

Affordable health care: A local solution

Judy Reed

Madison's Mayor Dave Cieslewicz recently said that important initiatives in this country will only happen if they begin locally, and the 150 volunteers for Wisconsin Health Care for All Inc. (WHCFA) couldn't agree more. WHCFA members have found a solution to America's health care crisis. They've even figured out how to implement universal health care now, without having to spend years negotiating with state lawmakers.

"We've seen too little action for universal health care at the national or state level," says Barbara Spar, president of WHCFA. "A few Congressional leaders advocate for universal coverage but special interests rush forth and nothing materializes. A few state legislatures have even passed bills that would provide coverage for all their citizens, but too often their governors have vetoed them."

The solution is "Provide or Pay," and the way to implement it is locally. At last, everyone in Wisconsin can have afford-

able, high-quality, comprehensive health insurance.

Provide or Pay is just what it sounds like: employers either provide comprehensive and affordable health insurance for their employees or pay a tax/service fee based on a percentage of their payroll into a local government fund that provides coverage. All individuals are required to have health insurance. Benefits of the local fund are comprehensive, including primary and preventive care, chronic disease management, mental health parity, and prescription drugs – regardless of pre-existing conditions.

"Local implementation" means Provide or Pay will be passed first by large cities, using the home rule provisions of the Wisconsin constitution. Then those cities will be joined by surrounding cities and villages to form inter-governmental regions, which can then come together in one statewide pool.

WHCFA members believe a local government approach makes sense because cities or villages are more connected to people and their needs. "It will take only a few cities passing Provide or Pay insurance for it to quickly spread regionally and then statewide," says Spar. "We anticipate all the people of Wisconsin being covered in two to three years from the time the first city passes the legislation."

WHCFA's sister organization involved in education and research, Wisconsin Health Care for All Research and Education Fund, Inc., intends to seek funding for actuarial studies to determine the payroll-percentages that employers will need to pay and what level of premiums and co-pays will be needed to make the plan financially feasible in Wisconsin communities. Using a proposal developed and costed out in the state of Maryland as a guide, the group expects the payroll percentage to be 4.5%-6% for small employers and 8%-10% for large employers.¹ Many small employers currently pay 20% or more of payroll for employee health insurance.²

Individuals earning under a certain percentage of the federal poverty level (350% was used in Maryland) would pay premium amounts based on a sliding scale of income. People over 350% of poverty would pay the full premium. Between employers' payroll contributions and participants' premiums and co-pays, the fund would be self-supporting—using no government funding for insurance policies.

Provide or Pay shares an important feature of another type of universal health insurance, the single-payer plan, in that both provide a very large, stable pool of insureds. But unlike single-

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payer, it does not disrupt the current health care insurance system. In fact, most businesses will keep doing what they are already doing—providing quality insurance for their employees. In addition, the plan won't affect federal, state, or local government employees' insurance, or BadgerCare, Medicaid, Medicare, or SeniorCare.

Many small business owners surveyed by WHCFA believe Provide or Pay would be a major improvement for small business employers who want to insure their employees but can't do so because of the high cost of small-group insurance. With this plan, employers could get comprehensive coverage at a fraction of what they currently pay.

Thus employers would be able to hire the most talented or skilled people they can find, not just the ones who don't need health insurance. Employers could be confident that their employees won't bolt the first chance they get to take a job with insurance. They could also be assured that employees would have their health problems tended to immediately and avoid extended time off because of complications from neglecting those early symptoms. They would have lower training costs since they would not be constantly training new workers, and they would be able to retain customers because their workers have been around long enough to know the business.

The WHCFA plan will also save money for employers who are already insuring employees but are paying high costs because they are too small to get into a large-group plan. Because the plan is mandated, their premiums would not increase like they would in many voluntary

plans, since the risk pool will remain stable by including not just the sick but the well. Once employers join the local plan rather than continuing to buy a high-cost/low-benefit plan, they can be confident their employees are covered while using the capital they save to expand their businesses or pay better wages.

This plan will also save money for insurance companies, and thus consumers, because newly insured people will get primary care in their doctors' offices, rather than by going to the emergency department when they have minor problems. And it will save all of us even more when the formerly uninsured get early care, before their health problems spiral into much more serious issues that result in far more expensive care.

The Provide or Pay plan will also be a boon to people who are self-employed, young adults who have jobs without health care benefits, and older people who have retired but are not yet on Medicare. Currently these people must buy individual policies with very high premiums; if they or any family members have pre-existing conditions, it's nearly impossible to find coverage they can afford.

Some say young adults who have generally been healthy may not see the immediate need to be included in a universal health care plan. But it only takes one relatively "small" visit to the hospital to put them in serious debt. An emergency appendectomy, a fall off a bike or skis, an eye injury, or an allergic reaction to a bee sting can turn into big medical costs. And then there are the more serious problems, like early-onset diabetes, colon disease, drug abuse, or depression, all of which are becoming

more common in young adults. No family is immune to health problems, but by spreading the risk, all of us can be protected.

Wisconsin has already led the nation in introducing workers' compensation (1911) and unemployment compensation (1931)—both mandated programs that businesses were less than enthusiastic about when they were first introduced. But today most business owners are supportive of those programs, and it shouldn't take long for them to embrace mandatory health insurance as well. They will understand that by including everyone, the overall risk is reduced and so are the costs.

Spar says volunteers with WHCFA believe Provide or Pay is politically feasible. In meetings with mayors and city council members in Madison, Middleton, Verona, Evansville, and Fitchburg, Wis, volunteers have already found that leaders are intrigued by this new approach and are eager to find out if the plan is financially feasible. If it is shown to be so, many are interested in implementing it.

"We can't wait for universal health care any longer, not while we see uninsured people continue to die because they don't get health care early enough, not while thousands of others lose everything they have because of a major illness," says Spar. "The time to act is now."

References

1. Available at: www.healthcareforall.com. Accessed November 9, 2005.
2. Survey of Madison small businesses, WHCFA, June 2005.

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