



## OPINION

Today in Wisconsin, 1.2 million people rely on BadgerCare and Medicaid health care coverage programs. These people are friends, neighbors, grandparents and relatives. Recently, Dennis Smith, Secretary of the Wisconsin Department of Health Services complained that the Medicaid program grew at an alarming rate over the last decade and costs too much money. With the pretext of saving \$550 million of state and federal dollars, Mr. Smith released a complex proposal that, when analyzed, radically restructures and limits benefits to several hundred thousand children and adults. The proposal effectively creates a complicated corn maze eligibility system. In a proposal driven by political ideology, Mr. Smith proposes to direct more people to the “free market” system of health care. Sadly, Mr. Smith promotes a “team of me” approach for Wisconsin with small risk puddles, high costs, poor benefits and high insurance industry profits.

Not surprisingly, Mr. Smith cannot see past the altar of the free market to learn what we discovered in Wisconsin with BadgerCare—that health care works best as a public and private partnership that focuses on large scale pooling, streamlined administration and effective care and service coordination.

Mr. Smith and his ideologues should recognize that the growth in BadgerCare is relative to the failure and death spiral of the small group and individual marketplace over the last 20 years. People who are sick cannot buy individual and small group policies. People cannot afford individual and small group policies. If you are healthy and wealthy, you may feel you have few worries. But chances are that your small group risk puddles will ultimately fail as you age and your risks of illness increase. We need coverage as part of a large pool to help spread the risk. This spreads cost, too. That is the concept of insurance—right? Consequently, from 1998-2010 state policy makers, both Republican and Democrat worked to expand coverage options like BadgerCare that promoted large scale pooling and discounted care due to purchasing power and economic efficiencies.

Now, Mr. Smith wants to slam on the brakes on progress and blow a hole in the BadgerCare pool to help save free market health care. He’s too late. The marketplace stuck a fork in the small group and individual market place years ago. We should flatly reject a turn to the bad old days of health care segregation and high rates of uninsurance and cost shifting.

The Smith proposal takes a wrecking ball to BadgerCare Plus and will effectively terminate up to 53,000 adult recipients and countless more children, pregnant women and some parents, who will now use the emergency room for medical care. And who pays for that??? We all do!! This isn’t reform; this is the biggest redistribution and socialization of medical debt and uncompensated care in recent memory. That’s not a “free market”—that’s shell game!

We can do much better as a society and as a state to expand affordable coverage and save precious public money. We can accept Secretary Smith’s challenge to reform the process but we must pivot in another and far more creative and Wisconsin like direction. Our staff at ABC for Health has a finger on the pulse of health care coverage needs of people in our state after responding to over 35,000 requests for assistance since 1994. Our ideas are simple yet powerful and firmly grounded in a common sense approach that responds to the needs of both people and business. Our solution involves all the key





stakeholders and should neither be a government takeover nor a privatized system. There is a third way. BadgerCare already models this type of partnership. The private-public partnership permits health insurance companies to bid for business with the state; however, the state retains the contract and, thus, ultimate bargaining leverage. By permitting a voluntary employer “buy-in” component to BadgerCare, we can eliminate the political resistance of some employers. Wisconsin could gradually extend the buy-in to all private employers or self-employed people. With a pool of over two million to start, the state could allow everyone to join by 2014.

**Promote Pooling and Spread Risk.** The state must facilitate the creation of large risk pools. The current *silozation* of risk in tens of thousands of employer pools increases administrative costs. This problem and expense is magnified for small employers. By working together, we can combine the purchasing power of many Wisconsinites into efficient large risk pools that will save both the consumer and the taxpayer money. Group purchasing power allows the state to streamline and unify systems of administration and negotiate favorable rates.

**Use BadgerCare as a Foundation for the Health Exchange.** Badger Care provides some of the most comprehensive coverage available. Dental care, mental health and chiropractic services are covered services under this plan. The sheer size of program would create financial leverage to increase the participation of many key providers. We can also be smart and eliminate the enormous front-end costs and political battles associated with the creation of new administrative and billing structures. The system is largely in place and can grow to accommodate more people. The plan mitigates adverse selection issues (where cost could rise) by the colossal size of the initial pool and a staggered enrollment.

**Promote consumer protection and health plan accountability.** A new system must include strong patient advocacy and a health benefits counseling and an enforcement component to ensure people get the services they need and deserve.

We challenge you, Mr. Smith, to think creatively, move forward, and really drive down health care costs while expanding the BadgerCare pool to more people and businesses. That’s what we expect here in Wisconsin. If you are not up for our challenge, you can always go back to Washington.

-Bobby Peterson

ABC for Health, Inc.

