



## Six Steps to Protect Wisconsin's Working Families from Rising Health Costs

### 1 Give Employers Access to Their Own Data.

Employers and their employees are collapsing under the weight of costly healthcare and health benefits in Wisconsin. This is especially true for employers with fewer than three hundred employees who continue to see double-digit premium increases that far outpace inflation. At the same time insurers are demanding these increases, they are also refusing to provide employers with the data necessary to audit claims or justify price hikes, or to make decisions about other coverage options. Employers in this situation are not only trapped by their plan, but they run the risk of being sued by their employees for breaching their fiduciary duties to plan participants as required under federal law. We seek legislation to require health insurers and TPAs provide requested claims data to employers and their benefits partners in a HIPAA compliant manner, which will ensure employers can meet their fiduciary obligations to ensure prices paid for health benefits are reasonable.

### 2 Advance Actionable Price Transparency and Honest Billing:

While transparency alone will not make medical care and prescriptions more affordable for consumers, employers understand that actionable price transparency is foundational to their efforts to contain healthcare costs for working families. The most critical place to start (and where other states are leading) is hospital price transparency which makes up the largest category of health spending. Specifically,

employers need a list of comparable prices for hospital-based shoppable services, and they need transparency in hospital billing practices. We strongly support 2023 Senate Bill 328, as well as legislation that would require hospitals to disclose facility fees when appointments are scheduled and use separate National Provider Identifier numbers for hospital-owned clinics that are outside of the hospital's main campus.

### 3 Create Healthcare Competition and Quash Anticompetitive Behavior:

Wisconsin has witnessed a breathtaking number of healthcare consolidations in twelve years, both horizontal (e.g. hospital mergers) and vertical (e.g. hospitals buying independent provider practices). This has clearly reduced competition, but more importantly puts communities and patients at risk when health systems subsequently shutter clinics or facilities. And today, most physicians and advanced practice providers are stuck in employment contracts with consolidated systems that prevent them from leaving system employment or making independent referral decisions.

While it is too late to stop consolidation in Wisconsin, we can promote competition in our state by enabling caregivers to practice independently, serve regions of need, spend more time with patients, make value-based referrals and charge lower prices for services. AFMH employers are aligned with independent primary care, specialty care and imaging providers

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Advancing Free Market Healthcare is an employer-led coalition advocating for change in Wisconsin's healthcare marketplace. We stand for policies that promote access, competition, consumerism, accountability, high-value health care delivery and flexibility for employers to pursue the most affordable and quality health care alternatives on behalf of their employees and their families.

in seeking: 1) to exempt DPCs from insurance requirements, 2) to ban on non-competes for healthcare providers (MDs, DOs, advanced primary care providers, and licensed behavioral health providers) and 3) to prohibit anticompetitive tactics that delay care and require duplicative imaging and labs when a Direct Primary Care patient requires health system care. We also support giving the Department of Justice more tools to conduct merger and antitrust reviews to address anticompetitive behavior and terms in provider contracts.

#### **4 Strengthen Healthcare Data Assets to Inform Evidence-Based Research and Decision Making:**

Reliable, trusted and independent data is the key to understanding how to fix the problems created by rising healthcare prices. The Wisconsin Health Information Organization (WHIO) is the state's All-Payer Claims Database and the most comprehensive source for independent and trusted healthcare information in Wisconsin. We support legislative efforts to protect and enhance this critically important asset by providing funding and data necessary to create value-based healthcare navigation dashboards.

We also urge lawmakers to use WHIO data to its fullest potential to evaluate why healthcare costs are so high in Wisconsin by creating an Affordability Task Force to find honest answers to important questions about why Wisconsin leads the nation in health prices. For example, the Task force could evaluate how much facility fees are inflating consumer costs, and the impact Medicaid reimbursement rates are having on other payers.

#### **5 Protect Employers and Employees by Protecting ERISA:**

Wisconsin employers provide health benefits to approximately 70% of working age individuals in Wisconsin. That is because they want to look after employees and their families, both from a health and financial perspective, and they know that workers will pay less for healthcare if they can offer generous benefits through a group employer plan.

But to provide the highest value healthcare possible, employers need flexibility to design benefits that are tailored to their workforce and to administer the benefits uniformly across state lines. That is why the Employee Retirement Income Security Act (ERISA), enacted in 1974, preempts any state or local law that relates to an employee benefit plan subject to ERISA.

Unfortunately, we have witnessed increasing attempts by special interests in recent years to try an end around ERISA by regulating entities that employers work with to administer their plans. For example, an anti-white bagging bill would have required entities employers work with to purchase (at billed rates) clinician administered drugs from hospital-owned clinics. The proposed PBM bill would make it more difficult for employers to pass along mail-order cost savings to employees. These bills, if passed, would likely face court challenges over ERISA preemption.

We encourage lawmakers to save employers the legal fees and simply write legislation that recognizes that employers offering health benefits are trying to do the right thing for employees. Self-funded employers should be explicitly exempted from any bill that would interfere with the provision of high-value health benefits to employees.

#### **6 Lower Workers' Compensation Costs:**

The RAND study shows that employer health plans are paying more than three times what Medicare is paying for the same healthcare services. Shockingly, the amounts we are paying are exponentially higher for workers' compensation injuries, meaning that the prices employers are being charged are reaching the level of price gouging.

Wisconsin is an outlier when comparing worker's compensation costs by state which puts us at a competitive disadvantage for growing our workforce. If employers and labor representatives on Wisconsin's Workers Compensation Advisory Council agree that a fee schedule based on market rates is the best solution for reigning in Workers Compensation costs, then we encourage the legislature to honor the process and pass the next iteration of the Workers' Compensation agreed upon bill(s).