



Survival Coalition

of Wisconsin Disability Organizations

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Survival Coalition Position on Healthy Wisconsin

The Survival Coalition of Wisconsin Disability Organizations is a coalition of over 40 disability organizations representing the full range of disability populations. Health care reform that would benefit both children and adults with disabilities as well as disability provider staff is a high priority for our coalition. At the present time there are a substantial number of people in both of these groups who have no health insurance or are experiencing significant problems with access, cost, quality or choice in trying to obtain health care. In fact there is a discernible trend toward more uninsured staff in disability provider agencies and higher employee cost-shares.

We recognize Healthy Wisconsin as one of the most creative health insurance reform proposals in the country – a proposal that will dramatically lower the number of Wisconsin’s uninsured, increase consumers’ control over their health care choices, and substantially lower the cost of health care. We believe it will significantly benefit people with disabilities and disability provider staff. We strongly support the Healthy Wisconsin proposal with the understanding that it should be accompanied by a complementary state initiative that ensures all disability provider agencies are paid rates that are adequate to meet their health insurance costs in Healthy Wisconsin.

There are many positive features of Healthy Wisconsin from the point of view of disability advocates and provider agencies, as follows:

1. All adults and children with disabilities in Wisconsin would be assured of receiving health care via Healthy Wisconsin (unless they are eligible for Medicaid or Medicare). This would include people with pre-existing conditions.
2. This assurance of seamless coverage will remove a major disincentive to employment, since many people with disabilities are currently reluctant to apply for a full-time job because of their fear of losing health insurance or being required to contribute an excessive portion of their income for premiums, deductibles and co-payments.
3. All part-time and full-time disability provider staff would be covered. We believe this will enhance job satisfaction and staff retention. Also, some workers are currently restricting themselves to part time employment in order to be eligible for Badger Care. Healthy Wisconsin would remove this impediment to full-time employment.

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4. The coverage would be comprehensive, including preventive care, prescription drugs, and preventive dental care for children. The inclusion of mental health parity is a particularly positive feature.
5. People receiving health care via Healthy Wisconsin would have a choice of health care providers. There is also language in the bill which would allow people with disabilities and/or chronic illnesses to select a specialist as their primary physician.
6. Healthy Wisconsin will not disrupt or undermine any of the current long term care programs which provide services to people with disabilities, e.g., Family Care, Community Options Program, Community Integration Program, and the Children's Medicaid Waivers.

Impact on Disability Provider Agencies

There is no conclusive statistical information available on a) the percentage of Wisconsin disability provider agencies which provide health insurance to some or all of their employees, b) the employer cost of that insurance, or c) the employee cost-share of that insurance.

However, anecdotes suggest that most of the agencies who are currently providing comprehensive health insurance would experience a cost savings in the transition to Healthy Wisconsin. And since most employees of disability provider agencies earn very modest incomes (e.g., \$8-\$12/hour), it is likely that with Healthy Wisconsin the majority of them will also experience an overall reduction in their health care costs, once the Healthy Wisconsin changes in premium, cost-sharing and other factors are taken into account.

However, there are a sizable number of disability provider agencies which are not currently providing any health insurance to some or all of their employees. This is not due to a lack of provider concern for the health of their workforce. In fact, these providers are acutely aware of the inequitable situation that these uninsured workers are providing services to people with disabilities who have health insurance via Medicaid.

These agencies are captives of the reimbursement rates set by the state and county government for the services they provide. As the cost of health insurance has doubled in Wisconsin over the last 7 years, there have been little or no increases in the reimbursement rates for disability services. In some counties, the agency's wage rates are also constrained by a city's or county's living wage ordinances, i.e., their wages are already at the lowest legal allowable level in their county. There is no "slack" in their budgets to add the cost of health insurance, even at the reduced costs envisioned in Healthy Wisconsin.

Unlike wholesale or retail businesses, or many service industries which can set their own rates, these providers cannot unilaterally increase their reimbursement rates to cover the costs of Healthy Wisconsin. The rates are set by state or local government. The agencies may be left with only the choices of a) reducing wages (if that would not violate a living wage ordinance), b) laying off some staff (if this would not violate minimum staffing requirements the agency is subject to), or c) incurring a deficit (which could ultimately lead to the demise of the agency). Any of these choices are likely to negatively impact the availability and choice of services to consumers.

We consider it essential that the passage of Healthy Wisconsin not be accompanied by the negative side effects of eroding service quality, reducing (already low) wages of disability provider staff, or eliminating provider agencies that people with disabilities are currently relying on.

Consequently, we recommend that the Healthy Wisconsin proposal be accompanied by an analysis by state government (with participation of disability advocates and providers) of the impact of Healthy Wisconsin on disability provider agencies, including which reimbursement rates are currently too low to make it feasible for these agencies to cover the cost of Healthy Wisconsin. Based on this analysis, the state should identify potential strategies to ensure that these agencies can continue to operate in the new health care environment.

Possible strategies could include:

- a) modifications to Badger Care to allow disability provider staff to participate in this program without having to restrict their employment options,**
- b) a state budget provision to reallocate a sufficient portion of the projected savings in the cost of health insurance for state employees to rate increases for the inadequate rates identified above, or**
- c) a mandate in the Healthy Wisconsin legislation to require state and county government to use a portion of their savings to increase disability provider rates as necessary.**

These strategies would have to be accompanied by a phase-in plan/timeline to ensure that the funding increases for disability provider agencies take place sufficiently before these agencies are subject to the employer assessment for Healthy Wisconsin.

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