

# The Wisconsin Health Care Plan: A practical, effective, and comprehensive response to our health care crisis

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**W**e are facing a catastrophic health care crisis in Wisconsin and in the United States as a whole. For those not yet eligible for Medicare, we have linked access to health care to employment. Yet nearly 46 million Americans do not have health insurance and the increases in health insurance premiums have risen to a point where soon neither employers nor employees will be able to afford it.

Four years ago, it became evident to us at the Wisconsin State AFL-CIO that we had to try to do something about the increasing cost of health insurance. For virtually every one of our over 1000 private and public sector local unions, the cost of health insurance was the main point of contention in contract negotiations. And the conflict was so serious that it was poisoning labor-management relations. In addition, most workers (union or non-union) were finding that any pay increases they got were less than their increased costs for health insurance. So in effect, the purchasing power of their paychecks was gradually falling.

Something had to be done, so

I appointed a Special Committee on Health Care to see if we could come up with practical solutions to this health care cost crisis.

After listening to various health care experts give their analysis and advice, we decided on some basic assumptions and goals. First, we realized that we could not solve this problem for union workers alone. Any pool that we could organize would be subject to the same adverse selection poison pills that killed other employer or area consortia.

Second, we decided that the health care needs of our members and the cost of health care itself would be best served if we proposed a comprehensive health care plan—not a bare-bones plan that did not meet the needs of working people and that would increase administrative costs by requiring employers to buy individually tailored wrap-around plans.

Third, we wanted to align incentives to provide the very best and most comprehensive health care for all workers and their dependents. That meant leveling the playing field on the cost of health care for employers: we need a mandatory plan that includes all employers and that requires all employers to pay their fair share for health care for their employees.

Finally, we realized that if we were to have any chance at suc-

cess, we needed to form a labor-management partnership solution to our health care crisis. We needed our unions and a critical mass of major corporations in Wisconsin to form a partnership and go to the Legislature with a common plan that could elicit bipartisan support.

The result is our Wisconsin Health Care Plan, which has the support of the unions in Wisconsin and which is gaining the support of major corporations, family farm organizations, key medical leaders, retiree groups, community groups, and others.

Here's the outline of what we propose.

### *Who Would Be Covered?*

All Wisconsin workers and their dependents, in both the private and public sectors (a pool of over 4.2 million people) would be covered. Those not covered by employment—the self-employed, family farmers, early retirees without employer paid health insurance, etc.—could buy in “at cost.”

### *What Medical Services Would Be Covered?*

All “medically necessary care” and prescription drugs would be covered. That includes physician services, hospital costs, wellness and prevention programs, mental health parity, drug and alcohol abuse treatment programs, and a fair reimbursement system to

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doctors and hospitals that also rewards them for adopting the highest quality and best practice standards.

When we began to talk about this model a couple of years ago, employers, unions, and other groups expressed interest. But everyone had the same question: How much will this cost?

The National AFL-CIO was intrigued enough by this groundbreaking model to pay the Lewin Group, a national and highly respected actuarial firm, to do an actuarial study of this proposal.

This required us to supply details to our proposal in addition to those described above. In particular, we had to address the issue of how costs would be shared between employers and employees. Realizing that cutting administrative costs had to be a significant element of our proposal, we wanted to simplify the payment system as much as possible. So we decided to split the costs fairly between employees and employers by having employees pay their share through a combination of co-pays and deductibles:

**Deductibles**

- Single: \$300 per year
- Family: \$600 per year
- Office Visit: \$15

**Prescription Drugs**

- Generic: \$15
- Brand Name: \$20

(Originally our breakout had been \$10/\$20, but there was some confusion and so the above numbers were used. This aspect of cost sharing needs to be refined; a third tier formulary should probably also be added.)

We also specified that each person would be free to choose his or her primary care physician. That doctor would be responsible for coordinating their

care (in a “chronic disease management” program—for which they would be paid, for example) and for making referrals to specialists. There would be an additional cost to the employee or family member if they went to a physician to whom they had not been referred.

In order to level the playing field for employers on the cost of health care and eliminate incentives among employers to reduce health insurance coverage or shift costs to employees, we decided that the fairest way to determine the employer share of the cost of health care for their employees was to assess a flat monthly per employee fee.

We also recognized that to be practical and have a reasonable chance of getting bipartisan support in the Legislature for this proposal, we had to deal with the issue of small, low-wage employers and part time employees. So our actuary was instructed to have small (less than 10 employees) and low wage (average wage less than \$20,000 per year) employers pay only half the flat monthly fee per employee (the employee would pay the same deductibles and co-pays). We specified the same for part-time employees (those working less than 20 hours per week).

To our amazement, the Lewin Group stated that such a plan would cost employers less than \$300 per month, at 2003 costs and with the cross-employer subsidies noted above. In addition, had this Plan been in effect in 2003, it would have reduced the uninsured population in Wisconsin from 650,000 (at some point in the year) to less than 85,000. So even though we did not set out to design a universal health care plan, the Wisconsin Health Care Plan would have drastically re-

duced the number of uninsured in Wisconsin. Some of the savings to state government could certainly be used to fund public programs such as BadgerCare to cover this remaining group of uninsured.

We have been talking to a number of major corporations (and smaller employers as well) about this proposal. And, as indicated above, we have gotten the support of a broad range of other groups in Wisconsin. We also have expressions of interest from the Department of Health and Human Services in Washington DC, as well as the Agency for Health Research on Quality.

One final word: I noted at the beginning of this article that this proposal had to be a labor-management partnership plan in order to generate the political support necessary for approval. I’ve also noted the corporate support we have been generating. But we are also building this labor-management partnership approach into the very structure of our proposal. We are suggesting that a Labor-Management Oversight Commission have jurisdiction over the Wisconsin Health Care Plan in the same way that labor-management councils have oversight of our Workers Compensation and Unemployment Insurance systems. Wisconsin was the first state in the nation to implement such programs, and the labor-management councils have overseen them almost since their inception. In cooperation with the Wisconsin Medical Society, the Wisconsin Chiropractic Association, and the Workers Compensation Insurance Companies, this system has worked well to ensure that we have the most balanced and effective Workers Compensation and Unemployment Insurance systems in the country.

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Legislation that implements the Wisconsin Health Care Plan would need to embody the same partnership that has been so successful in our Workers Compensation and Unemployment Insurance programs. The Labor-Management Oversight Commission would be responsible for the final details of the plan (within the parameters noted above), for putting administration of the plan out for bid, and for making periodic adjustments to employer payments, benefits, and the reimbursement system for health care professionals.

But beyond that, we need to tap

into the very best advice from the medical, medical/academic, and medical/government (Institute of Medicine, Agency for Health Research on Quality) communities—including, of course, the Wisconsin Medical Society. If the Wisconsin Health Care Plan were adopted by our Legislature, in cooperation, we could build the finest, fairest, state-of-the-art, highest-quality and best-practice health system in the country. (It would also be a powerful economic development tool to attract high-wage, high-benefit compa-

nies to Wisconsin—they have the most to gain!)

Will there be opposition to adopting the Wisconsin Health Care Plan? You bet! In fact, every corporate interest that makes money off of our health care system but does not add any value to the provision of actual health care will oppose the plan. That's why all of us who are interested in providing quality health care to all Wisconsin citizens need to band together in a powerful alliance to convince the Legislature to adopt the Wisconsin Health Care Plan.

# Wisconsin Medical Journal

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