a premium payment.
- Coverage in BadgerCare was ended if you are offered health care insurance from an employer costing less than 9.5% of income.

In April 2014, more changes were put into effect as part of the FY2013-15 biennium budget. Once again, rather than accept the additional federal funds for BadgerCare, Wisconsin chose to create its own program that would achieve similar goals: coverage for all non-elderly adults living under 100% FPL with BadgerCare and directing the rest to seek subsidized insurance in ACA marketplace. This meant coverage limits for parents and caretaker adults were reduced from 200% of FPL to 100% of FPL and BadgerCare was now available to all childless adults under 100% FPL. In doing so, Wisconsin would be the only state to eliminate the Medicaid 'coverage gap' without implementing full federal Medicaid program.

- Enrollments

After the second enrollment period (March 2015), it was estimated that 17.6 million[24] uninsured people were now covered by either the Marketplace or Medicaid. Among those people covered, 10.2 million[29] people enrolled in the Marketplace and paid the first month's premium.

As of February 2016, over 12.7 million people have enrolled during the third enrollment period. Of that number, the Wisconsin enrollment of 239,000[35] which has exceeded last year's figure by 16%. However, this number still represents only 47% of potential enrollees[47].

The current (FY2015-16) budget for BadgerCare is approximately $2.6 billion of which 38%, $1.0 billion, is paid for by the state. In December 2015, BadgerCare served 801,044 people statewide of which 22,338 live in Waukesha County[34]. In the period between April 2014 and December 2015, 62,169 additional people have been covered in BadgerCare. The largest increase has been with childless adults.

Source: Wisconsin DHS[34]	Total BadgerCare	Children	Parents and Caretakers	Childless Adults
January 2011	775,000	418,000	225,000	34,000
March 2014	738,875	427,101	214,531	13,923
December 2015	801,044	418,943	152,410	146,349

- The Uninsured

At the end of the second enrollment (March 2015), the national uninsured rate was estimated to have been reduced from 20.3% in October 2013 to 12.6%[24]. Of the 32.3 million nonelderly people who still lacked health coverage it was estimated that nearly half (15.7 million, or 49%) of this population was eligible for Medicaid or financial assistance on the subsidized Marketplace[27].

The 2014 American Community Survey placed Wisconsin's uninsured at 489,800 of which 18,700 uninsured reside in Waukesha County[22].

3. The Cost of Health Insurance

A number of factors influence health insurance premium rates; the underlying medical costs, the health of people in the risk pool, competition within the insurance and health care industry, and negotiations with providers and insurance companies. Evidence of this at work is found when noting that the health insurance rates in Madison this year are 20-30% less than Milwaukee, Racine, and Wausau[32].

- Health Care Cost

The most significant factor affecting insurance rates is the cost of health care itself. Health care in the U.S. costs about twice as much as it does in the rest of the developed world and because of that we spend by far more per capita on health care than any other country.[19]

Although the United States is the leader in health care innovation and new technology, costly medical procedures ultimately lead to higher health insurance rates. It is difficult to consider the cost-effective nature of remedies in life-threatening situations; consumers demand it and hospitals which invest in this technology must find a way to pay for it.

The costs of drugs are rising at an unprecedented rate over the past few years despite record increases in drug company profits. Seventy-seven (77%) of the public say that rising drug costs are their number one concern[37]. The large size and small number of pharmaceutical companies, the existence of patents, and the high demand for life saving drugs, make negotiation very difficult.[38]

The medical profession is filled with many dedicated, compassionate, and caring people. Hospitals (non-profit and for-profit alike), however, are a businesses and need revenues to cover variable costs, the depreciation on facilities and equipment, and to fund future expansion. Because of the lack of competition, negotiations with government agencies and health insurance providers are the only way to determine the fair market value for services.

The number of uninsured people in the community also affects cost. They account for much of the "charity" care provided in hospital emergency rooms. These uncompensated costs adversely affect hospital margins and have the potential to raise the price of service or at least make them more difficult to lower.

- Health of People in the Risk Pool

Insurance is based on 'pooling' risk. This is done by averaging the health conditions of everyone in the 'pool' and determining the average expected cost. Insurance companies have to then collect enough in premiums to pay for this average expected cost plus their needed profit margin. In general, the poorer the health of the risk pool, the higher the insurance premiums for everyone insured in the risk pool.

There are two things that contribute to the health of the risk pool, the mix of healthy and unhealthy people in the pool and the demand for medical care.

Many things can be responsible for creating an unnecessary demand for medical care. An unhealthy lifestyle, drug addition, untreated mental illness, lack of dental care, and cost ineffective ways to treat chronic diseases are some examples.

Unnecessary medical treatment can also result from a practice called defensive medicine or sometimes referred to as defensive medical decision making. A 2014 physician survey revealed that 67% of physicians believe defensive medicine is the number one reason for high costs in medical treatment[43]. Defensive medicine occurs when a physician orders diagnostic tests or treatments to protect the physician against the patient as a potential plaintiff.

- Competition and Negotiation

Just as competition between and negotiations with health care providers are necessary to control costs, competition and negotiation among and with insurers is also important. This is why the ACA requires insurers to offer standardized coverage meeting minimum standards to create a competitive environment and help consumers determine the best coverage value for themselves in their area.

Where competition is lacking, negotiated group purchases and insurance rate oversight are needed to help determine the fair market value of insurance.

4. Addressing Health Care Needs with Charity and Community Action

Today, as county budgets continue to shrink, there is greater reliance on volunteering and charity to fill critical needs. Addressing health care needs with charity and volunteering is not a long term solution but is sometimes the only immediate alternative.

- Hospital Charity Care

Charity care is service for which no payment is expected because the patient is eligible for free or discounted care. Bad debt is unreimbursed care for patients deemed ineligible for free or discounted hospital care. Together they represent what is called uncompensated care in the health care industry.

Uncompensated Care 2014	Charity Care	Bad Debt	Total
State	$736.4 million	$570.8 million	$1.3 billion
Waukesha County	$35.5 million	$27.4 million	$62.9 million

The Wisconsin Hospital Association issues an annual Uncompensated Health Care Report[2]. In 2014, Wisconsin hospitals with over $5 million of uncompensated care provided $1.3 billion of uncompensated health care services to their patients. Waukesha hospitals alone reported over $35 million of uncompensated care. The amount of annual uncompensated care in Wisconsin is staggering and is nearly equal to the state costs for BadgerCare.

It has been found that 45% of those admitted to Wisconsin emergency rooms are living under 200% of the FPL[20] and 30% of those are without health insurance[22]. Charity care delivered in hospital emergency rooms is an expensive way to provide health care for the uninsured. Charity care lowers hospital margins and thereby affects the hospital's ability to lower service rates when negotiating with health insurance companies. By reducing the number of uninsured in the community, charity care in local hospitals will be reduced.

In 2014, the US Department of Health and Human Services, found that uncompensated hospital care was reduced by $7.4 billion (a 21% reduction) as a result of the ACA. At the time, the 30 states which accepted the full federal Medicaid program accounted for $5 billion of that reduction, while the 20 other states only accounted for $2.4 billion.[17]

A dramatic example of this is the fact that West Virginia University Hospitals saw a drop in uncompensated care of more than 54 percent, saving about $51 million between 2013 and 2014[41].

- Free and Charitable Clinics

Free clinics provide medical services for the uninsured and underinsured. There are 70 free clinics in the Wisconsin. Free clinics do not accept health insurance or payment for their services. Services can include physician exams, diagnosis, referrals, and in some facilities mental health consultation and dental care. A network of local collaborating medical care resources insures referral needs are met in complex situations.

Free clinics are a critical safety net for those who fall between the cracks of our health care system. Many clients cannot afford coverage because they are denied subsidies that will make it affordable. Others are not on insurance because they lack the basic knowledge of available subsidies, how to get insured, and how to stay insured. Some are affected by the BadgerCare enrollment rules which affect seasonal workers and others with incomes that vary back and forth across the 100% Federal Poverty Limit. Free clinics also serve the homeless and undocumented residents.

The four free clinics in Waukesha County currently provide care for approximately 5000 patient visits a year. They are Eagles' Wings Clinic (Mukwonago, WI), Lake Area Free Clinic (Oconomowoc, WI), St. Joseph's Medical Clinic (Waukesha, WI), and Community Outreach Health Clinic (Menomonee Falls). To operate they rely on a large number of qualified physician, nurse, and other health care volunteers. In addition they receive private donations and grants from non-profit agencies such as the United Way. Because of this, free clinics survival depends entirely on the charity and the goodwill of others.

Waukesha County Community Dental Clinic located in downtown Waukesha provides reduced cost dental care for low income Waukesha County residents. Cleaning and exam services are provided on a per visit fee for $10 - $20 depending on need. They also provide preventive services, treatment, and oral health education. Clients must be currently enrolled in Medicaid or demonstrate they are living below 200% of the FPL. Operating as a non-profit, they rely on donations in addition to BadgerCare payments.

Waukesha Community Health Center located in downtown Waukesha is a Federally Qualified Health Center (FQHC). They accept private insurance, Medicaid, BadgerCare, Title 19 and Medicare. They also offer patients without insurance discounted care based on family

size and income. FQHCs receive federal and state support and in addition rely on donations and volunteers.

- Community Collaboration and Volunteering

Within Waukesha County there exists strong collaboration between government agencies, volunteer groups, non-profits and local businesses. Together they work to find solutions for complex community issues involving employment, education, homelessness, transportation, housing, and health care. Several examples are given below.

The Waukesha Community Health Assessment and Improvement Plan (CHIPP) is a collaborative community process which just completed a 5 year program consisting of assessment, recommendations, and pilot programs undertaken to improve areas related to

- Alcohol and other drug addiction (AODA)
- Mental Health, and
- Access and Navigation for Health and Social Services.

Another example of a collaborative community process are the Health Fairs put on several times a year by La Casa de Esperanza in cooperation with County Health and Human Services, local health care providers, and health insurance providers.

Waukesha ACA Outreach/Partners is a volunteer coalition of local health care providers, insurance providers, and community organizations, dedicated to providing ACA insurance information and multiple year-end health enrollment fairs targeting the low income population.

Thriving Waukesha is a collaborative alliance created 3 years ago to mobilize community resources to meet the unmet health and human service needs of Waukesha County residents. The alliance consists of representatives from the Waukesha County Business Alliance, WE Energies, and Pro-Health Care. Administrative and financial support comes from the alliance's lead sponsor organizations: United Way, the Waukesha County Community Foundation, the Greater Milwaukee Foundation, and the Waukesha County Executive's Office.

5. A Source of Funds for Health Care Improvements that will Not Raise Taxes

Several re-estimates of the BadgerCare program, assuming the full federal Medicaid program, have been made since April 2014. Each one has shown that a significant savings could be achieved for the State. This large savings is realized because the entire cost for covering childless adults up to 133% of the FPL is borne by the federal government. This cost savings is only slightly reduced by an increased cost for additional parents and caretakers between 100% to 133% of the FPL.

In December 2015, the most recent LFB report[1] predicted the state could save $323 million in 18 months (beginning January 1, 2016) if the State would accept the additional federal funds for BadgerCare. This equates to approximately $215 million per year and would save the State approximately $1 billion dollars over the next 5 1/2 years (2016 - 2021).

The same report[1] also predicted that with the full federal Medicaid program an additional 83,000 people would enroll in BadgerCare in FY 2016-17[1]. Recent studies[4] showing a link between health and socioeconomic status, means that the 83,000 people moving to BadgerCare will be typically unhealthier than the rest of the population. The resulting healthier private insurance risk pool will mean lower insurance rates for those with private insurance. A Rand Corporation report[5] estimated that states rejecting the full federal Medicaid program increase premiums on the individual market exchanges by 8-10%.

Under the full federal Medicaid program, a portion of the 83000 people expected to enroll in BadgerCare will come from the uninsured. The Kaiser Foundation estimated in 2016 that adopting the full federal Medicaid program would cause a 9% reduction in the uninsured.[25]

The full federal Medicaid program is better than modified programs. An analysis[26] of the 2014 premiums in 34 states such as Wisconsin which took "other" steps to limit the "coverage gap" instead of adopting the full federal Medicaid program found that you would have paid $251 per year more for health insurance than if you lived in a state which did adopt the full federal Medicaid program.

In summary, accepting the additional federal funds for BadgerCare as part of the full federal Medicaid program will save the state approximately $215 million dollars per year; reduce the number of uninsured using hospital emergency rooms, and immediately improve the "health" of the private insurance risk pool. Those savings can then be used to fund programs that will further lower health care costs and promote better health throughout the community. The combined affect of all this will be lower health insurance rates for everyone. And all of this can be accomplished without raising taxes.

6. Recommended Programs

The following programs are recommended to reduce health care costs, improve public health, and reduce the need for unnecessary medical care. Doing this will lower health insurance rates.

- Health Care and Enrollment Counselor

The 2014 *Healthiest Wisconsin 2020 Baseline and Health Disparities Report*[20] from the state Department of Health Services stated:

> *To ensure the health and economic security of Wisconsin families, everyone in the state needs access to affordable and high-quality health services, regardless of health, employment, financial, or family status.*

Providing access to care was a CHIPP program focus area which recommended that access can be improved by the creation and training of 'Community Advocates' who would define their client's needs or issues and then connect them to potential resources for further assistance.

The "Health Care and Enrollment Counselor" as defined here is an extension of that idea. This person would be a consistent, trusted, always-there, local resource for Enrollment and Health Advocacy within the County. These duties could possibly be combined with other similar existing public health positions.

Enrollment Duties:

Further reduction in the uninsured will require a vigorous campaign and one-on-one help to get people enrolled with the correct coverage. A recent study found 47% of the uninsured have no knowledge of the Marketplace nearly every uninsured person lacks knowledge of subsidies and tax credits.[30]

- To educate and answer questions about:
  - APTC (Advance Premium Tax Credit)
  - CSR (Cost Sharing Reduction)
  - ACA law, tax requirements, and the individual and employer mandates

- To provide leadership and coordinate the efforts of Navigators, Assisters, and CACs within the County during enrollment season. Merely relying on the work of community activists and volunteers to accomplish this work is not enough.

- To refer people with BadgerCare and Medicaid eligibility and enrollment questions to the appropriate State IM (Income Maintenance) consortia.

Health Advocacy Duties:

- Training and follow-up for the newly insured.
  - How to stay insured (pay your premiums),
  - How to take personal responsibility for your health
  - ACA tax filing and requirements
- Help for clients with issues such as getting off work, transportation, childcare issues and other factors that keep you from health care appointments.
- Referrals to appropriate health resources based on need.

- State Support for Free Clinics and Federally Qualified Health Centers

  There will always be a need to assist people who fall through the cracks in the health care system. The unique service model delivered by Free Clinics relies entirely on the charity and support of volunteers. Free clinics deserve state support for things like malpractice insurance coverage for all volunteers.

  Continued federal and state support for Federally Qualified Health Centers is also needed.

- BadgerCare for Working Families

  If the income earner for the household is offered individual health insurance through their employer and if that insurance costs less than 9.5% of their income, they and the rest of the family do not qualify for Marketplace subsidies or cost sharing reductions. If family coverage through the employer is unaffordable, the children can get Badger Care coverage (up to 300% of the FPL) but because of affordability issues, the spouse may choose to remain uninsured and possibly pay a federal tax penalty.

  This problem is nicknamed the "Family Glitch"[15]. In the current political climate, it will be very difficult to correct this. So until the federal law can be changed, a change in state law is needed to permit qualifying spouses to pay the premium to get BadgerCare.

- Early Treatment for Mental Health

  Waukesha County has an extensive Mental Health treatment programs. What is needed are programs that focus on early detection and treatment in schools, coordination between jail discharge, mental health care, existing community assistance organizations, and more effective ways to deal with the Waukesha County homeless population.

  Mental illness was a CHIPP focus area. Areas that were addressed:
  - Create a uniform client release of information (ROI) form that could be shared among multiple county agencies and area hospitals.
  - Coordination of jail discharge with mental health care and assistance programs of existing community organizations.
  - Develop alternatives to emergency detention.
  - Find more effective ways to deal with the Waukesha County homeless population

  State support for expanded programs like these will reduce the demand for medical care and thereby lower insurance rates.

- Alcohol and Other Drug Addiction (AODA) Early Intervention and Prevention

  Alcohol and other drug addictions are prevalent throughout the community and affect individuals and families regardless of age or economic status. What is needed are programs that focus on early detection and prevention such as in schools.

  AODA was a CHIPP focus area. Areas that were addressed:
  - Provide education to people who are susceptible to AODA problems (victims of trauma and abuse) currently under care.
  - Reach out to youth and parents with education ("Stop and Think" program), early intervention, and preventative health services to combat alcohol and drug addiction.
  - Reach out to expectant mothers at risk with education and brief intervention
  - A "Screening, Brief intervention and Referral to Treatment (SBIRT)" program was piloted

  State support for expanded programs like these will reduce the demand for medical care and thereby lower insurance rates.

- Dental Care for Low Income Adults

  Lack of dental health can lead to complicated and costly health problems, an unhealthy workforce, and poor student performance. In addition, infections and other complications caused by poor dental hygiene and lack of remedial care are to blame for many of emergency room visits[31]. Dental infections put people are at a higher risk for diabetes, cardiac and respiratory health problems.

  A 2014 report[20] from the state Department of Health Services identified some key dental issues with low-income earners in Wisconsin:
  - Only a quarter of Medicaid enrollees had seen a dentist in the last year.
  - Emergency room visits for non-traumatic dental complaints had risen by 20 percent from 2006 to 2010.
  - Minorities and low-earners in general were significantly more likely to have a tooth removed because of tooth decay or gum disease.

  Most dentists will not accept BadgerCare patients because of the current reimbursement rate. In response, the state has created a pilot program, approved in the 2015-17 state budget, to raise reimbursement rates for dental work performed in Brown, Marathon, Polk and Racine counties to study the feasibility of raising the rates in all of Wisconsin.[12]

  A LFB paper[13] issued in May 2015, estimates that current BadgerCare dental expenditures in the 'pilot' counties would increase by 190 percent, which when applied statewide would come to an annual spending increase of $130 million in state and federal dollars.

  Providing no-cost or subsidized dental cleaning, needed exams, and remedial restoration for those with a financial need will keep people healthier and in less need of more expensive treatments at a later point.

- Cost Effective Chronic Disease Management

  One percent of the U.S. population accounts for nearly 23 percent of overall health care spending, and 5 percent are responsible for a full 50 percent of spending[48]. Any meaningful effort to control spending growth must account for this extreme concentration.

  One of the reasons for this concentration are chronic diseases which generally cannot be prevented by vaccines or cured by medication, nor do they just disappear. The most

common chronic conditions are high blood pressure, diabetes, arthritis, respiratory diseases like emphysema, and high cholesterol. Although it is generally assumed chronic diseases affect the elderly most subjects (58%) are between the ages of 18 and 64.[46]

The traditional medical model of caring for people with chronic conditions which focuses more on the illness can in some cases be substituted for programs that help adults with chronic conditions learn how to manage and improve their health. Interactive workshop sessions focus on problems that are common to individuals dealing with any chronic condition. Topics include pain management, nutrition, exercise, medication use, emotions, and communicating with doctors. The UW Extensions, with local presence, is an excellent way to provide these programs. State support for these programs will instead reduce the demand for medical care and thereby reduce health insurance rates.

7. Comparison to Minnesota

The demographics of Wisconsin and Minnesota are very similar and yet they differ greatly with regard to health care effectiveness.

- Commonwealth Fund Ranking

The 2015 Commonwealth Fund report[6] ranks both Wisconsin and Minnesota in the top quartile (12 best states) in the country. The report measures performance along 42 indicators grouped into five dimensions: access and affordability, prevention and treatment, avoidable hospital use and cost, healthy lives, and equity.

Although both states did well, Minnesota beats Wisconsin in all but one of the 5 dimensions.

State Ranking…	Wisconsin	Minnesota
Access and affordability	13	3
Prevention and treatment	6	8
Avoidable hospital use and cost	14	8
Healthy lives	18	1
Equity	29	9

Access and affordability: One key measure of access to care is insurance rates.

Prevention and treatment: The Prevention and treatment dimension determines whether care is effective, coordinated among their different physicians and other providers, and respectful of patient's values and preferences.

Avoidable hospital use and cost: This scorecard dimension focuses inefficiency and rates of potentially avoidable and expensive hospital care. To do this it looks at two cost measures: the average cost of an individual employer-based health insurance premium and average annual spending per Medicare beneficiary.

Healthy lives: This dimension includes measures that affect people's ability to lead long and healthy lives—like rates of smoking, premature death, and obesity.

Equity: The Equity dimension looks at two vulnerable populations—low-income people and those who belong to racial and ethnic minorities.

Major differences that help to explain the health care disparity between Minnesota and Wisconsin are given below.

- Minnesota Adopted the Full Federal Medicaid Program

Minnesota adopted the full federal Medicaid program as provided for in the Affordable Care Act as 31 other states have done.

- Uninsured Rate

At the beginning of 2015, the current uninsured rate in Minnesota was 5.9%. Wisconsin uninsured rate was 7.3% (24% more)[23].

- Insurance costs

In 2015, average (silver plan) insurance cost premiums were 60% higher ($1700/yr more) in Wisconsin than in Minnesota[8]. Average deductibles were also 27% higher ($600 more) in Wisconsin [8].

- Minnesota's Basic Health Plan (MinnesotaCare)[8]

Minnesota not only accepted the additional Medicaid funding, it also accepted additional funding for their "Basic Health Plan." The Basic Health Plan provides health insurance at low premiums for citizens between 100% and 200% of federal poverty levels. In doing so, Minnesota provides support to 200% of the FPL while Wisconsin has limited BadgerCare enrollment to those at or below the 100% FPL.

MinnesotaCare covers a broad range of health care services including:
- Primary and preventive care,
- Inpatient and outpatient hospital care,
- Coverage for prescription drugs,
- Chemical dependency treatment,
- Mental health services, and
- Oral health services.

By covering low income people with these essential health services under Medicaid, the private insurance risk pool is healthier. This helps to lower Marketplace insurance rates.

- Minnesota's Accountable Care Organization[9]

In 2013, Minnesota created Accountable Care Organizations (ACOs) to give providers in their Medicaid program greater incentives to promote population health and lower costs by using an integrated delivery system (IDS).

An IDS is a collaboration of hospitals, doctors, clinics and a variety of services built on a foundation of primary care. The improved communication and coordination lead to cost savings and better quality care. The state provides each ACO with information about the baseline costs for the attributed population it will serve. After the actual costs of providing care for the covered population is calculated, the state and the ACO will then share in any savings or losses relative to this baseline based on the degree of risk negotiated. If ACOs improve their patients' health outcomes, they stand to receive additional payment.

Similarly, in Dane County[36] the Wisconsin State Employee Health Plan (WSEHP) commands enough market power to create strong incentives for integrated health systems to compete on both cost and quality. This managed competition of integrated systems has been shown to be

the major reason why Madison health costs are far below all other Wisconsin metro areas. In 2016, Madison rates will be 20-30% less than Milwaukee, Racine, and Wausau[32].

The affect of this program is lower cost of care and improved health. Both of these help to lower insurance rates.

- Insurance Rate Review

A longtime national leader in insurance rate review, the Minnesota Commerce Department has a federally-certified “effective rate review program” with a team of actuaries and experts who closely scrutinize the assumptions and information used by health insurers to develop their rates.

The rate review process in Minnesota has been shown to lower proposed rate increases as much as 37 percent[10]. The insurance cost disparity between Minnesota and Wisconsin of 47%[32] on the individual market is a further testament to the need for a robust rate review at the state level.

Under the Affordable Care Act, states were provided federal funding to scrutinize increases of 10 percent or more to make sure rates are based on reasonable cost assumptions. In June 2015, seven (7) Wisconsin insurance plans were submitted for 2016 with rates increases over the threshold, ranging from 10% to 32%[49]. However, Wisconsin has not rejected any rate increases since 2011.

- State Based Marketplace

Minnesota has a state based marketplace. Wisconsin does not. Setting up a state based marketplace allows the state to practice "active purchasing", where the state actively negotiates on behalf of consumers. This practice is going into effect in Minnesota in 2016.[8]

- Substandard Insurance Plans

Wisconsin still allows substandard insurance plans. Minnesota does not.

Substandard Plans which are not ACA compliant are sold to healthy people for less than Marketplace plans. The loss of healthy people from the Marketplace risk pool pushes insurance rates higher for the rest of us.

A Rand Corporation report has estimated that existence of non-compliant policies can increase the rate of ACA compliant policies by as much as 10%.[11]

8. Accepting Additional Federal Funds for Medicaid has Wide Support

- The ACA is Here to Stay

Like it or not, the Affordable Care Act was signed into law in March 2010. Since then it has weathered multiple congressional attacks and Supreme Court decisions.

Although the political battle continues, more and more people now realize that although imperfect, the ACA has provided many features that all Americans want. Features such as..

- Elimination of preexisting conditions as a reason for refusal to insure
- Limits on out of pocket costs.
- Standardized features that allow you to compare one insurance plan to the next.
- Emphasis on wellness with no copayment, and
- Provisions that allow young adults to stay on their parent's plan until they are 26.

Although Americans are roughly split, there has been a steadily trend toward a more favorable view of the ACA as shown in data from a recent CBS News article[16].

	Favorable view	Unfavorable view
June 2015	47%	44%
May 2015	43%	52%
Nov 2013	31%	61%

Looking deeper however reveals a slightly different story. A 2015 focus group study was conducted with Conservative and Independent voters in Wisconsin (Menomonee Falls-Milwaukee area), Pennsylvania, and North Carolina many of whom were 'leaning against' the ACA. The majority, although believing the new law is flawed, believed that the ACA provides too many benefits to warrant its repeal. Instead, they believed the focus should be on making improvements to better control health care costs, the cost of premiums, and out of pocket costs.

There is a difference between looking upon it unfavorably and wanting it repealed. Most Americans now do not want to see it repealed. The ACA is here to stay.

- 21 Wisconsin Counties Have Passed a Resolution

Twenty one (21) Wisconsin counties have passed a resolution in support of taking the additional federal funds for BadgerCare as provide for by the Affordably Care Act[45]. Many of those counties are populated by a majority of conservatives.

In addition, a resolution was passed by the Wisconsin Counties Association in 2013[44]:

> "Now, therefore, be it resolved, that the Wisconsin Counties Association, in conference assembled, does hereby urge the Wisconsin Legislature to support Assembly Bill 53 and Senate Bill 38 and accept enhanced federal Medicaid funding to improve the state's BadgerCare program"

- 31 States Have Accepted the Additional Funding

As of December 2015, 31 states (plus the District of Columbia) have taken federal funding to fully expand Medicaid. Three (3) other states are also considering it, planning it, or negotiating wavers[42].

This includes 10 states with GOP governors, 2 of whom are running for the Republican presidential nomination (Christie and Kasich). Moreover, 3 other states that switched to GOP governors in 2014 have continued the full federal Medicaid program.

Kentucky's newly elected Republican Gov. Matt Bevin, has recently backtracked from his election promise to dismantle the highly successful Kentucky program which was credited with reducing the uninsured rate in the state from 20.4 percent in 2013 to 11.9 percent in 2014[40].

Massachusetts laid the groundwork for national health care reform with its landmark state health care reform in 2006.

Since then the ACA has strengthened and expanded health care improvements resulting in Massachusetts having the lowest uninsured rate in the country estimated at the end of 2014 to be only 3.3%[23].

9. Response to Objections

Acceptance of the full federal Medicaid program is a polarizing issue in politics today. The common Conservative objections are addressed below.

- *Objection:* In 2020 the Federal Medical Assistance Percentage (FMAP) will be reduced to 90% resulting in more cost for the state.

  Response: The state share of the cost for childless adults will remain zero for 2016-17 and gradually increase to 10% by 2020. However, even at a 90% FMAP the savings to the state is still overwhelmingly significant. If the savings is reduced to $193 million in 2020 ($215 x.90 =$193 million) it is still a significant savings.

- *Objection:* If the Federal program is discontinued, the state will be left needing to support the entire program. Entitlements once established are hard to take away.

  Response: First of all, the ACA is here to stay. At this point, there is too much support and too many benefits to do anything but improve it. In addition, if a financial catastrophe occurs state and federal laws can and will be changed.

  > *Former state GOP Sen. Dale Schultz said: "We have all kinds of interactions with the federal government - transportation and everything else. Do we stop doing business with them because they may not give us the money?" Moreover, it makes no sense to leave federal money, already paid by Wisconsin taxpayers, on the table for other states*.

- *Objection*: Accepting the additional federal funds for BadgerCare gives the federal government too much control over state government.

  Response:
  - Approximately 58% of the Medicaid budget is already being paid for by the federal government.
  - The U.S. spends more on making employer-based health care tax free than it does on the ACA. These tax benefits regressively benefit those with good jobs already able to provide health coverage.
  - Each state is still allowed to customize the program to suit specific needs and goals such as done in Arkansas and Indiana.
  - Keeping government out of our lives is like saying: stop building roads and stop funding medical research.

- *Objection*: Private insurance plans in the Marketplace are better than BadgerCare, provide choice, and encourage personal responsibility.

  Response: If you can't afford the premium or pay the deductibles for private insurance BadgerCare can at least provide basic health care. By having basic needs met you can concentrate on things that help you become a productive member of society.

- *Objection*: The federal funds used to expand BadgerCare are not free. They come from federal tax dollars that should not be spent. Government needs to be smaller.

  Response: Government needs to be effective and efficient and on target with what society wants to achieve for itself. Insuring that the basic health care needs for each citizen are met is the moral thing to do. And it provides the security and opportunity needed to attain a better and more productive life for individual. Our culture of caring for one another is what makes our society great.

Spending on health care has the same effect as spending on defense projects or building roads: it creates jobs and is good for the economy. It is up to us where we put our emphasis. It needs to be a matter of highest priority.

10. The Moral Case for Change

Although we live in one of the richest counties in Wisconsin, 12% of households in Waukesha County have annual incomes less than $25,000[22]. By promoting *'health, self-sufficiency, and an improved quality of life*' Waukesha County will maintain its claim as '*a great place to live, work and raise a family*.'

Insecurity that comes from poor health care, lack of housing, a job, or enough to eat is felt by many Americans. Charity and volunteering can only do so much. We need good government to take responsibility for fulfilling the critical needs of our community.

We maintain a huge military capacity, we build roads and bridges to support commerce, we bail out the financial markets when unscrupulous people commit fraud, and we spend trillions of dollars to fight wars of intervention around the world with questionable results. We need to invest in our own people by providing access to necessary health care.

Last November, Susan Dreyfus stated the following in her presentation "Dynamic Partnerships: A Path Forward to a Stronger Community"

> "*If we want to enjoy prosperity, we must foster the health and well-being of all people*."

Last year John Kasich bravely stated, at the expense of loosing much needed financial backing.

> *"…when I get to the Pearly Gates, I'm going to have an answer for what I've done for the poor… I know this is going to upset a lot of your guys, but we have to use government to reach out to people living in the shadows"*

By addressing basic needs such as health care, we promote independence and self sufficiency and thereby create a pathway for everyone to become a more productive member of the community.

11. Conclusion

In summary, we have suggested programs that can reduce the cost of health insurance in Waukesha County and throughout the state and provided a way to fund those programs without raising taxes. With further discussion and thoughtful consideration those programs or others like them can become a reality.

In addition to saving the State approximately $215 million dollars per year, accepting all of the additional federal funds for BadgerCare as provided in the Affordable Care Act will increase BadgerCare enrollment, reduce the number of uninsured using hospital emergency rooms, and immediately improve the health of the private insurance risk pool.

Accepting additional federal funds for BadgerCare not only makes sound economic sense, it is the moral thing to do.

References

1 Legislative Fiscal Bureau memorandum to Senator Jennifer Shilling, December 3, 2015 http://wispolitics.com/1006/151215Memo.pdf

2 WHA, "Uncompensated health Care Report: Fiscal Year 2014", August 2015 http://www.whainfocenter.com/uploads/PDFs/Publications/Uncompensated/Uncompensated_Web_2014.pdf

3 The Commonwealth Fund: "Analysis Finds No Nationwide Increase in Health Insurance Marketplace Premiums", December 22, 2014" http://www.commonwealthfund.org/publications/blog/2014/dec/zero-inflation-nationwide-for-marketplace-premiums

4 Braveman, Paula A., Catherine Cubbin, Susan Egerter, David R. Williams, and Elsie Pamuk, "Socioeconomic Disparities in Health in the United States: What the Patterns Tell Us," *American Journal of Public Health*, Vol.100, No.S1, April2010, pp.S186–S196. http://www.ncbi.nlm.nih.gov/pmc/articles/PMC2837459/

5 *Eibner et al., 2013,* The Affordable Care Act and Health Insurance Markets Simulating the effects of regulation http://www.rand.org/pubs/research_reports/RR189.html

6 The Commonwealth Fund: "Aiming Higher: Results from a Scorecard on State Health System Performance", December 2015 http://www.commonwealthfund.org/publications/fund-reports/2015/dec/aiming-higher-2015

7 Friedsam, Kaplan, and Eskrich, Wisconsin: Round 1, August 2014 http://www.rockinst.org/ACA/states/Wisconsin/2014-08-Wisconsin_Round_One.pdf

8 Citizen Action of Wisconsin, "A Tale of Two States 2015", April 8, 2015 http://www.citizenactionwi.org/mn_vs_wi_health_costs_2015

9 The Commonwealth Fund: Health Care Payment and Delivery Reform in Minnesota Medicaid, March 2013 http://www.commonwealthfund.org/publications/case-studies/2013/mar/minnesota-medicaid-payment

10 MPT News, Minnesota Health Plans can't cancel but rates can rise, October 31, 2013 http://www.mprnews.org/story/2013/10/31/health/law-minnesotans-more-expensive-plans

11 Rand Corporation: Implications for the Affordable Care Act Compared to Legislative Alternatives. January 21, 2014 http://www.rand.org/pubs/research_reports/RR529.html

12 Elbow, Steven, The Capital Times, "Looking for a dentist who serves BadgerCare patients? Good luck", December 22, 2015 http://host.madison.com/ct/news/local/writers/steven_elbow/looking-for-a-dentist-who-serves-badgercare-patients-good-luck/article_4318ee4b-8f7e-5693-8bb7-dabf6c36df5f.html

13 Legislative Fiscal Bureau paper, #351 "Enhanced Dental Services Reimbursement Pilot Program" May 21, 2015 http://docs.legis.wisconsin.gov/misc/lfb/budget/2015_17_biennial_budget/300_budget_papers

15 Center for Public Policy Priorities, "ACAs Family Glitch Hurts Millions"; September 9, 2015 http://bettertexasblog.org/2015/09/acas-family-glitch-hurts-millions/

16 CBS News; "Five signs the fight over Obamacare isn't finished", June 26, 2015 http://www.cbsnews.com/media/five-signs-the-fight-over-obamacare-isnt-finished/6/

17 http://aspe.hhs.gov/pdf-report/insurance-expansion-hospital-uncompensated-care-and-affordable-care-act

18 Minnesota Department of Health, Issue Brief: Uncompensated Care at Minnesota Community Hospitals in 2014, September 2015 http://www.health.state.mn.us/divs/hpsc/hep/publications/costs/20150925_uncompensatedcare.pdf

19 Consumer Reports, Why is health care so expensive? http://www.consumerreports.org/cro/magazine/2014/11/it-is-time-to-get-mad-about-the-outrageous-cost-of-health-care/index.htm

20 *Healthiest Wisconsin 2020 Baseline and Health Disparities Report, January 2014* https://www.dhs.wisconsin.gov/hw2020/baseline.htm

22. US Census Bureau, American Community Survey, 2014, United States, Wisconsin, and Waukesha, Economic Characteristics, Health Insurance Coverage https://www.census.gov/acs/www/data/data-tables-and-tools/data-profiles/2014/

23 US Department of Commerce, Health Insurance coverage in the United State: 2014, September 2015 https://www.census.gov/content/dam/Census/library/publications/2015/demo/p60-253.pdf

24 ASPE Data Point, Health Insurance Coverage and the Affordable Health Care Act, September 22, 2015 https://aspe.hhs.gov/health-insurance-coverage-and-affordable-care-act-aspe-issue-brief-september-2015

25 Kaiser Foundation: Medicaid Expansion, Health Coverage, and Spending: An Update for the 21 States That Have Not Expanded Eligibility, Apr 29, 2015 http://kff.org/medicaid/issue-brief/medicaid-expansion-health-coverage-and-spending-an-update-for-the-21-states-that-have-not-expanded-eligibility/

26 Citizen Action of Wisconsin, Taking the next step: The Role of States in Restraining Health Insurance Costs http://www.citizenactionwi.org/taking_the_next_step_health_cost

27 Kaiser Foundation, How Many Uninsured Are Eligible for Assistance under the ACA, October 2015 http://files.kff.org/attachment/issue-brief-new-estimates-of-eligibility-for-aca-coverage-among-the-uninsured

28 ASPE Data Point, Health Insurance marketplaces 2015 Open enrollment period: March 2015 report, March 10, 2015 https://aspe.hhs.gov/pdf-report/health-insurance-marketplace-2015-open-enrollment-period-march-enrollment-report

29 CMS, March 31, 2015 Effectuated Enrollment Snapshot, 6/2/15 https://www.cms.gov/Newsroom/MediaReleaseDatabase/Fact-sheets/2015-Fact-sheets-items/2015-06-02.html

30 Robert Wood Johnson Foundation, "Understanding the Uninsured Now", June 2015
http://www.rwjf.org/en/library/research/2015/06/understanding-the-uninsured-now.html

31 ADA, From the Emergency Room to the Dental Chair,
http://www.ada.org/en/public-programs/action-for-dental-health/er-referral

32 Citizen Action of Wisconsin, 10th annual report on Wisconsin health insurance costs Rankings Report, December 2015
http://www.citizenactionwi.org/2016_wisconsin_health_insurance_cost_ranking

33 BizJounal, Obamacare enrollment in Wisconsin in 2016 exceeds 2015 figure with one month to go, December 31, 2015
http://www.bizjournals.com/milwaukee/news/2015/12/31/obamacare-enrollment-in-wisconsin-in-2016-exceeds.html

34 Wisconsin DHS, BadgerCare Enrollments by State and County
https://www.forwardhealth.wi.gov/WIPortal/portals/0/staticContent/Member/caseloads/481-caseload.htm

35 CMS, Health Insurance Marketplace Open Enrollment Snapshot - Week 13
https://www.cms.gov/Newsroom/MediaReleaseDatabase/Fact-sheets/2016-Fact-sheets-items/2016-02-04.html

36 Community Advocates, The Dane Difference
http://communityadvocates.net/userimages/The%20Dane%20Difference.pdf

37 Kaiser Foundation, Prescription Drug Costs Remain Atop the Public's National Health Care Agenda, October 28, 2015
http://kff.org/health-costs/press-release/prescription-drug-costs-remain-atop-the-publics-national-health-care-agenda-well-ahead-of-affordable-care-act-revisions-and-repeal/

38 Michele Boldrin and David K. Levine; Against Intellectual Monopoly, Cambridge University Press, January 2, 2008
http://levine.sscnet.ucla.edu/general/intellectual/againstfinal.htm

39 Olga Khazan, The Atlantic, Why Americans Are Drowning in Medical Debt, October 8, 2014
http://www.theatlantic.com/health/archive/2014/10/why-americans-are-drowning-in-medical-debt/381163/

40 Teddy Wilson, RH Reality Check, "Kentucky Governor Backtracks on Pledge to End Medicaid Expansion" January 2016
http://rhrealitycheck.org/article/2016/01/06/kentucky-governor-backtracks-pledge-end-medicaid-expansion/

41 Jeff Lagasse, Health Care Finance News, "West Virginia hospitals see uncompensated care drop after Medicaid expansion"
http://www.healthcarefinancenews.com/news/west-virginia-hospitals-see-uncompensated-care-drop-after-medicaid-expansion-group-says

42 Kaiser Foundation, Current Status of State Medicaid Expansion Decisions
http://kff.org/health-reform/slide/current-status-of-the-medicaid-expansion-decision/

43 Physicians Foundation, "2014 Survey of American's Physicians"
http://www.physiciansfoundation.org/uploads/default/2014_Physicians_Foundation_Biennial_Physician_Survey_Report.pdf

44 Damos,Tim, News Republic, "Counties want Medicaid expansion," 9/26/13 http://www.wiscnews.com/baraboonewsrepublic/news/local/article_d5bea065-700a-5b6f-92c5-ba8f434e3528.html

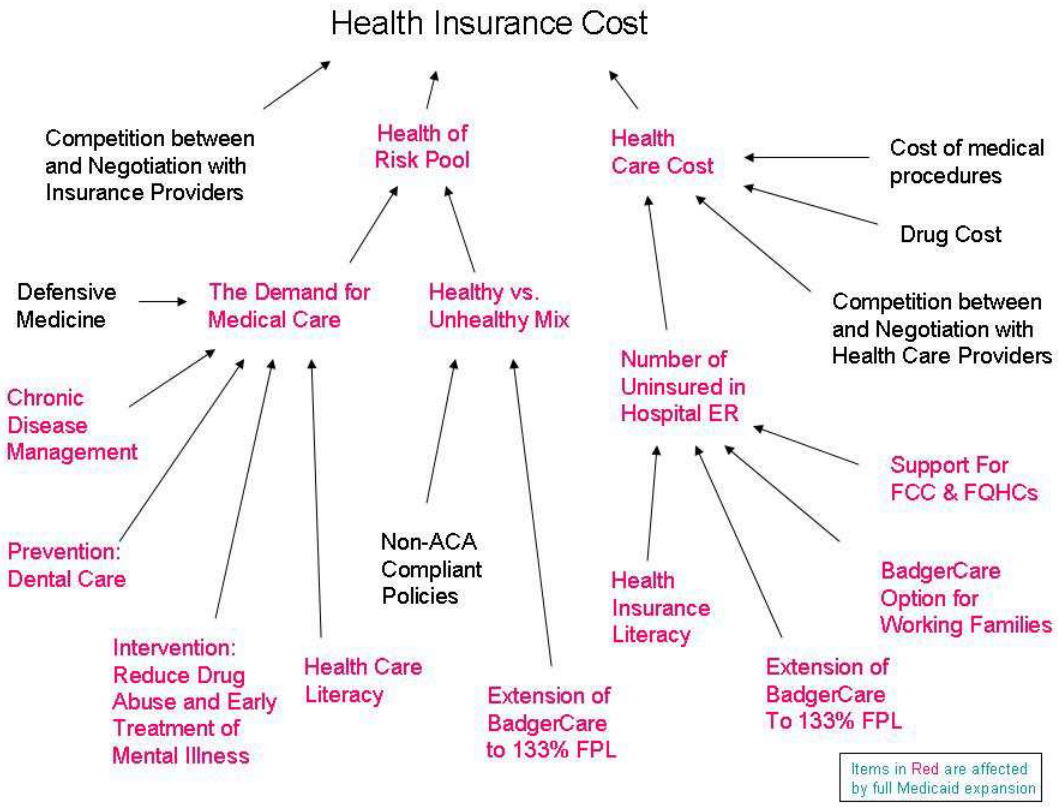
45 Kevin Kane, Citizen Action, "BadgerCare Endorsement list" http://www.citizenactionwi.org/bc_endorsement_list

46 Robert Wood Johnson Foundation & Partnership for Solutions. "Chronic Conditions: Making the Case for Ongoing Care." Johns Hopkins University, Baltimore, MD (September 2004 Update). http://www.rwjf.org/en/library/research/2004/09/chronic-conditions-.html

47 Kaiser Foundation, "Marketplace Plan Selections as a Share of the Potential Marketplace Population" http://kff.org/health-reform/state-indicator/marketplace-plan-selections-as-a-share-of-the-potential-marketplace-population/

48 NIHCM Foundation, Health Care's 1%: The Extreme Concentration of U.S. Health Spending http://www.nihcm.org/concentration-of-health-care-spending-chart-story

49 Citizen Action, "Preliminary 2016 Health Insurance Rates a Warning Sign for Wisconsin", June 02, 2015 http://www.citizenactionwi.org/preliminary_2016_health_insurance_rates_a_warning_sign_for_wisconsin



About Us

The ***Waukesha Health Care Initiative*** is a coalition between Grassroots Waukesha, SOPHIA, and the Citizen Action Organizing Cooperative formed in the fall of 2015 with the following goal: to undertake a project that would influence public opinion and lawmakers to improve access and remove barriers to quality health care for all Waukesha County residents.

Grassroots Waukesha

Grassroots Waukesha was founded in the summer of 2013 in a partnership with United Wisconsin to get a Move-To-Amend referendum on the ballot in the City of Waukesha. Through much hard work, our many volunteers were able to obtain over 4200 petition signatures in 54 days. The referendum made the ballot and in April 2014 passed with an overwhelming margin.

Since then the mission of Grassroots Waukesha is to inform and educate themselves and others about issues of concern in Waukesha County and then seek remedies through the political process.

http://www.grassrootswaukesha.org/

Sophia

SOPHIA is faith based community group actively living their faith and values by working together with individuals, agencies and public officials to find creative and effective solutions to address social injustices and improve our communities in Waukesha County.

SOPHIA works to build community by intentionally developing relationships within in our faith communities and with leaders in our county and honors the rich diversity and dignity of all individuals.

http://www.sophiawaukesha.org/

Citizen Action Organizing Cooperative

Citizen Action Organizing Cooperative is a member owned grassroots coalition formed in 2015 consisting of over 200 progressives in the greater Milwaukee area organized around social, economic, and environmental justice initiatives.

http://www.citizenactionwi.org/organizingcoopmke