STATE OF WISCONSIN
Department of Employee Trust Funds
David A. Stella
SECRETARY

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CORRESPONDENCE MEMORANDUM

DATE: June 3, 2011

TO: Group Insurance Board

FROM: Bill Kox, Director
Health Plans & Insurance Services Bureau
Division of Insurance Services

SUBJECT: Correspondence Letters Regarding Act 10 Benefit Change

This memo is for informational purposes only. No Board action is required.

Please see the attached correspondence received from a member and the Chair of the Department of Family Medicine, at the University of Wisconsin School of Medicine and Public Health, relating to the potential benefit reductions required under Act 10.

These letters are referred to in the memo regarding benefit changes related to Act 10 (Item 5C, page 2).

Staff will be available at the Board meeting to answer any questions.

Reviewed and approved by Lisa Ellinger, Administrator, Division of Insurance Services.

Lisa Ellinger
Signature

6/3/11
Date

Board	Mtg Date	Item #
GIB	6.7.11	5C Addendum

From:
Sent: Tuesday, March 29, 2011 10:57 AM
[redacted]
Subject: Benefits for retirees for 2012

Ms. Olson:

I am writing to you as a member of the Group Insurance Board. I am 71 years old, a retired state employee (disability retirement), and have assumed that you represent retired employees. According to the web site, your term ends on 1 May, but I will still write to you because, it appears by the web site, the governor will appoint nearly all of the members within the next few weeks, and I hold out no hope that he will appoint anyone who even remotely will represent interests other than his.

What I understand is that benefits will be reduced 5% in 2012. I do not understand how this is planned to be done. I have made some guesses. I ask you to consider my feelings and even convey them in the discussions you may still be having before you leave the board.

I understand that we all have to contribute to reducing costs and I am happy to do that. But in the same way that I do not believe that public employees should alone bear the cost for what the governor wants to do with his "budget repair" bill, I do not believe that retirees should bear all of the 5%. That to me means that, fairly, that:

1. Some **part of the cost cut should be borne by the health insurers and others in the medical establishment** (e.g., doctors, hospitals). The medical establishment is the only part of the economy that is immune from inflation. They should be asked to absorb at least 1%--half a per cent each.
2. The **costs should be imposed across the board, for all services, and not as a part of deductibles or co-pays.** The cost will be imposed differently and more equitably if across the board, rather than through deductibles and co-pays.
3. **Do not treat durable equipment differently than services**. There is a problem with the rates charged for durable equipment—the costs are far too high—but that is an administrative problem and that should be corrected administratively, rather than taken out of the hides of us old people. And this is a very big problem that makes me believe that there is collusion between the insurance companies and the vendors!
4. Look to the future and **set up a system that is transparent and permits accountability**. In a recent hospitalization, I asked for an itemized bill. I found that outrageous prices were charged for, for example, administering a single service of Metamucil (over $ 60). In addition, in the explanation of benefits, the coding does not permit a reasonably intelligent person to determine when and for what charges are made and approved. I have basically given up trying to monitor what my health insurance plans are billed and charged because I cannot understand the coding system. And the insurers will not share their codes so that the insured can monitor charges.
5. Do some of this **over a couple of years**, not just one year.

I appreciate your service. I wish you could and would stay on. There are many people living on fixed incomes, more or less on the edge, and what is being proposed will unreasonably harm them. I am not talking about deciding whether to drive a Buick rather than a BMW—I am talking about loss of basic goods and services. I am one of those people. Notwithstanding the governor, civilized societies do not shaft their citizens.

Thank you!

University of Wisconsin
SCHOOL OF MEDICINE
AND PUBLIC HEALTH

Department of Family Medicine

April 4, 2011

David Stella
Secretary
Department of Employee Trust Funds
P.O. Box 7931
Madison, WI 53707-7931

Dear Mr. Stella:

As a group of family physicians who not only provide care to patients throughout the state, but also train family medicine physicians, we are very concerned about the impact that co-pays could have on the health of state employees and their families. We ask that you carefully consider any negative consequences that co-pays for office visits may have.

We applaud the decision to provide preventive care free of co-pays. Exemption from co-pays for preventive care will encourage state employees and their families to get regular check-ups, screenings and counseling. However, many people obtain their on-going care through visits for chronic diseases, illness, injuries and other health concerns.

By implementing office visit co-pays, we believe employees may not seek care necessary to manage their chronic illnesses and may delay getting care for illnesses and injuries. Delaying care ultimately results in high cost utilization at emergency rooms or for more advanced illnesses. With the increased cost for healthcare proposed in the Governor's Budget Repair Bill, employees will already be spending more of their earnings on healthcare. Adding office visit co-pays on top of these additional costs for healthcare may lead many to choose to not seek care. Our patients who are state employees are concerned and stressed about the effect increased healthcare costs will have on their financial stability.

Delay in routine care is especially concerning for those with chronic illnesses. Those patients with chronic diseases such as hypertension, diabetes mellitus, chronic obstructive pulmonary disease, congestive heart failure, and mental health problems cause the greatest health system cost and are most amenable to disease management programs. Family Medicine and disease management programs reduce urgent care and emergency department visits.

Family medicine delivers healthcare services to our patients through a medical home. Primary care providers and a team of healthcare professionals know their patients well, provide preventive and on-going care, coordinate care with other healthcare specialists, and educate patients about their health conditions. The Patient-Centered Medical Home (PCMH) saves healthcare systems money. (http://www.pcpcc.net/content/pcmh-outcome-evidence-quality)

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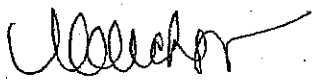
We pride ourselves in striving to provide quality care to the citizens in our state. Patients' failure to visit primary physicians regularly can compromise their health in multiple ways, resulting in negative patient outcomes and higher health care costs. We urge you to carefully consider the consequences before you implement co-pays for visits, additional co-pays for medications and place other barriers in the way for our state employees to receive much needed health care.

Sincerely,



Valerie J. Gilchrist, MD
Millard Professor in Community Health
Chair, Department of Family Medicine
University of Wisconsin School of Medicine and Public Health

cc: Bob Conlin, Deputy Secretary, Department of Employee Trust Funds
Elizabeth Doss-Anderson, Ombudsperson, Department of Employee Trust Funds