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STATE SENATOR

Some 'Fixes' Won't Get the Job Done

By
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Health care is back on the state's agenda. The Governor announced a new public insurance program called Badger Basic. This new program is targeted to those individuals who are on a waiting list for the most recent expansion of the state's health program for low-income families – BadgerCare.

Last year, the existing BadgerCare program was expanded to cover low-income individuals with no dependent children. Within months, the expansion of BadgerCare went over budget and was closed to new applicants. The state Department of Health Services (DHS) reported last week they were adding hundreds of names a week to the waiting list of about 25,000 people without insurance.

A few weeks ago the Governor announced his solution to the problem. He created another new program - Badger Basic - a public insurance program for people on the waiting list for \$130 a month premium.

Lest you think this is too good to be true - it probably is.

Because the state has no extra money, the Badger Basic plan is not an expansion of Medicaid – it is to be paid for with premiums. But half of the people on the waiting list have no income so it's hard to set a premium low enough that will still cover costs.

The plan designers decided to remedy this problem by paying doctors and hospitals Medicaid rates, by limiting the number of doctor visits, by creating a doughnut hole deductible of \$7,500 after one hospital stay and by charging – for low income people – very high co-payments (one visit to a physical therapist will cost you \$60).

This will likely limit those who actually sign up for Badger Basic to people who are sick and already paying high out-of-pocket costs; an adverse selection nightmare.

The new plan puts the risk on the state and taxpayers – who already can't afford the recent expansions in Medicaid. According to the Legislative Fiscal Bureau, the state cost overruns for the BadgerCare program are estimated at least \$120 million. This is on top of the \$600 million budget deficit for the overall Medicaid program.

Lack of affordable health care is a serious problem and I have worked hard to find solutions. Part of the answer is seeking efficiencies and avoiding duplication- which is why I repeatedly called for an audit of the Medicaid program.

Now is not the time to create an ill-conceived, poorly financed new public insurance program. The administration is creating expectations for the poorest of people and delivering mediocre coverage at too high a cost. And it is putting the state at additional financial risk.

The Badger Basic plan is seriously undercapitalized and DHS – an agency not directed to regulate insurance – is charged with determining its financial soundness. The plan has no financial reserves. Like a small business with a few sick people, adverse selection will drive up costs and the plan will quickly run into financial problems.

The administration attempts to solve this problem by shifting \$1 million of an annual \$10 million federal grant which was intended to pay for the expansion of services under BadgerCare.

Will \$1 million be adequate reserves for what will likely be a group of people with high medical costs? For comparison, the state's high risk pool serves a similar population of 16,500 people. This plan – run with no government dollars and providing better benefits - has \$73.6 million in total assets.

Solving the uninsured problem by adding people to our public health system without adequate financing and without slowing skyrocketing health care costs is simply unsustainable.

As difficult as it is, we must acknowledge we cannot continue to expand public programs without addressing rising public costs and we cannot continue to shift the public cost of health care and ever expect to bring down health care costs to business, especially small business.

We can move toward covering everyone with affordable health care and can slow rising health costs. The Governor's new plan is not the solution but it appears 'fast tracked' and few legislators are willing to say 'no' to the wrong solution for very real problem.

The Legislature must act as a co-equal branch of government and tell the Governor 'no'.