

Society releases plan for reforming Wisconsin's health system

In 1992, the Wisconsin Medical Society (Society) published WISCONSIN CARE, the Society's recommendations for health care reform. WISCONSIN CARE was published during a time when both the US Congress and the President were debating major changes in the health care system. It was within this environment that WISCONSIN CARE was developed. WISCONSIN CARE was a visionary document proposing comprehensive and, in some cases, dramatic changes to reform Wisconsin's health care system.

WISCONSIN CARE envisioned a market-based system for health care service delivery with a strong government role to set the "rules of competition." Further, competing health plans, certified by the State, were to offer a standard benefit plan, at a community-rated premium to all enrollees. Employers were expected to provide coverage for all employees and their dependents for, at a minimum, the standard benefit plan, or pay a tax to cover the cost of insurance to their employees—a "play or pay" model. Community rating (in which health

insurers are required to charge the same premium to every policyholder, regardless of their expected health care costs) and statewide pooling were proposed to enable even the smallest employers to provide coverage.

Soon after publishing WISCONSIN CARE, the environment changed. The robust economy of the 1990s, the apparent savings achieved by managed care, and the consolidation of the health care market took away the urgency to reform health care. Since then, however, the tide has again turned. Health care premiums are skyrocketing once again. The number of uninsured continues to climb. States are in a fiscal crisis, struggling to plug huge deficits. Ten years after publishing WISCONSIN CARE, health care system reform has again taken center stage.

In Wisconsin, health care has become the third largest State budget item after school aids and prisons. Enrollment in Medicaid and BadgerCare is increasing rapidly, while the State is facing a deficit of more than \$3 billion for the 2003-2005 biennium.

Given these conditions, the Wisconsin Medical Society Board of Directors voted in 2002 to convene a Task Force on Health System Reform. The charge of the task force was to guide the Society's role

and positions in the current debate on health care expenditures and system reform. The task force and its committees analyzed health care funding and ways to expand access to appropriate and high quality health care. The task force also addressed the ongoing issues of the uninsured and underinsured in Wisconsin and considered various cost-containment approaches, including recent hot-button issues such as certificate of need, prescription drug coverage, public employee cost-sharing, and small employer purchasing pools.

To ensure that the task force viewed health care system reform from a broad perspective, the Society invited participation from representatives of the Wisconsin Hospital Association (WHA), Wisconsin Manufacturers & Commerce (WMC), AARP (formerly known as the American Association of Retired Persons), AFL-CIO, the Wisconsin Nurses Association (WNA), Wisconsin Physicians Service (WPS), the Pharmacy Society of Wisconsin, and Wisconsin Education Association Trust (WEA Trust). This report has been written with the help and guidance of these groups who were willing to share their expertise, experience, and vision.

WISCONSIN CARE was visionary in 1992 and remains so. The current task force reaffirmed the

Editor's note: The Wisconsin Medical Society's Board of Directors approved this plan at its February 22, 2003 meeting. Existing councils were given the task of developing implementation plans for the objectives outlined within this document.

goals of the original document and embraced nine guiding principles. In this updated plan, we offer a staged approach with short-term objectives, in keeping with the guiding principles, and cognizant of the budgetary and political climate of the day.

The Society believes this plan will put Wisconsin on the road toward our goals of universal access, high quality care, and cost control. Ultimately, this should improve the health status of the people of Wisconsin, contributing to the shared goals outlined in Wisconsin's State health plan, *Healthiest Wisconsin 2010*.

Goals and Guiding Principles

The Wisconsin Medical Society endorses and reaffirms three essential goals in reforming the health care system:

- Attain universal health insurance coverage;
- Provide high quality health care; and
- Control health care costs.

Every day, physicians see patients who lack insurance or are tied to jobs for fear of losing coverage. Physicians see patients whose health suffers because they forego preventive care that they cannot afford. Physicians and patients are faced with excessive paperwork and enormously complex and varying administrative requirements. Everyone is concerned about the increasing costs of the health care system, including the cost shifting that occurs to cover uncompensated and under-compensated care, which is caused, in part, by inadequate funding for Medicare, Medicaid, and related programs.

At the same time, the Society believes that many aspects of the cur-

rent health care system are of great value. The strengths of our current system include a pluralistic delivery system that provides patients choices in selecting physicians, clinics and hospitals, rapid advancement of technology that encourages the development and adoption of medical innovations, and research-based treatment guidelines that improve the quality and consistency of medical care.

In 2001 the Institute of Medicine (IOM) published a report calling for comprehensive reforms in the delivery of and payment mechanisms for health care services. *Crossing the Quality Chasm: a New Health System for the 21st Century* asserts the need for a safe, effective, patient-centered, timely, efficient and equitable health care system. A follow-up IOM report, *Fostering Rapid Advances in Health Care*, further recommends an incremental approach to health care reform. The Society endorses this approach and has designed a set of staged recommendations based on the following guiding principles:

1. Retain a pluralistic health care system that promotes competition based on quality and cost.
2. Expand insurance coverage through purchasing pools, premium subsidies, and a "play or pay" model.
3. Attain knowledge and understanding of health care delivery costs and information comparing various pricing systems.
4. Foster consumer participation in costs and decisions regarding utilization of health care services in partnership with their physician.
5. Protect existing eligibility in "safety net" programs, while

seeking expanded eligibility as needed.

6. Consider an explicit priority-setting process, based on evidence-based medicine and cost-effectiveness, for coverage of services by public and private insurance programs.
7. Certify a state-defined standard benefits package, with any coverage beyond such a standard package to be treated as taxable compensation to the employee (in both private and public sector coverage).
8. Promote adoption of practice guidelines and disease management protocols, based on the best evidence available that will allow for appropriate flexibility in treating patients when measuring adherence to and variations from the guidelines.
9. Promote payment levels by government-funded programs sufficient to eliminate cost shifting onto other payors, which results in price distortion and restricted access to services.

Health care system change will require a collective will and shared vision. All Wisconsin residents, employers, insurers, physicians and other health care providers, as well as the state government, must all contribute to the better system and be willing to make accommodations to achieve these goals.

Attain Universal Health Insurance Coverage

Expanded health insurance coverage, leading eventually toward universal coverage, needs to be a major component of any health care system reform effort. The concept of insurance involves spreading risk over a larger population to protect from potentially catastrophic losses

by individuals. With health insurance, individuals can protect assets, should they become ill, while allowing them to access expensive medical care that likely exceeds individual resources, should they need it. In this way, health insurance is a form of income transfer, allowing those who become ill or injured to obtain more medical care than they could otherwise afford without insurance. Comprehensive health insurance is designed to promote prevention and early treatment in order to avoid or reduce the likelihood of more costly care for advanced illnesses.

Further, ample evidence suggests that uninsured persons, and those persons faced with substantial cost sharing, have poorer access to care and lower utilization of health services. The uninsured are more likely to experience potentially avoidable hospitalizations for conditions that could have been more efficiently treated on an outpatient basis. Further, they tend to delay care, finally entering the health care system when their conditions are more advanced and thus more expensive to treat, and often entering the system through the most inefficient points of entry—hospital emergency departments. Health care professionals who care for uninsured and under-insured patients must shift those costs onto their paying and insured patients, ultimately restricting access and raising costs for commercial purchasers (employees, employers and their insurance plan).

1-2 Year Objectives

- Support policies and regulations that promote the spreading of insurance risks across broader populations and reduce the opportunities and incentives for insurers to segment the market.

- Pursue a combination of mechanisms to leverage participation by employers and health plans in purchasing pools and to avoid adverse selection, taking into consideration market rating rules and participation incentives (such as premium assistance through BadgerCare, tax incentives, or other subsidies), which are structured to allow health plans to reach an attractive group of enrollees through the pool.
- Reconsider provisions within the Private Employer Health Care Purchasing Pool related to rate bands, guaranteed issue and mandated benefits. All elements should be evaluated for their ability to expand opportunities for small employers and higher-risk groups to attain coverage, while also attracting and retaining the participation of insurers in the small employer market.
- Retain existing eligibility and payment within Medicaid and BadgerCare.
- Support SeniorCare.
- Maintain support for “safety net” providers, including community health centers.
- Secure adoption of mental health and addiction parity legislation so diseases of the brain are treated the same as diseases of the rest of the body.

3-5 Year Objectives

- Expand opportunities for buy-in to state insurance purchasing pools.
- Explore opportunities to leverage more federal Medicaid dollars by expanding Medicaid eligibility to additional groups. In order to promote cost-neutrality to the State budget, consider evidence-based priority setting in the coverage of

optional Medicaid services, and coverage based on cost-benefit analysis.

- Move toward a “play-or-pay” model for employers that includes sufficient flexibility to avoid an Employee Retirement Income Security Act (ERISA) preemption challenge for self-insured employers.
- Develop a certified, state-defined standard benefits package that is tax-exempt, and classify as taxable compensation any additional coverage beyond the standard package.

Provide High Quality Health Care

All payors express a desire to know how to get the highest quality at the lowest cost, so consumers and other payors can purchase value. The Society is committed to 1) defining quality more specifically based on a continuing dialog between citizens and their community physicians, 2) promoting optimal medical care through the use of generally accepted, evidence-based, practice guidelines and quality-of-care standards, and 3) promoting local review of medical quality.

1-2 Year Objectives

- Define and promote measures of quality and their associated data reporting elements.
- Hold a Wisconsin Medical Society sponsored Patient Congress to assess what patients and physicians mean when they talk about health care quality.
- Support initiatives such as the Department of Health and Family Services (DHFS) Diabetes Collaborative and Cardiovascular Health Program (CVH) and the Wisconsin Asthma Coalition Statewide Asthma plan. Promote adherence

- to the state-developed Essential Diabetes Mellitus Guidelines.
- Promote development and adoption of practice guidelines/standards developed by Milwaukee County's Community Collaborative on Healthcare Quality (CCHQ) in collaboration with health plans, insurers and medical groups in Milwaukee County.
 - Define and promote disease management protocols, based on the best evidence available that will allow for appropriate flexibility in treating patients when measuring adherence to and variations from the guidelines.
 - Promote appropriate data collection and reporting.
 - Collaborate with the Wisconsin Hospital Association (WHA) on a statewide quality accountability initiative.
 - Work with the Wisconsin Association of Health Plans to consider the possible use of Health Plan Employer Data and Information Set (HEDIS) measures for a statewide report on medical quality.
 - Replace the current state of Wisconsin outpatient data collection process with a private or public-private partnership process that collects clinical and pricing information and other appropriate data relevant to answering defined quality questions.
 - Support recommendations already adopted by the Wisconsin Patient Safety Institute (WPSI) aimed toward eliminating medical errors in patient care.
 - Create an effective state health promotion ("wellness") campaign.
 - Elevate the visibility of the appropriate chief medical officer as a state equivalent of "Surgeon General."

- Pursue legislation that promotes injury prevention and tobacco use reduction.
- Create local coalitions of medicine, industry and government to promote community health.

3-5 Year Objectives

- Support automated, data-driven, local community systems of professional review of medical care.
- Promote adoption of practice guidelines and disease management protocols based on best available evidence that allow for appropriate flexibility in treating patients when measuring adherence to and variations from the guidelines.
- Support development of programs monitoring compliance with and variation from these guidelines.
- Promote chronic disease management pilot programs in communities and health systems.
- Work with WHA to look at hospital admissions for ambulatory care sensitive conditions (aka "preventable hospitalizations") including a report specific to Medicaid program enrollees.
- Report disease management successes and results.

Control Health Care Costs

Various approaches to cost control focus variably on containing the supply of service (e.g. via certificates of need), the demand for service (e.g. via cost sharing by the consumer), and the pricing of services (e.g. via purchasing pools). The state of Wisconsin is a major purchaser of health care coverage and services through its role as an employer and as a provider of coverage through Medicaid, BadgerCare, SeniorCare, HIRSP, and

other "safety net" programs. This provides much leverage for attaining favorable pricing. Yet attention also needs to be directed toward the underlying cost drivers, including technology, consumer demand, labor shortages, cost shifting, system inefficiencies, and pharmacy costs.

1-2 Year Objectives

- Reduce labor shortages and the resulting wage pressures that increase health care costs.
- Maintain structures for oversight and accountability of Wisconsin's health professions schools, assuring that their admissions, curricula, and advising are consistent with the Wisconsin's 2002 report on health care workforce needs.
- Support funding to ensure proper training and education of health care professionals, including adequate and appropriately targeted funding for Graduate Medical Education.
- Streamline paperwork and its associated administrative expenses.
- Support electronic clearinghouse for insurance services.
- Support electronic prior authorization of services.
- Support a Uniform Claims Processing Process and a Universal Credentialing Process using an electronic format.
- Maintain Wisconsin's existing medical liability laws, which have the effect of significantly holding down health care costs, as well as preserving access to critical medical care, especially in rural areas of the state.
- Grant immunity to those who disclose medical errors to a medical error reporting system.
- Strengthen and improve Wisconsin's peer review statute.

Health System Reform Task Force Members

Robert Phillips, MD, Task Force Chair (also Chair, Society Board of Directors), Marshfield
Mark Andrew, MD, President, Wisconsin Medical Society, Viroqua
Michele Bachhuber, MD, Chair, Council on Health of the Public, Marshfield
John Beasley, MD, Board member, Madison
Philip Bedrossian, MD, Medical Director, MercyCare Insurance, Janesville
Patrick Board, President, Covenant Medical Group, Milwaukee
Steve Brenton, President, WHA, Madison
Clarence Chou, MD, Board member, Milwaukee
Peter Christman, MD, EVP, UW Medical Foundation, Madison
Richard Dart, MD, Chair, Task Force on Professionalism, Marshfield
Kevin Hayden, President, Dean Health Systems, Madison
Cyril Hetsko, MD, AMA Delegate, Madison
Tom Huffer, MD, Prevea Clinic, Green Bay
Al Jacobs, Executive Director, WEA Trust
Norm Jensen, MD, Vice Chair, Task Force on Professionalism, Madison
Jack Lockhart, MD, Past President; Member, Task Force on Professionalism, La Crosse
Richard Lofgren, MD, MCW, Milwaukee
Brad Manning, MD, Board member; Society Treasurer, Madison
Edith McFadden, MD, Board member, Milwaukee
John R. Petersen, MD, Member, Task Force on Professionalism, Milwaukee

William Raduege, MD, Board member; Member, Task Force on Professionalism, Woodruff
Tom Reilly, Aurora Health Care, Milwaukee
Tom Reminga, MD, Infinity Health Care, Milwaukee
Jim Riordan, President and CEO, WPS, Madison
Catherine Slota-Varma, MD, Board member, Milwaukee
Christa Steene, Prevea Clinic, Green Bay
Susan Turney, MD; Board member; Chair, Council on Health Care Access and Financing, Marshfield
Kirk Veit, MD, Agnesian Health Care/Fond du Lac Regional Clinic Medical Director
Ken Viste, Jr., MD, AMA Delegate; Past President of the Medical Society, Oshkosh
Paul Wertsch, MD, President-Elect; Board member, Madison
Tosha Wetterneck, MD, Member, Task Force on Professionalism, Madison
Ray Zastrow, MD, Immediate Past President, Hartland.

Health Policy Advisors

Donna Friedsam and Alison Klawiter, Wisconsin Public Health & Policy Institute, Madison.

Presenters

Steve Brenton, President, WHA, Madison
James Buchen, Vice President of Government Relations, Wisconsin Manufacturers & Commerce
Chris Decker, EVP & CEO, Pharmacy Society of Wisconsin
Gina Dennik-Champion, Executive Director, Wisconsin Nurses Association (WNA)
Al Jacobs, Executive Director, WEA Trust
Jason Kay, Governmental Affairs Director, AARP
Dave Newby, President, AFL-CIO of Wisconsin
Jim Riordan, President and CEO, WPS, Madison

- Define “disease management” and support our members involvement in disease management pilots that measure cost savings while providing appropriate patient care.
- Improve Medicare and Medicaid reimbursement, thereby eliminating subsidization of these programs by other payors.
- Support federal action to fix the Medicare reimbursement formula and, at the State level, protect Medicaid and BadgerCare.
- Promote price awareness and sensitivity among consumers and physicians.
- Support deductibles and/or co-payments for all consumers with the exception of preventive services.
- Work with insurance plans and other providers to educate patients and physicians regarding the cost of utilizing health care to promote efficient use of health care resources.
- Contain pharmaceutical costs.
- Support large purchasing pools for purchase of pharmaceuticals.
- Support appropriate prior authorization requirements for specific treatments and medications.
- Explore the possible advantages and costs savings of state-based multi-state pharmacy purchasing and benefit management programs.
- Uphold health care providers’ ethical obligation to patients and the community.
- Adhere to the American Medical Association’s Council on Ethical and Judicial Affairs guidelines on physician investment and patient referral, assuring patients that a physician’s referral for other services is motivated by patient’s need and not a physician’s potential financial interest. The Society supports the American Medical Association’s Council on Ethical and Judicial Affairs guidelines on physician investment and patient referral. (Exhibit A available on our website: www.wisconsinmedicalsociety.org)
- Promote the community-service mission of hospitals when considering the development and investments in new facilities.

- Promote technology to increase cost efficiency.
- Advance appropriate use of Internet and other technology to decrease cost and reduce error.
- Promote electronic medical charts and records.
- Support “Smart cards” that utilize a secure Internet connection to link patient insurance information, medical history, and medication history.
- Make necessary changes in the payment system to recognize telemedicine as a reimbursable service.

3-5 Year Objectives

- Support an explicit priority setting process, based on cost-effectiveness, for coverage of services by Medicaid and BadgerCare.

- Adopt statewide systems review for technology assessment, formulary, and procedure cost-benefit analysis.
- Regularly set priority for coverage within the state-certified, standard benefits package and the Medicaid program.
- Promote the purchasing of value and positive health outcomes.
- Design payment incentives, to be adopted by both public and commercial payers, as recommended by the Institute of Medicine in its landmark report *Crossing the Quality Chasm*.
- Encourage comparisons of pricing systems based on Current Procedural Terminology (CPT) and International Classification of Disease, 9th revision (ICD 9) codes.
- Create a “market basket” of utilization statistics based on CPT

and ICD 9 codes that is representative of Wisconsin’s typical health care utilization. The “market basket” can be priced by providers to allow a comparison of the relative cost to the health care beneficiary among providers.

- Create a standard coverage package that insurers can price to allow consumers to compare the cost of insurance coverage among insurers.
- Strengthen supply pipeline for health care professionals.
- Support educational loan forgiveness programs for all health care workers in workforce shortage areas in keeping with the 2002 Governor’s Health Care Workforce Shortage Committee.



The mission of the *Wisconsin Medical Journal* is to provide a vehicle for professional communication and continuing education of Wisconsin physicians.

The *WMJ* (ISSN 1098-1861) is the official publication of the Wisconsin Medical Society and is devoted to the interests of the medical profession and health care in Wisconsin. The managing editor is responsible for overseeing the production, business operation and contents of *WMJ*. The editorial board, chaired by the medical editor, solicits and peer reviews all scientific articles; it does not screen public health, socioeconomic or organizational articles. Although letters to the editor are reviewed by the medical editor, all signed expressions of opinion belong to the author(s) for which neither the *WMJ* nor the Society take responsibility. The *WMJ* is indexed in Index Medicus, Hospital Literature Index and Cambridge Scientific Abstracts.

For reprints of this article contact the *WMJ* Managing Editor at 866.442.3800 or e-mail wmj@wismed.org.

© 2003 Wisconsin Medical Society