Healthcare: What's Next?

Posted on Mar 27, Posted by [Kathleen Vinehout, State Senator 31st District](#) Category [Wisconsin](#)

While Congress did not repeal the Affordable Care Act, problems remain. Sen. Vinehout writes about options states could take to address some of these issues and provide affordable health insurance for people.

MADISON - "Obamacare is the law of the land," House Speaker Paul Ryan told the nation. "We're going to be living with Obamacare for the foreseeable future."

The much-maligned Affordable Care Act (ACA) passed in 2010 will stay in place.

Self-employed older Americans and state budget directors breathed a sigh of relief. The Republican plan would have raised rates for older people on Healthcare.gov, shifted taxes away from the well-off, and shifted to states more costs for low-income, disabled and elderly (through Medicaid).

But the problems of the ACA – rising premiums, customers left with little choice and insurance companies leaving the marketplace in some states – still remain.

Why do these problems exist? Is there anything Wisconsin can do to improve things?

Insurance companies act to share risk. Inevitably, healthier patients subsidize the less fortunate sicker patients. This has been the case since Benjamin Franklin invented the first American

insurance company (that I'm aware of) when he created a "mutual fire aid society" to help defray the risk of fire.

Insurance companies are betting you will stay healthy, you are betting you'll get sick.

When companies entered the healthcare.gov market place, they kept premiums low. Conservative columnist David Brook wrote in 2015 "Health care inflation has been at historic lows." Quoting expert Jason Furman, Brooks wrote prices were growing as an annual rate of 1.6% since 2010, "the slowest rate for such a period in five decades." Federal government health expenses slowed too.

For a number of reasons, the low inflation was not sustainable. Young people were not buying their own policies but staying on their parents plan as long as possible. Many people who got insurance for the first time had numerous costs due to delayed care. Insurance companies didn't make the money they expected, and decided to either drop providing coverage in the exchange or raise premiums to cover the higher costs.

Covering self-employed or small businesses (known in the insurance industry as "individual coverage") has always been expensive. Administrative costs are high; risk is high. The ACA protected consumers in many ways, such as not being charged more if you had cancer but are now healthy. However, the rules left fewer ways for insurance companies to recoup costs. So, they raised premiums or completely left the individual market.

The result is higher cost insurance, less choice and in some cases no choice.

Wisconsin historically has a competitive insurance market with many competing plans, especially in the southeast. Many players should give us lower costs (however, the health care market does not follow normal economic patterns), but seeking an unprofitable venture does not make a good business model.

Which may lead us to one option. Some insurance companies are not-for-profit; some have very low overhead. Everything else being equal, these companies should be better at competing.

However, so much depends on the luck – or lack of it – in taking care of a high cost patient.

We could return to a successful plan that helped health insurance companies manage risk. In 2013, Governor Walker eliminated the state's "Health Insurance Risk-Sharing Plan" known as HIRSP. This was a mistake.

The HIRSP plan was paid for with funds from insurance companies. We could create a similar plan to allow people with conditions that require expensive care to continue under their own insurance plan. Their insurance company could use a plan like HIRSP to share risk with other companies. Basically HIRSP 2.0 could work seamlessly in the background to help manage high-risk patients.

A recent National Governor's Association briefing suggested states could save up to 15% on insurance premiums if they created such a plan. Other state innovations could include promoting enrollment in the healthcare marketplace, and focusing on methods to reduce the cost of care.

In a 2015 report, Citizen Action of Wisconsin proposed several changes that could bring down health insurance premiums. Medicaid expansion could cover an estimated 81,000 Wisconsinites through existing federal law and bring many high cost patients into a less expensive system. Creation of a Wisconsin-based marketplace, state scrutiny over premium hikes, use of state purchasing power to gain value – lower costs and better care – are all options that merit investigation.

Healthcare policy is complex. But solving problems is possible. If those in Washington have given up, let's consider new ideas at our state Capitol. We might land on an idea that really works.

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