

Health Care For All

**Governor Doyle's Roadmap to
Universal Access to Health Insurance
for All Wisconsinites**

Overview

- Governor Doyle's Health Care Vision
- Wisconsin's Health Care Challenges
- Governor Doyle's Goals and Strategies

Governor Doyle's Health Care Vision

- Every Wisconsin resident must have access to affordable health insurance.
- Every child must have access to high quality health care services.
- The state must lead the way to meet these goals.

Governor Doyle's Health Care Vision

- Sound health policy—grounded in research and data—will drive implementation of solutions.
- The business community and health care providers work in partnership with the state to improve quality and reduce costs.
- Health care costs are lowered and are no longer a drag on Wisconsin's economy.
- Health care programs must be simple and easy to access.

Wisconsin's Health Care Challenges

- **Access**—Too many Wisconsin residents do not have access to affordable, quality health insurance.
- **Cost**—Costs are increasing, both for health care and for insurance coverage.
- **Quality**—There is a lack of easily accessible information about the quality of care and medical errors are far too common.
- **Medicaid Financial Stability**—The state's health care safety net is on financially shaky ground.

Wisconsin's Health Care Challenges

(continued)

Access - The number of uninsured children in Wisconsin is on the rise and thousands of adults can't afford health insurance.

- In 2005, 110,000 children (more than 7% of all kids) were without health insurance for at least part of the year.
- 71,000 “childless adults” with incomes below 200% of the Federal poverty level were without health insurance in 05.
- Fewer and fewer businesses are offering health insurance to their employees. In 2001, 76% of Wisconsin residents had access to insurance coverage through their employer. In 2004, that number dropped to 69%.

Wisconsin's Health Care Challenges

(continued)

Cost - Health care costs are rising at rates in excess of growth in personal income.

- Spending on health care has grown at about 10% per year since 1960.
- Per capita income in Wisconsin grew at about 6% per year between 1970 and 2004.
- Cost of employer-sponsored health benefits in Wisconsin increased 9.2% in 2005.

Wisconsin's Health Care Challenges

(continued)

Quality – There is a lack of accessible information about quality and costs; medical errors are far too common.

- About 54% of the public are dissatisfied with the quality of health care, up from 44% in 2000.
- Between 30 and 40 cents of every dollar spent on health care is spent on overuse, under use, misuse, duplication, system failures, repetition, poor communication, and inefficiency.
- 34% of the public say that either they or a family member have experienced a medical error at some point.

Wisconsin's Health Care Challenges

(continued)

Medicaid Financial Stability – The state must develop stable, sustainable financing for the Medicaid program.

- Rates for most providers have not increased in more than five years.
- Costs have been controlled in the past (without reductions in benefits or cuts in eligibility) but new efforts are needed to control costs and improve quality in the long-term.
- Like BadgerCare Plus, the remaining Medicaid programs must be simplified—making them easier to understand and enroll in.
- To ensure financial soundness, guaranteed revenue sources are needed.

Governor Doyle's Health Care Goals

- ✓ **Universal Access**
- ✓ **Lower Health Care Costs**
- ✓ **Higher Quality Care**

Health Care for All

Ten Point Strategy to Achieve the Goals

- ✓ Builds on Wisconsin's successes
- ✓ No increases in general taxes and no reductions or changes in current health insurance benefits
- ✓ Builds on successes in other states

Point #1: Universal Access

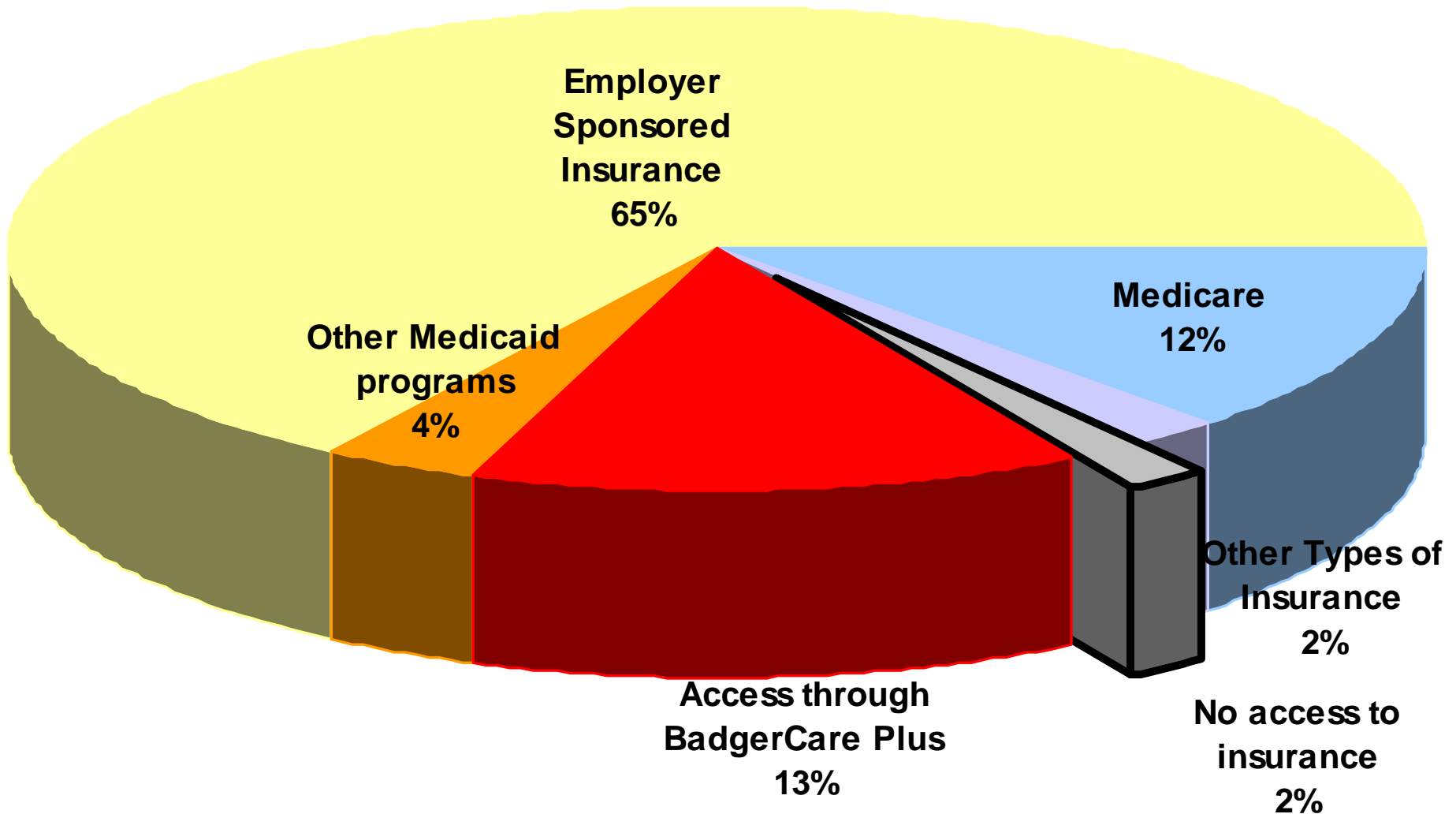
Ensure that 98% of Wisconsin residents have access to affordable health insurance, including universal access for all kids.

- Implement BadgerCare Plus in January 2008
- Implement Medicaid expansion to low-income adults in January 2009 (*as recommended unanimously by the Healthy Wisconsin Council*)

Universal Access: 98% Access

(cont.)

98% of Residents Have Access to Insurance



Universal Access: BadgerCare Plus

(cont.)

- Cover all kids
- Expand coverage to more pregnant women, parents and caretaker relatives
- Merge current programs and dramatically streamline administration – make it easy for families to understand and to enroll
- Two benefit plans: Standard (Medicaid) and Benchmark
- Focus on preventive care and healthy living

Universal Access: Medicaid Expansion

(cont.)

- Include childless adults with incomes up to 200% FPL in BadgerCare Plus
- Estimated 71,000 eligibles
- Offer limited benefit plan
- Coordinate care with or replace existing programs that serve this population in some limited fashion (Ex: GAMP, WWP, HIRSP, etc.)

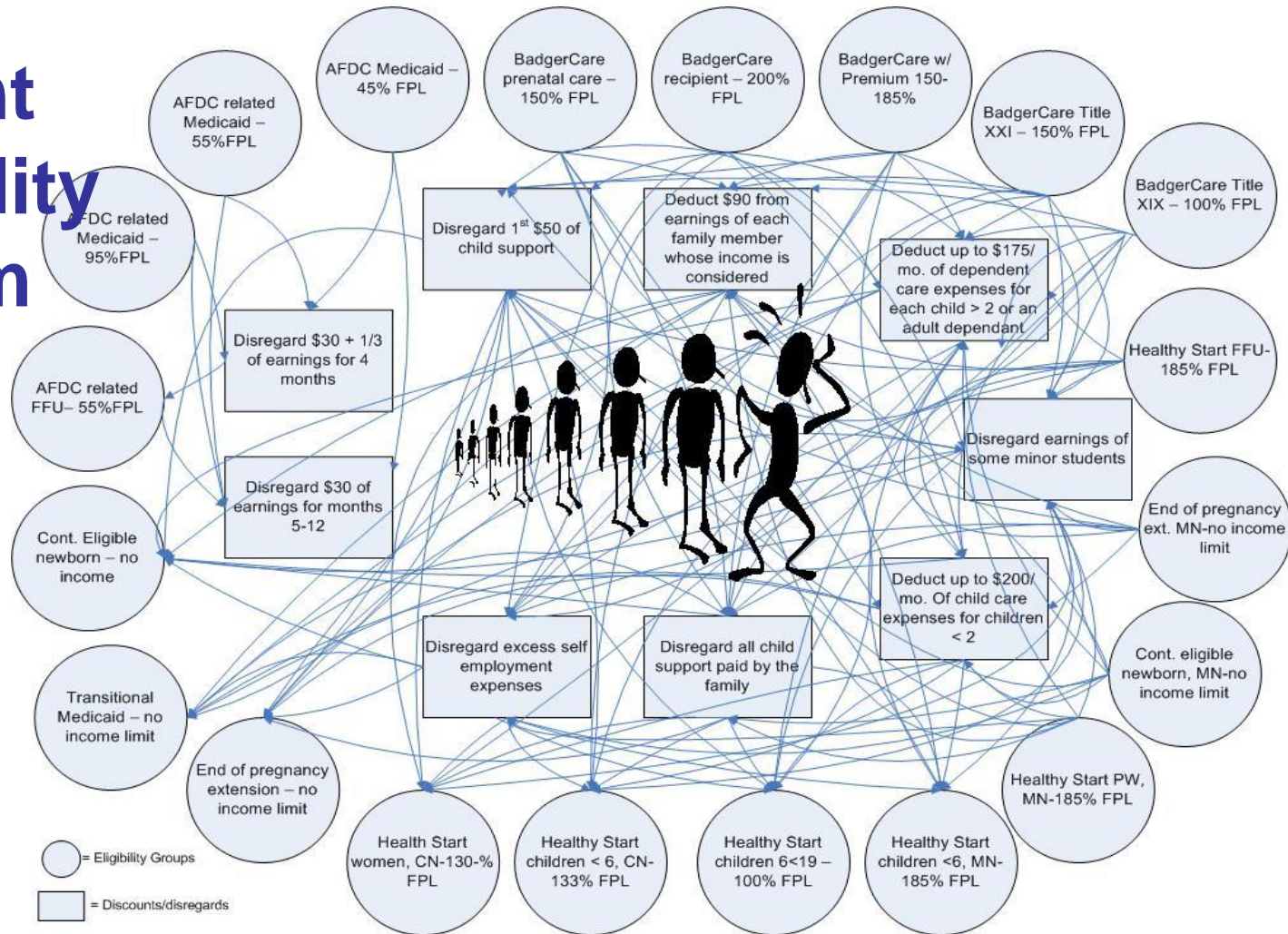
Universal Access: Easy Enrollment

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- Wisconsin leads the nation in simplifying enrollment for health care programs.
- Medicaid programs will be simple to understand, to enroll in, and to administer.
- Implement one-page application form
- Applications made via the web (ACCESS), in person, on the phone, or thru the mail
- Non-traditional points of entry, e.g., Boys/Girls clubs, WIC clinics, Head Start, YMCA, faith-based organizations, etc.

Current Medicaid Program

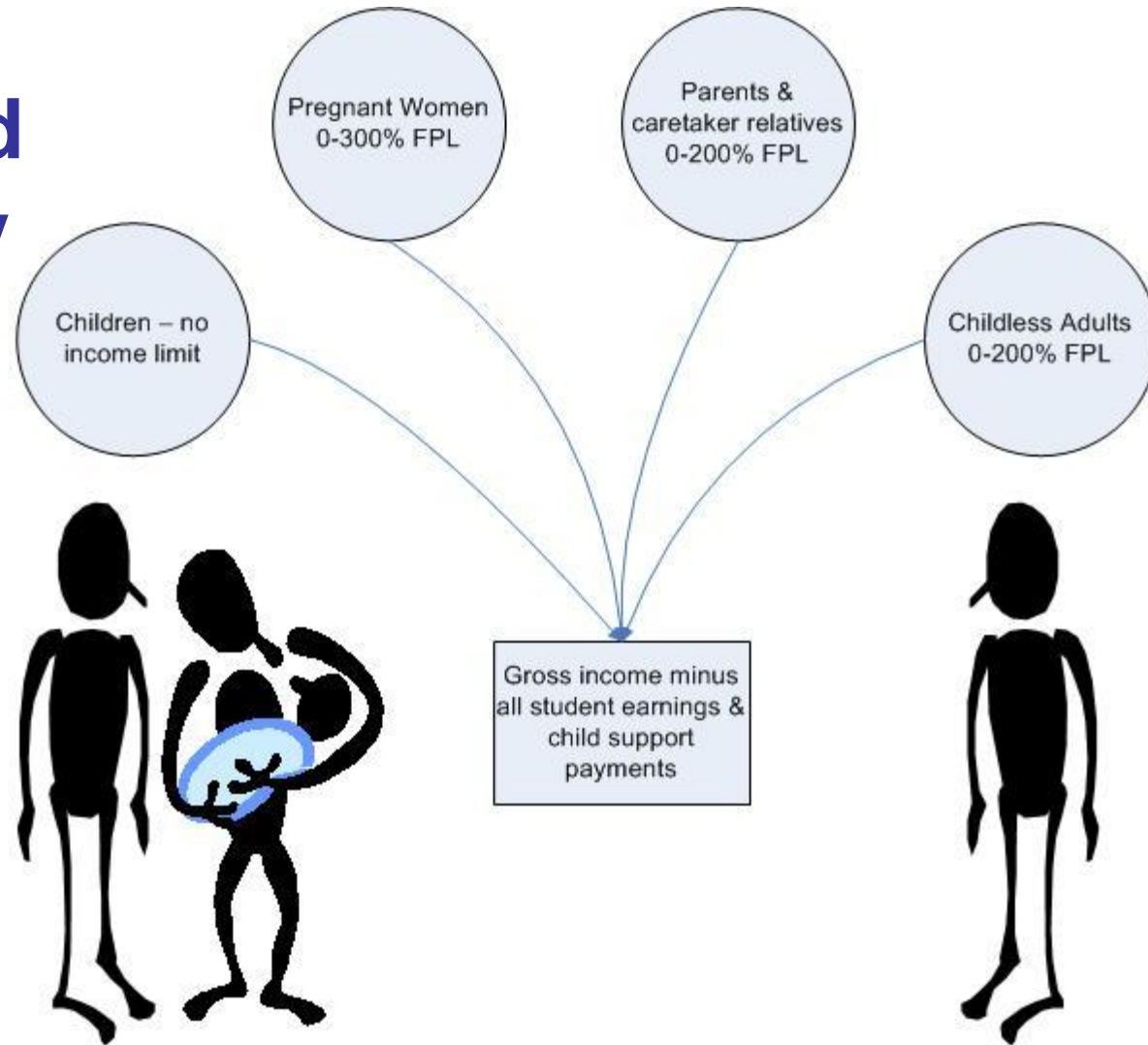
Current Eligibility System



Medicaid / BadgerCare / Healthy Start

New Medicaid Program

Proposed Eligibility System



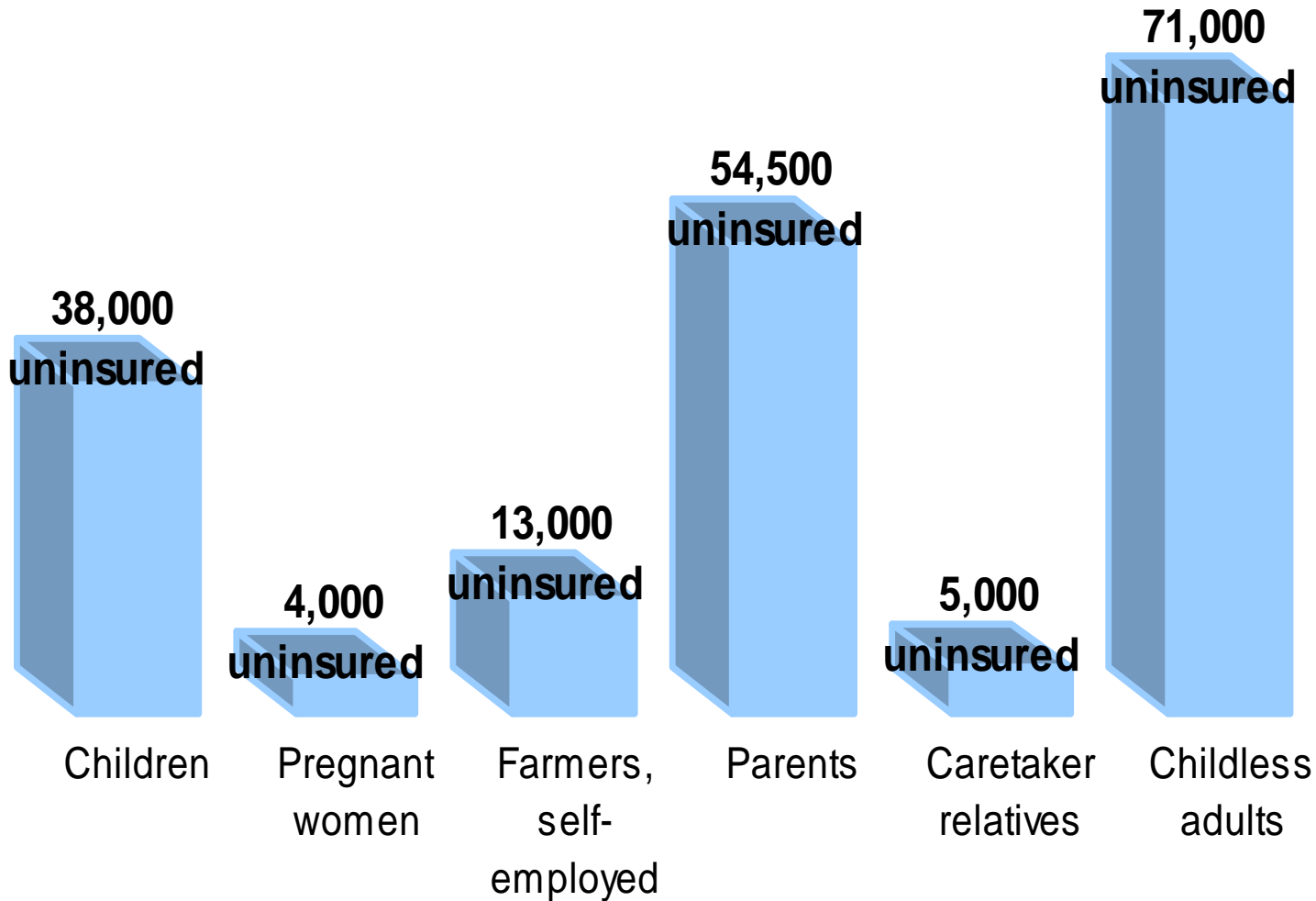
○ = Eligibility Groups

□ = Discounts/disregards

BadgerCare Plus

Universal Access: BadgerCare Plus Covered Populations

(cont.)



Point #2: Lower Premiums

Reduce costs by creating a tax deduction for premium payments

- Income tax deduction for health insurance premiums
- Deduction will reduce health care costs for individuals by 6% on average
- Phased in over four years beginning January 2008
- Annual GPR costs = \$149 million

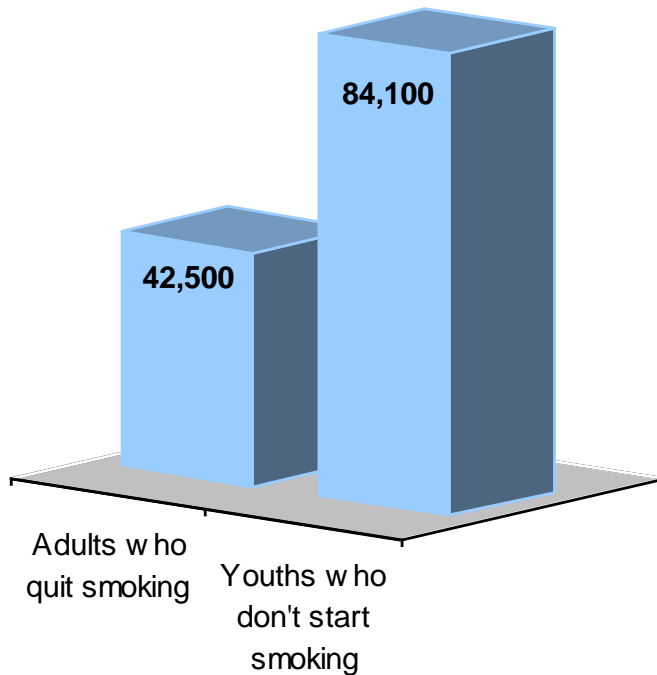
Point #3: Decrease Smoking

Raise the cigarette tax by \$1.25 per pack

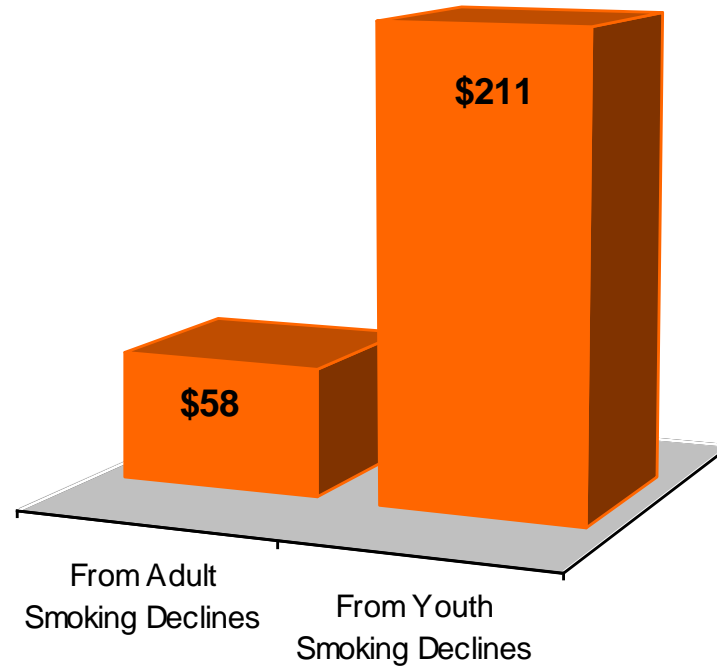
- Increase taxes on other tobacco products
- Use new revenue to enhance funding for health care, including tobacco control programs
- For each 10% increase in the price of cigarettes, youth smoking rates decline by 6.5% and adult rates by 2%
- Reduce long-term Medicaid spending by \$200 million
- Increased funding for health care = \$546 million
- New dollars go to dedicated Health Care Quality Trust Fund

Impact of \$1.25 Cigarette Tax Increase

Health Benefits



Long Term Medicaid Savings (\$ in Million)



Point #4: Medicaid Rate Increases

Increase non-institutional provider rates within Medicaid by 3% (1% in FY08, 2% in FY09)

- Provide the first across-the-board rate increases within Medicaid in more than 5 years
- Cost = \$58 million AF over the biennium
- Provide larger increases in areas where access is especially problematic
- Increase funding for dental services by \$13 million (\$8.8 million in the 07-09 budget)

Point #5: Diversify Medicaid Funding

Implement Hospital Assessment and Increase Hospital Payments

- Assessment reduces Medicaid reliance on GPR while increasing federal funding
- Assessment = up to 1% of gross patient revenues
- Assessment increases hospital payments by \$702 million over the biennium
- 68% of state hospitals are enriched; those serving the most Medicaid patients gain the most

Point #5: Diversify Medicaid Funding

(continued)

- Assessment reduces the burden of uncompensated care
- 17 states use similar assessments to help fund Medicaid, including all neighboring states
- Assessment revenues dedicated to Health Care Quality Trust Fund

Point #6: Establish Health Care Quality Trust Fund

Dedicate all new revenue from tobacco tax increases, hospital assessment, and other new health care funding to Trust Fund

- Trust fund resources will **only** be used for health care
- Target funding to improve health care access, reduce costs, and improve quality

Point #7: Reduce Health Care Costs

Establish Healthy Wisconsin Authority to:

- Develop statewide reinsurance program for small businesses
- Explore benefits and costs of a catastrophic health insurance program for individuals and businesses
- Explore other ways to lower health care costs, increase access and improve quality

Point #8: Cut Red-Tape in Medicaid

Transform Medicaid administration

- Identify administrative and program inefficiencies, in partnership with stakeholders
- Repeat the success of BadgerCare Plus in other MA “product lines”
- Use one-time transfer from the Patient’s Compensation Fund (\$175 million) as “stop-gap” funding pending full implementation

Point #9: Improve Health Care Quality & Reduce Medical Errors

Implement recommendations of Governor's e-Health Board

- Invest \$30 million in implementation
 - \$10 million = tax credits for technology purchases
 - \$20 million = grants for technology purchases
- Seek additional grant funding to support recommendations
- Continue work with private partners to ensure access to information about quality and cost

Point #10: Strengthen Co-op Care

Support cooperatives to help farmers and small employers purchase quality health insurance and strengthen Wisconsin's agriculture industry

- About 14% of Wisconsin's farmers have no coverage; 17% have only catastrophic coverage
- Farmers, on average, pay 93% more than those who purchase insurance "off the farm"
- Farmers' Health Cooperative of WI—a statewide purchasing cooperative—will offer six affordable, comprehensive plans, including coverage for preventive care

Health Care for All—Summary

- Wisconsin has an historic opportunity to ensure that every resident has access to affordable health insurance.
- Governor Doyle's ***Health Care for All*** plan will give all citizens universal access to health insurance within 5 years.
- State government has “stepped up” but others must as well. The business community and health care providers must be partners in developing solutions.
- By working together, we can ensure that every individual in Wisconsin has access to affordable health insurance and high quality care.