

State Health Marketplace Needed to Protect Wisconsinites

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Sen. Kathleen Vinehout writes about the need to create a state-based health insurance marketplace in face of the potential devastating impact of the Supreme Court ruling in the King v. Burwell case. She calls on her colleagues to take action to protect over 180,000 Wisconsin citizens who currently receive federal subsidies.

MADISON - “Wisconsin has relied heavily on the exchange to expand health insurance coverage,” wrote President Eric Borgerding of the Wisconsin Hospital Association (WHA). In a recent letter to Legislators, he warned a looming Supreme Court decision “could strike down premium assistance.”

Many Wisconsinites are waiting to hear if they will still be able to afford their health insurance bill.

The U.S. Supreme Court will soon rule on the legality of health insurance subsidies for those living in states that did not create a state-based health insurance marketplace.

The WHA estimates over 180,000 Wisconsinites receive tax credit assistance from the federal government for health insurance purchased through healthcare.gov, the federal marketplace. That is roughly like the population of Green Bay and Racine losing an average of almost \$3,800 a year.

In western Wisconsin, more folks receive assistance than the statewide average (89%). In just the nine counties that are totally or partially in our Senate District, 13,712 or 98% of people

receiving health care through the federal exchange also receive federal tax credits. The number potentially affected by loss of assistance is more than the entire population of Buffalo County. Potential dollars lost to families in our 9-county area is \$4.3 million and statewide the potential loss is \$57 million.

Wisconsin can avert this crisis by creating a state-based marketplace.

The Legislature should take up Senate Bill 107 to create a Badger Health Benefit Authority. I introduced the bill earlier this year (for the fourth time!) and warned my colleagues of the potential disaster if the Supreme Court strikes down premium assistance going to hardworking Wisconsinites.

My bill creates both a Small Business Health Options Program and an individual marketplace for people buying insurance on their own. The proposal builds on unique aspects of Wisconsin health care including the work by health plans and providers to improve price transparency, control costs and maintain exceptional quality of care.

Because political winds blow both ways through Wisconsin, the marketplace should be independent of state government. This is why my bill calls for an autonomous authority to govern the exchange and a nonpartisan board to oversee operations.

To avert possibilities of corruption and assure public confidence, the marketplace must be transparent – follow state open meetings and records laws – and follow provisions related to accountability, conflict of interest, ethics and disclosure of financial interests. No person employed by a health plan, provider of health care or who sells insurance should be on the board governing the marketplace.

If the Supreme Court rules to invalidate insurance premium assistance for 180,000 Wisconsinites, the insurance market in Wisconsin could be thrown into chaos. Without assistance of an average payment of \$316 dollars a month (lowering insurance costs on average to \$125), many people will be forced to drop insurance.

When healthy people drop insurance and only sick people keep it, insurance companies end up raising rates. Hospitals and doctors face more people without insurance – also adding to the cost of health care for everyone else. Pharmacies, medical equipment companies and others who serve patients will likely experience a drop in business.

A recent New York Times article quoted Larry Levitt of Kaiser Family Foundation, “A reasonable assumption is that (spending on) healthcare by people who lost their existing subsidies will drop by at least half.” Nationwide the NYT reported this spending would be about \$7.5 billion.

Arkansas, Delaware and Pennsylvania recently received permission from federal authorities to create their own state-based exchange. Officials in these states are preparing. So why not Wisconsin?

There is only one answer: Health insurance has become a partisan issue.

Recent action by the Obama administration granting approval to three states gives us a path forward. We could use the healthcare.gov website as the front of our marketplace and SB 107 to create a governance structure that takes advantage of Wisconsin ingenuity.

To the Governor and Republican Legislators I say, ‘People’s health is at stake. Take my bill, make it better, and get the job done!’

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