

2003-04 SESSION  
COMMITTEE HEARING  
RECORDS

Committee Name:

Senate Committee on  
Health, Children,  
Families, Aging and  
Long Term Care  
(SC-HCFALTC)

Sample:

Record of Comm. Proceedings ... RCP

- 03hrAC-EdR\_RCP\_pt01a
- 03hrAC-EdR\_RCP\_pt01b
- 03hrAC-EdR\_RCP\_pt02

➤ Appointments ... Appt

➤ \*\*

➤ Clearinghouse Rules ... CRule

➤ \*\*

➤ Committee Hearings ... CH

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➤ Committee Reports ... CR

➤ \*\*

➤ Executive Sessions ... ES

➤ \*\*

➤ Hearing Records ... HR

➤ 03hr\_sb0204\_pt01

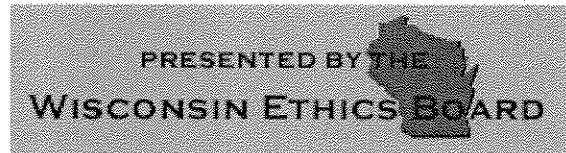
➤ Miscellaneous ... Misc

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➤ Record of Comm. Proceedings ... RCP

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- ▶ Lobbying in Wisconsin
- ▶ Organizations employing lobbyists
- ▶ Lobbyists



as of Friday, September 12, 2003

**2003-2004 legislative session**  
**Legislative bills and resolutions**

(search for another legislative bill or resolution at the bottom of this page)

- Text, Sponsors and Analysis
- Status and Fiscal Estimate
- Lobbying Effort on this item

**Senate Bill 204**

authorizing a health benefit purchasing cooperative pilot project and granting rule-making authority.

Organization		These organizations have reported lobbying on this proposal:	Place pointer on icon to display comments click icon to display prior comments		
Profile	Interests		Date Notified	Position	Comm
●	●	Independent Insurance Agents of Wisconsin	7/28/2003	?	
●	●	National Association of Insurance & Financial Advisors (NAIFA) Wisconsin	7/28/2003	?	
●	●	National Farmers Organization	6/26/2003	↑	
●	●	National Federation of Independent Business	6/24/2003	?	
●	●	Professional Insurance Agents of Wisconsin	7/28/2003	?	
●	●	Wisconsin Association of Health Plans	6/27/2003	?	
●	●	Wisconsin Association of Health Underwriters	7/8/2003	?	
●	●	Wisconsin Association of Provider Networks	7/8/2003	?	
●	●	Wisconsin Builders Association	8/4/2003	?	
●	●	Wisconsin Farm Bureau Federation	7/2/2003	↑	
●	●	Wisconsin Independent Businesses Inc	9/11/2003	↑	
●	●	Wisconsin Professional Police Association	7/1/2003	?	
●	●	Wisconsin Realtors Association	7/7/2003	↔	

Select a legislative proposal and click "go"

House

Assembly  
 Senate

Proposal Type

Bill  
 Joint Resolution  
 Resolution

Proposal Number

204

(enter

proposal number)

**SOUTHWESTERN WISCONSIN COMMUNITY ACTION PROGRAM, INC.**

149 N. Iowa Street, Dodgeville, WI 53533

Voice: (608) 935-2326 Fax: (608) 935-2876

September 15, 2003

M. Bill Oemichen  
President and CEO  
Wisconsin Federation of Co-ops  
131 West Wilson Street, #400  
Madison, WI 53708

Dear Mr. Oemichen:

I wish to go on record as offering my enthusiastic support for your efforts to develop a Cooperative Health Care Purchasing Alliance in Wisconsin (Assembly Bill 447 and Senate Bill 204).

The staff of the Southwestern Wisconsin Community Action Program (SWCAP) and I interact with our clients and the communities we serve on a regular basis. We provide health and human services to farming areas and to small towns with many small independent businesses. We consistently hear about the difficulties farmers and small business owners have with getting health insurance and being able to afford health insurance for themselves and their employees. In some cases when there is a catastrophic health care problem the end result is financial ruin and/or bankruptcy. It is not unusual to hear that farmers have to ration the health care coverage to their family members and are only able to afford insurance for themselves who are working and not to their children who are in school.

The potential for forming a member owned cooperative for the purpose of purchasing health care for their members, in my view, will be very well received in southwestern Wisconsin. I encourage you to continue with your efforts to develop your project and the staff and I of SWCAP are ready and willing to help in any way we can.

Sincerely,

A handwritten signature in cursive script that reads "Walter J. Orzechowski".

Walter J. Orzechowski, MSPH, MBA  
Executive Director

Unlike Minnesota  
No state of  
Special Dist

2003 SENATE BILL 204

Mixed  
after Minnesota  
- 1997  
Small employees - to see  
to form a c. purchasing alliance  
540 Purchasing  
Alliance  
Regions determined  
4 of counties

9-16-03  
Public  
Hearing

June 23, 2003 - Introduced by Senators TOWN, STEPP, M. MEYER, HANSEN, RISSER and ROE, Representatives GIELOW, LADWIG, OTT, GRONEMUS, IAN, KRAWCZYK, OWENS, POWERS, VAN ROY, GUANES, ZEPNICK, POPE-ROBERTS, HAHN, PLOUFF, TOWNSEND, HINSWORTH, LOFFELHOLZ, M. WILLIAMS, ALBERS, VRAKAS, STASKUNAS, HUNDERTMARK, WEBER, JENSEN and BALOW. Referred to Committee on Health, Children, Families, Aging and Long Term Care.

- 1 AN ACT to create 185.99 of the statutes; relating to: authorizing a health benefit
- 2 purchasing cooperative pilot project and granting rule-making authority.

Analysis by the Legislative Reference Bureau

This bill authorizes a pilot project in which one nonstock health benefit purchasing cooperative (cooperative) may be organized in each of five geographic areas of the state that are designated by the Commissioner of Insurance (commissioner) by rule. A cooperative may be organized by one or more persons, which the bill defines as any type of business, an association, a trade or labor organization, a municipality, or a self-employed individual. Any person that does business in, is located in, has a principal office in, or resides in a geographic area in which a cooperative is organized, that meets the membership criteria established by the cooperative in its bylaws, and that pays the membership fee may be a member of the cooperative organized in that geographic area.

The purpose of the cooperatives is to provide health care benefits to the employees, members, and officers of the members of each cooperative and to their dependents through a three-year contract with a defined network plan. The health insurance risk of all cooperative members is pooled; the members are actively involved in designing the health care benefit options offered by the defined network plan; and all members purchase their health care benefits from the defined network plan, although a cooperative may also offer its members a point-of-service option plan under which an individual may receive health care services from a provider who is not a participating provider in the defined network plan and pay the difference between what the provider charges and what the defined network plan would pay a participating provider.

Each coop determine  
their own services  
3 yr participation



## POSITION PAPERS

From Wayne Corey, Executive Director

### **WIB SUPPORTS SB 204, THE WISCONSIN COOPERATIVE HEALTH CARE PURCHASING ALLIANCE PROJECT**

*Prepared for: The Senate Committee  
on Health, Children, Families, Aging  
& Long-Term Care*

Wisconsin Independent Businesses strongly supports creation of the Wisconsin Cooperative Health Care Purchasing Alliance. For more than a decade WIB has been the leader in efforts to reform health insurance in our state. The Health Care Purchasing Alliance Project can be a significant step toward real reform and we congratulate our friends at the Wisconsin Federation of Cooperatives for their strong leadership on this issue.

The skyrocketing increases in the cost of health insurance for farmers and small businesses have not slowed. For too many years the problem has been bad and getting worse. It is time for the legislature to recognize and deal with this critical problem, a problem that affects virtually every business, every farm family and every working person in Wisconsin.

*Four years ago the legislature approved the Private Employer Health Care Coverage Program. The Private Employer Program will allow businesses and farmers to buy*

*September 16, 2003*

*health insurance through a large purchasing pool. Businesses and farmers have had year after consecutive year of high double-digit health insurance rate increases. But the Private Employer Program remains in limbo, awaiting action that will assure its implementation.*

The people of Wisconsin can wait no longer. The time for real action and real reform has arrived. The Wisconsin Cooperative Health Care Purchasing Alliance Project provides an excellent pilot opportunity to try real reform in the marketplace.

Like the Private Employer Program, the Health Care Purchasing Alliance Project has the potential to bring together tens-of-thousands of health care consumers who seek to stabilize their health care costs while still retaining quality health care coverage.

WIB urges the committee to support SB 204 and to take a strong step toward making quality affordable health care accessible to every Wisconsin farmer and worker.

*Concluding our 26th year, WIB serves 52,000 people with ownership interest in 16,000 businesses and 9,000 farms.*

*For more information, contact*

*Wayne Corey      608-255-0373  
800-362-9644*

10-30-2003

**Senate Bill 204...relating to: authorizing a health benefit purchasing cooperative pilot project and granting rule-making authority.**

**BILL SPONSORS**

Introduced by Senators **Harsdorf**, Erpenbach, **Brown**, **Stepp**, M. Meyer, Hansen, Risser and **Roessler**.

Cosponsored by Representatives Gielow, Ladwig, Ott, Gronemus, Kestell, Musser, M. Lehman, Krawczyk, Owens, Powers, Van Roy, Gunderson, Gundrum, Hines, Zepnick, Pope-Roberts, Hahn, Plouff, Towns, Ainsworth, Loeffelholz, M. Williams, Albers, Vrakas, Staskunas, Hundertmark, Weber, Jensen and Balow.

**BILL HISTORY**

Senate Bill 204 was introduced and referred to the Committee on Health, Children, Families, Aging and Long Term Care on June 23, 2003. A public hearing was held on September 16, 2003. An executive session was held on October 7, 2003. The Committee adopted Senate Substitute Amendment 1 on a 9-0 vote.

**The committee recommended SB 204 for passage as amended, 9-0.**

**LRB ANALYSIS**

**Proposed Changes:** This bill authorizes a pilot project in which one nonstock health benefit purchasing cooperative (cooperative) may be organized in each of five geographic areas of the state that are designated by the Commissioner of Insurance (commissioner) by rule. A cooperative may be organized by one or more persons, which the bill defines as any type of business, an association, a trade or labor organization, a municipality, or a self-employed individual. Any person that does business in, is located in, has a principal office in, or resides in a geographic area in which a cooperative is organized, that meets the membership criteria established by the cooperative in its bylaws, and that pays the membership fee may be a member of the cooperative organized in that geographic area.

The purpose of the cooperatives is to provide health care benefits to the employees, members, and officers of the members of each cooperative and to their dependents through a three-year contract with a defined network plan. The health insurance risk of all cooperative members is pooled; the members are actively involved in designing the health care benefit options offered by the defined network plan; and all members purchase their health care benefits from the defined network plan, although a cooperative may also offer its members a point-of-service option plan under which an individual may receive health care services from a provider who is not a participating provider in the defined network plan and pay the difference between what the provider charges and what the defined network plan would pay a participating provider.

Each cooperative must submit to the legislature and to the commissioner an annual report on the progress of the health benefit purchasing arrangement and, within a year after the end of the three-year contract term, a report on the significant findings from the project, including the effects on group health care coverage premiums and the number of uninsured in the geographic area of the cooperative.

**Major Impact:** SB 204 would authorize up to 5 health care purchasing alliances formed as cooperatives under Chapter 185 of the statutes.

**AMENDMENT**

Senate Bill 204 relates to authorizing health benefit purchasing cooperative pilot projects.

**Senate Substitute Amendment 1** makes the following changes to the bill:

	<p>1. References to a "defined network plan" throughout the bill are deleted and replaced with references to "insurer."</p> <p>2. The health benefit purchasing cooperative would provide health care benefits through a contract with an <i>insurer</i> authorized to do business in Wisconsin. Under the bill, the contract was with a <i>defined network plan</i>.</p> <p>3. The premiums would be paid to the health purchasing cooperative by the members of the cooperative; the health purchasing cooperative, in turn, would pay the premiums to the insurer. Under the bill, the enrollee would have paid the premiums directly to the defined network plan.</p> <p>4. The Commissioner of Insurance would be required to designate, <i>by order</i>, five geographic areas where the health purchasing cooperatives will be organized. Under the bill, the commissioner was required to designate the areas <i>by administrative rule</i>.</p>
<b>FISCAL EFFECT</b>	<p><b>The Department of Financial Institutions:</b> Increase existing revenues. Possible to absorb increased costs in the agency's budget. No local Government costs.</p> <p><b>Office of the Commissioner of Insurance:</b> Increase existing appropriations. May be able to absorb increased costs within agency's budget. Local costs are indeterminate.</p>
<b>SUPPORT</b>	<p><b>The following people appeared in favor of this bill:</b> (1) Bill Averbeck, WI Federation of Cooperatives, Fond du Lac; (2) Melisa Duffy, WI Federation of Cooperatives; (3) Steve Rudolph, WI Federation of Cooperatives; and (4) Senator Sheila Harsdorf.</p> <p><b>The following people registered in favor of this bill:</b> (1) Wayne Corey, WI Independent Businesses; (2) Senator Jon Erpenbach; (3) Sabrina Gentile, WI Farm Bureau; (4) Ron Statz, National Farmers Organization; (5) Kathi Kilgore, WI Retail Lumber Association; (6) Georgia Maxwell, WI Credit Union League; (7) Keeley Moll, Department of Agriculture, Trade and Consumer Protection; (8) President and CEO Mike Krutza, FCS of North Central, Wausau; and (9) Ed Brooks, Foremost Farms, USA, Reedsburg.</p>
<b>OPPOSITION</b>	<b>No one registered or appeared in opposition to this bill.</b>
<b>CONTACT</b>	<b>Jennifer Halbur, Senator Carol Roessler, 266-5300</b>
<b>DATE</b>	<b>October 30, 2003</b>



## Wisconsin Federation of Cooperatives

131 West Wilson Street, Suite 400, Madison, WI 53703  
Phone: 608.258.4400 Fax 608.258.4407 www.wfcmac.org wfcmac@wfcmac.org

To: **Members of the Wisconsin Legislature**  
From: **Bill Oemichen, President and CEO** *Bill Oemichen*  
**Melissa Duffy, Government Affairs Director** *Melissa Duffy*  
Date: **November 4, 2003**  
RE: **Support of AB 447 and SB 204, the "Co-op Care" Health Care Purchasing Alliance Project**

On behalf of WFC's 865 member cooperatives and the 2.9 million Wisconsin citizens who belong to cooperatives, we urge your positive consideration of Senate Bill 204 and its companion legislation, Assembly Bill 447.

**A Private Sector Response That Does Not Request State Funding.** This legislation does not require any state funding. Rather, the Legislature is being asked to provide a statutory framework for the cooperative that will make it more understandable and appealing to insurers.

**A Pilot Cooperative Health Care Project for Rural and Urban Wisconsin.** SB 204 and AB 447 would establish a new pilot project in rural and urban Wisconsin that would bring cooperative members and other small employers together under the cooperative umbrella to negotiate directly with health plans for insurance coverage. The goal of "Co-op Care" plan is to control health care cost and quality by increasing consumer market power and by putting health care decision-making squarely in the hands of consumers. A similar pilot project in the state of Minnesota is already helping a significant number of cooperative members and small employers gain control of runaway health insurance costs and quality issues.

**Consumers Would Make the Critical Health Care Coverage Decisions.** While the concept of "pooling" isn't new, the Co-op Care plan brings new ideas to the table that we feel will make our demonstration project a success and avoid the pitfalls that have plagued other ideas tried in the past. For one, the cooperative model is 100 percent consumer-oriented. By law and design, cooperative members are owners of the cooperative, and as such have a vested interest and input in all business decisions made by the cooperative. This will help the cooperative avoid the adverse risk selection issue that has negatively impacted prior purchasing alliances.

**Consumers Would Be Educated About Health Care Choices.** In recent years, policy-makers have discussed the importance of giving consumers more control over their health care decisions, but the WFC Co-op Care plan takes it a step further and puts a model in place for consumer involvement. As required by AB 447 and SB 204, members of the cooperative would be informed about health care cost drivers and initiatives they could employ to lower health care costs and improve health.

**Federal Financial Assistance Is Possible and Timely Passage is Needed.** Another factor setting the Co-op Care project apart is that U.S. Health and Human Services Secretary Thompson has offered his assistance in helping to secure federal grant funding that would support a "stop loss" fund to help bring down the cost of health care for those who participate in Co-op Care. WFC has also identified other private and federal grant funding sources that could support start-up, actuarial and administrative costs associated with the pilot project. The timely passage of SB 204 or AB 447 is critical to allow WFC to take advantage of identified grant funding sources before their application deadlines pass.

**Health care is the number one issue facing cooperative members and other small employers who are the foundation of our state's economy.** Without a viable solution, Wisconsin will continue to lose our family farms and small businesses. WFC urges your positive consideration of SB 204 or AB 447.



SB 204

Original URL: <http://www.jsonline.com/news/state/nov03/186169.asp>

## Co-ops to help lower some health care costs

### Farmers, small businesses would benefit from regional alliances

By AMY RINARD  
[arinard@journalsentinel.com](mailto:arinard@journalsentinel.com)

*Last Updated: Nov. 18, 2003*

**Madison** - The purchasing power of member-owned cooperatives would be harnessed to bring affordable health insurance to those who need it, under an innovative program Gov. Jim Doyle soon will sign into law.

Aimed initially at farm families and small businesses, the five regional health care purchasing alliances also are expected to offer health insurance plans to self-employed people, early retirees and others now hard-pressed to pay the high cost of premiums and deductibles.

New U.S. Census Bureau figures show that the percentage of Wisconsin residents without health insurance rose to 8.7% last year, compared with 7.6% in 2001.

Many others have health insurance but have difficulty paying medical bills because of rising premiums, high deductibles and inadequate coverage for things such as prescriptions and routine checkups.

"It's almost like not having any health insurance at all," said Edith Lauscher, 55, of the insurance plan she and her husband, Paul, 58, have that requires \$5,000 deductibles for each of them, 20% co-pays on all costs after that and premiums of \$673 a month.

The Lauschers own and operate a 45-head dairy farm in Kewaunee County and, like many Wisconsin farmers, have found it difficult to find affordable health insurance.

"Years ago when milk prices were good, you didn't worry about it so much; it was nothing," Lauscher said. "But now, with \$9 and \$10 (per hundredweight) milk, it is something; \$5,000 is a big something."

### Limited options

Part of the problem that farmers, self-employed people and others without employer-sponsored health plans face is that they usually have to buy health insurance as individuals because they are not part of a larger group that can negotiate better coverage and lower premiums.

Organizing such individuals into large regional cooperatives with the muscle to negotiate with insurance companies for group coverage is the idea behind the legislation now awaiting Doyle's signature.

"If you had more marketing power, it would help," said Lauscher, who supports the legislation.

Based on a successful program in Minnesota, the Wisconsin legislation was approved by both the Senate and Assembly earlier this month. Doyle said he would sign it.

### How It Would Work

- Five regional health care purchasing alliances will be formed. Where is not yet known.
- They will offer health insurance to farm families and small businesses, and probably to self-employed people and early retirees.
- The idea is that organizing individuals into larger groups will provide more muscle to negotiate lower rates with insurers.
- Members of existing co-ops, from farm cooperatives to credit unions, are expected to form the nucleus of the alliances.
- The alliances could be operating by spring.

### Quotable

“ Better coverage and lower deductibles is where they'd see the out-of-pocket savings. ”

- Tom Thieding,  
 of the Wisconsin  
 Farm Bureau  
 Federation, which  
 endorsed the  
 legislation

The Minnesota program has shown that savings to participants in health insurance premiums can be considerable, said Liz Quam, executive vice president of the Minnesota-based Advocates for Marketplace Options for Mainstreet, who has provided technical assistance to the co-ops in that state.

Although it is difficult to compare prices of different health insurance plans, she said, a Hallock, Minn., service station owner now pays 10% less in premiums under a co-op plan than he would for a comparable policy offered by a major insurance company.

"It's still a work-in-progress, but it's an absolutely wonderful option for very small employers and farm families," Quam said.

Supporters of the Wisconsin program say the cost of premiums may not be dramatically lower under the co-op-sponsored insurance, but broader coverage - including for prescriptions - and much lower deductibles will likely result in substantial savings to participants.

"Better coverage and lower deductibles is where they'd see the out-of-pocket savings," said Tom Thieding of the Wisconsin Farm Bureau Federation, which endorsed the legislation.

In Minnesota, the regional co-ops are still being formed less than two years after the legislation was approved, but one already has several hundred members and more are expected.

Participants there have to either be farmers or be employed by a small business.

## A large pool

Advocates of the program anticipate a fast start in Wisconsin, because more people will be eligible to join the health-insurance purchasing alliances.

The members of existing co-ops of all kinds, from farm cooperatives to credit unions, are expected to form the nucleus of the regional alliances. That would bring together people already familiar with the co-op structure who typically have a strong loyalty to their cooperative.

In Wisconsin, 2.9 million people now are members of some kind of co-op, said Bill Oemichen, president and CEO of the Wisconsin Federation of Cooperatives, a primary advocate of the legislation.

The health care purchasing alliances could be in operation by next spring, Oemichen said.

"We've had interest in this from every region of Wisconsin, from Kenosha to Superior and from Green Bay to Grant County," Oemichen said.

"There are substantial subsections of our population that are uninsured or underinsured and, in some parts of the state, we lack the competition we need to get affordable health care."

Five regional health care purchasing cooperatives would be created for a three-year pilot program, although the boundaries of those co-ops have not been set.

The health care purchasing co-ops would have the buying power to negotiate better coverage, lower premiums, improved health care delivery and more stable rates, while providing health insurance for those who now have limited or no access to medical coverage.

Participants would be required to enroll in their co-op's plan for a minimum of three years. And, because cooperatives are member-owned, each participant would have a say in the health care decisions made by the co-op, Oemichen said.

Oemichen said affordable health insurance is a huge problem for Wisconsin farmers, who typically pay three times as much for medical insurance plans as workers participating in employer-sponsored plans.

"Health insurance is probably the number one issue that's causing us to lose two to three dairy farms in Wisconsin every

day," Oemichen said.

Rep. Curt Gielow (R-Mequon), a former pharmacist and hospital administrator who was a primary sponsor of the legislation, said the lack of affordable health insurance is a major issue in urban areas, as well. As a result, he wants one of the regional purchasing alliances to be established in southeastern Wisconsin.

Anyone who is a member of a co-op could join, he said, but that definition is very broad and is designed to include a wide range of people.

"I believe the co-ops will get lower premiums than otherwise would be available," Gielow said. "I hope this will be so successful that we can come back in a year and expand it beyond the five regional alliances and go beyond three years."

From the Nov. 19, 2003 editions of the Milwaukee Journal Sentinel

WISCONSIN STATE SENATE



**Carol Roessler**  
STATE SENATOR

November 21, 2003

Bill Averbeck  
N8150 Townline Rd.  
Fond Du Lac WI, 54937

Dear Bill,

Thank you for your contact on Senate Bill 204 relating to authorizing a health benefit purchasing cooperative pilot project.

I support Senate Bill 204 and voted in favor of this bill when it was debated in the full Senate on November 5, 2003. The Senate voted to pass the bill, 32-0. On November 6, 2003 the Assembly passed Senate Bill 204, and it is now waiting for the Governor's signature. He is expected to sign the bill in the near future.

Thank you again for sharing your views with the Senate Health Committee on September 16, 2003. I will keep you updated as this bill moves forward.

Sincerely,

A handwritten signature in cursive script that reads "Carol".

CAROL ROESSLER  
State Senator  
18th Senate District

CR/bc:S:\DOCS\Intern\Bruce\Letter draft\11-21 sb204 health costs ltr.htm

**Averbeck, Bill**  
N8150 Townline Rd  
Fond Du Lac, WI 54937-8849

**Contact Date:** 11/21/2003

**Contact Type:** Email

**Summary:** testimony for sb204

**Issue:**

**Position:**

**Description:** Bill spoke in favor on sb204 on september 16, 2003

**File:** S:\DOCS\Intern\Bruce\Letter draft\11-21 sb204 health costs ltr.htm

**Status:** Done

**Closed Date:** 11/21/2003

**Assigned:** Halbur, Jennifer

**Owner:** Halbur, Jennifer

**Note**      **Note Date:**

**Summary:**

**Contact Type:**

**Description:**

SB  
204

# Buying pools ease health costs

**N**ow that state lawmakers have passed legislation to create health care purchasing alliances, Wisconsin should move quickly to implement this opportunity to save money on health insurance.

Health care purchasing alliances gather individuals and families together in groups that can use the power of volume buying to negotiate lower prices and better coverage from insurance companies than each individual or family could expect separately. Wisconsin's health care purchasing alliance legislation is designed to benefit farm families, small-business employees, self-employed people, early retirees and others who are shut out of the volume discounts enjoyed by large corporate or government health insurance plans.

The legislation would create five regional health care purchasing alliances around the state for a three-year program.

The program is based on a similar plan in Minnesota. The Minnesota plan, restricted to farmers and

**Health care purchasing alliances gather individuals and families in groups that have more power over costs and coverage.**

small-business employees, has reported success in using expanded market clout to lower premiums, improve coverage or both. But it is still unfolding its alliance structure nearly two years after Minnesota lawmakers passed the legislation.

Wisconsin should proceed with more deliberate speed. The goal of the legislation's supporters to have alliances in operation by next summer is not too optimistic.

The rising cost of health insurance is one of the most serious and confounding problems Wisconsin and the nation face. Health care purchasing alliances can ease the problem for many of the individuals and families currently most exposed to it. It's a solution worth trying, and worth trying now.

WISCONSIN STATE SENATE



**Carol Roessler**  
STATE SENATOR

November 26, 2003

Mary Delikat  
1941 Knapp Street  
Oshkosh, WI 54902-6612

Dear Mary,

Thank you for your contact on Senate Bill 204 relating to authorizing a health benefit purchasing cooperative pilot project.

I support Senate Bill 204 and voted in favor of this bill when it was debated in the full Senate on November 5, 2003. The Senate voted to pass the bill, 32-0. On November 6, 2003 the Assembly passed Senate Bill 204, and it is now waiting for the Governor's signature. He is expected to sign the bill in the near future.

I have attached a copy of SB 204 for your review.

Thank you again for your contact on this issue.

Sincerely,

A handwritten signature in cursive script that reads "Carol".

CAROL ROESSLER  
State Senator  
18th Senate District

CR:/jhs\DOCS\Jennifer\11-26-03 delikat sb 204 ltr.doc

# Contact Detail

---

**Delikat, Mary**  
1941 Knapp St  
Oshkosh, WI 54902-6612

**Contact Date:** 11/21/2003

**Contact Type:** Phone Call

**Summary:** wants info on sb204 and other health insurance activity.

**Issue:**

**Position:**

**Description:** Mary called in and was looking for some information about sb204. She wanted to know when the bill would come into effect, and who would be able to be a part of the coop. as well as some general info on the bill and any other health care/insurance for seniors info we had.

**Status:** Pending

**Closed Date:**

**Assigned:** Halbur, Jennifer

**Owner:** Halbur, Jennifer

**Note**      **Note Date:**

**Summary:**

**Contact Type:**

**Description:**



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## an, Times, serif" size="3">**Buying pools ease health costs**

10:32 PM 11/25/03

SB  
204

Now that state lawmakers have passed legislation to create health care purchasing alliances, Wisconsin should move quickly to implement this opportunity to save money on health insurance. <

Health care purchasing alliances gather individuals and families together in groups that can use the power of volume buying to negotiate lower prices and better coverage from insurance companies than each individual or family could expect separately. Wisconsin's health care purchasing alliance legislation is designed to benefit farm families, small-business employees, self-employed people, early retirees and others who are shut out of the volume discounts enjoyed by large corporate or government health insurance plans. <

The legislation would create five regional health care purchasing alliances around the state for a three-year program. <

The program is based on a similar plan in Minnesota. The Minnesota plan, restricted to farmers and small-business employees, has reported success in using expanded market clout to lower premiums, improve coverage or both. But it is still unfolding its alliance structure nearly two years after Minnesota lawmakers passed the legislation. <

Wisconsin should proceed with more deliberate speed. The goal of the legislation's supporters to have alliances in operation by next summer is not too optimistic. <

The rising cost of health insurance is one of the most serious and confounding problems Wisconsin and the nation face. Health care purchasing alliances can ease the problem for many of the individuals and families currently most exposed to it. It's a solution worth trying, and worth trying now.

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Fond du Lac, WI 54936-0630

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Speeches

# BUSINESS

The Reporter, Sunday, December 14, 2003

## AGRIBUSINESS

# Doyle signs bill to help farmers, others buy health insurance

THE ASSOCIATED PRESS

**WAUSAU** — Thousands of farm families, small business owners and self-employed workers in Wisconsin became eligible Thursday for a new program designed to help them get more affordable health insurance.

Gov. Jim Doyle signed legislation into law that creates five regional health insurance purchasing cooperatives with the power to pool individuals to negotiate directly with health insurance providers and collectively bargain for cheaper coverage.

Wisconsin farmers face a health care crisis, already paying three times as much for their health insurance as salaried employees working for a company, Doyle said.

"I don't think anyone believes this will be the absolutely perfect answer, but it will provide some help," Doyle said before signing the legislation.

"We can raise prices and productivity of our farmers, but it won't matter if increased profits



Jim Doyle

just go to cover rising health care premiums or if farms go under because our farmers can't afford health care coverage for their families," he said.

The governor said some Wisconsin farmers pay \$1,900 a month for health insurance premiums that include a \$2,500 annual deductible.

"It is no wonder 25 percent of Wisconsin farmers have no health insurance coverage at all," Doyle said.

About 50 people watched the signing ceremony at FCS Financial Services, a member-owned cooperative that provides loans and other services to agricultural customers and home owners.

The legislation, based on a successful Minnesota program, was approved by both the Senate and Assembly in November.

Bill Oemichen, president and

CEO of the Wisconsin Federation of Cooperatives, a primary advocate of the legislation, said each purchasing cooperative must have at least 5,000 members. One cooperative will be headquartered in Milwaukee.

It's believed the new alliances can negotiate health insurance policies that lower the premiums on average at least 10 percent and perhaps as much as 35 percent compared with what the individuals and their families now pay, Oemichen said.

The biggest advantage will come in lower annual deductibles on the policies, perhaps to \$250 to \$500, he said.

The first policies could be in place by next summer, Oemichen said.

Wayne Corey, executive director of Wisconsin Independent Businesses, predicted the change Doyle signed into law would stabilize health insurance costs and revitalize many small businesses, enhance their profitability and make more money available for employee raises and other benefits.

Posted Jan. 06, 2004

## New state program lowers health-care bill for farmers

**By Roger Pitt**  
*Gannett Wisconsin Newspapers*

TOWN OF KAUKAUNA — The Fox River Valley is likely to be one of five regional cooperatives through which the state will offer low-cost medical care to uninsured farm families, according to state Rep. Becky Weber, R-Green Bay.

"With the number of residents and availability of a variety of good health-care providers, the Fox Valley is a good candidate for the new health-care pool," said Weber, a member of the Assembly's committees on Aging and Long-Term Care, Insurance and Rural Affairs.

That's good news to area farmers, who must struggle to provide their families with affordable health care each year.

"Health insurance is a challenge for every farm family," said Ken Verhasselt, who in partnership with his brothers, Mike and Bruce Verhasselt, milk 1,400 cows and raise crops on 3,000 acres in the town of Freedom.

"We are a small group, and it is difficult to get a good rate for health insurance," he said. "It is not easy to get a good policy."

Gov. Jim Doyle signed a bill Dec. 12 that creates five regional health insurance purchasing cooperatives with the power to pool individuals and negotiate directly with health insurance providers and collectively bargain for cheaper coverage.

The new law will offer affordable health insurance to thousands of farm families, small-business owners and self-employed workers. Weber said the program should be operational by spring 2005. The state has a three-year commitment to it.

The program will give group insurance to uninsured residents and would lower premiums 10 percent to 35 percent compared with what some insured residents now pay.

The number of big health-care providers and HMOs in the Appleton area makes health insurance a less acute problem for some area farmers, said Don Gorshe, who serves a number of rural customers from Don Gorshe Insurance in Kaukauna. He offers some policies as part of a group plan for members of the Heart of the Valley Chamber of Commerce.

Verhasselt said his family's farm joined the Heart of the Valley chamber to gain access to that group's health insurance plan because health insurance costs were going up.

"The chamber gives us an option of a larger group for insurance coverage," he said.

About a dozen farms are members, and their main incentive to join is access to more affordable health insurance, according to Lori Gulbranson, chamber president.

Appleton Post-Crescent January 6, 2004

# Health co-op finds fertile ground

## HMOs, services make area ripe for insurance plan

By Roger Pitt  
Heart of the Valley bureau chief

**KAUKAUNA** – The Fox Valley is likely to be one of five regional cooperatives that will provide medical care to uninsured farm families, according to state Rep. Becky Weber, R-Green Bay.

“With the number of residents and availability of a variety of good health care providers, the Fox Valley is a good candidate for the new health care pool,” said Weber, a member of the Assembly’s committees on Aging and Long-Term Care, Insurance and Rural Affairs.

That’s good news to area farmers, who must struggle to provide their families with affordable



Weber



**A FARM HAND** walks through one of the barns housing cows on the dairy farms run by the Verhasselt brothers in the Town of Kaukauna on Monday.

health care each year. “Health insurance is a challenge for every farm family,” said Ken Verhasselt, who in partnership with his brothers, Mike and Bruce Verhasselt, milk 1,400 cows and raise crops on 3,000 acres in the Town of Freedom.

“We are a small group and it is difficult to get a good rate for health insur-

ance,” he said. “You certainly can’t go without insurance. Farmers have a high deductible – \$500 to \$1,000. It is not easy to get a good policy.”

Gov. Jim Doyle signed a bill Dec. 12 that creates five regional health insurance purchasing cooperatives with the power to pool individuals, negotiate

### CARE POOL

**What:** New state law creates five regional health cooperatives  
**Who it helps:** Area farmers without insurance  
**When:** Operational by spring 2005

### Inside

■ Feingold says universal health care is positive / C-3

directly with health insurance providers and collectively bargain for cheaper coverage.

The new law will offer more affordable health insurance to thousands of farm families, small business owners and self-employed workers.

She said the state program should be operational by spring 2005. The state has a three-year com-

...cont. next page

Appleton Post-Crescent January 6, 2004

...cont. from prev. page

mitment to it, Weber said.

The program will not only give group insurance to currently uninsured residents, but it also would lower premiums 10 to 35 percent compared with what some insured residents now pay.

The number of big health care providers and HMOs in this area makes health insurance a less acute problem for some area farmers, according to Don Gorshe, who serves a number of rural customers from his Kaukauna office. Some of the policies are part of a group plan for Heart of the Valley Chamber of Commerce members.

"Farm families have more options in this area with Touchpoint and Network and the health services available," Gorshe said. "It is a real problem for areas like Lincoln County and other sparsely populated areas of the state."

Verhasselt said his family's farm joined the HOV chamber to gain access to that group's health insurance plan because health insurance costs were going up.

"We had a couple of months of good milk prices, but they are going down again. The chamber gives us an option of a larger

group for insurance coverage," he said.

There are about a dozen farms that are members, and their main incentive to join is access to more affordable health insurance, according to Lori Gulbranson, president of the HOV chamber.

There are other health plans being considered by the state, including individual medical accounts, said state Rep. Steve Wieckert, R-Appleton. Funds would accumulate in accounts for individuals to cover most medical expenses, with a major medical backup.

"One problem is the identification for group health care which requires more than an individual farm family as a qualifier," Wieckert said. "That pretty much eliminates the family farm."

Weber said there are 35,000 uninsured farm families in Wisconsin.

Each purchasing cooperative must have 5,000 members, according to Bill Oemichen, president and CEO of the Wisconsin Federation of Cooperatives, a primary advocate of the new state legislation.

Roger Pitt can be reached at 920-993-1000, ext. 282, or by e-mail at rpitt@postcrescent.com.

**Berger, Dana**  
 1100 W 20th Ave  
 Oshkosh, WI 54902-6619

Email: DBERGER@TDS.NET

**Contact Date:** 11/07/2003

**Contact Type:** E-mail

**Summary:** Supports AB 447

**Issue:**

**Position:**

**Description:** -----Original Message-----

From: D BERGER [mailto:DBERGER@TDS.NET]  
 Sent: Wednesday, November 05, 2003 2:48 PM  
 To: sen.roessler@legis.state.wi.us  
 Subject: AB 447

I am contacting you today to request that you support AB 447 rather than amend it.

My credit union and myself support the current version of the health care legislation and want AB 447 passed in the Assembly as is because it would make it easier for small businesses - including credit unions - to pool their resources to obtain better, more affordable health care. We feel it is good public policy because it puts health care decision making squarely in the hands of consumers.

We also support the current legislation because it does not require any state funding. Also, US Health and Human Services Secretary Thompson has offered his assistance in helping secure federal grant funding to help bring down the cost of health care for those who participate in health care cooperatives.

Please support AB 447 as is.  
 Thanks

Dana Berger  
 Oshkosh Central Credit Union  
 1100 W 20th Ave  
 Oshkosh WI 54902

**File:** S:\DOCS\Intern\Bruce\Letter draft\4-2 sb204.doc

**Status:** Done

**Closed Date:** 11/13/2003

**Assigned:** Halbur, Jennifer

**Owner:** Halbur, Jennifer

**Note** **Note Date:** 11/13/2003

**Summary:** JH sent e-mail update

**Contact Type:**

**Description:** November 13, 2003

Dear Dana,

Thank you for your contact on Assembly Bill 447 relating to authorizing a health benefit purchasing cooperative pilot project.

Senate Bill 204 is the companion bill to Assembly Bill 447. Senate Bill 204 passed the Legislature on November 6, 2003. I support this bill. I voted in favor of SB 204 in committee, as the chairperson of the Senate Committee on Health, Children, Families, Aging and Long Term Care, and on the Senate floor.

Senate Bill 204 is awaiting signature by the Governor.

Thank you again for your contact on this issue.

Sincerely,

CAROL ROESSLER

**Note**    **Note Date:** 04/02/2004

**Summary:** bc sent update

**Contact Type:**

**Description:**





**The Wisconsin Federation of Cooperatives (WFC) Health Care Pilot Project  
Summary and Progress Report  
April 20, 2004**

**Summary of the Co-op Care Project.** WFC's "Co-op Care" goal is to improve the quality and accessibility of health insurance for underserved Wisconsin populations, with a primary focus on agricultural producers who have little or no access to affordable, quality health insurance. Integral to that goal is several priorities that WFC hopes to accomplish through the project. First and foremost, we intend to provide better coverage to cooperative members by allowing them to purchase health care as a group as a more cost-effective alternative to high cost individual or small group policies.

WFC also hopes to stabilize insurance rates for individuals and small businesses that have found it difficult to meet health care expenses over the past several years. Our traditionally low rate of uninsured is rising because many small businesses have found it impossible to offer coverage and stay in business. Worse, we are losing a significant number of family farms due to the difficulty of meeting health care and labor costs. Securing a "stop-loss" fund to pay down high-cost health care claims is a significant component of Co-op Care's rate stabilization efforts and could stem the tide of our rising rate of uninsured.

Another Co-op Care priority is to put give consumers the information they need to a) make educated and informed health care decisions, b) work with insurers to design their own benefit plans and c) implement cost containment strategies such as injury prevention, disease management and the use of generic medications. As owner/members of the health care purchasing cooperative, consumers will have a vested interest in cost containment programs to ensure the long term viability of the cooperative. We anticipate little or no deductibles will be applied to cost-saving preventative services such as blood pressure and diabetes screening – a significant improvement over high deductible policies that many individuals and businesses are currently purchasing.

**Enactment of 2003 Chapter 101.** On December 11, 2003, Governor Jim Doyle signed 2003 Act 101 into law providing a statutory foundation for a new pilot project to improve health care in the state of Wisconsin. Along with legislative authors Representative Curt Gielow and Senator Sheila Harsdorf, WFC was the leading organization pushing for enactment of the legislation.

WFC is now working to implement Act 101, which allows for the creation of up to five cooperative health care purchasing alliances in different regions of Wisconsin. The law requires each new health care cooperative to contract with an insurer for coverage. Membership in the cooperative could include any current cooperative member, small business owner or individual who meets the eligibility requirements set forth in the health care purchasing cooperatives' bylaws, which will be subject to negotiations with insurer partners.

**Co-Op Care Goals, Team Members and Activities.** Co-Op Care team members are Project Administrator Bill Oemichen, Project Coordinator Melissa Duffy, and Project Technical Consultant Steve Rudolph. Prior to, and following legislative enactment, the team focused on determining the necessary steps to make the pilot project a success. Those steps included discussions with individuals involved in the Minnesota HMO Demonstration Project upon which the Co-op Care Pilot was based. These discussions focused on the structure of the Minnesota health care purchasing alliances and the applicability of the structure to the proposed Wisconsin cooperative health care purchasing alliances.

The team has also spent considerable time researching the challenges that have faced health care alliances formed in the past, both inside and outside Wisconsin. Discussions with insurers have been a useful tool in identifying these challenges. Most importantly, WFC has learned that we must avoid the "adverse risk selection" issue that has brought down the association health care plans attempted in past years. We must not only attract an actuarially diverse population to the health care cooperatives from the outset, but we must find a way to keep the pool diversified and actuarially sound. This will likely to be the most important step in making the Co-op Care project a success.

**Outreach to Potential Co-Op Care Insurers.** The team has identified five health insurance companies likely to partner with WFC to make Co-op Care a reality. A significant number of face-to-face meetings have taken place between insurers and team members, both prior to and subsequent to the enactment of Act 101. These meetings are considered critical to the success of Co-op Care, as Act 101 requires the five health care cooperatives that are formed to contract with insurers to provide health care products to cooperative members.

**Outreach to Potential Cooperative Members.** To date, WFC has heard from more than 200 cooperatives wishing to participate in developing the Co-Op Care project. Several other trade associations and non-profit organizations have contacted WFC to express interest in the Co-op Care project as well. In addition, WFC continues to communicate with the general public about the Co-op Care project. We maintain a mailing list database of individuals and associations that have expressed interest in Co-op Care via WFC's website ([www.wfcmac.coop](http://www.wfcmac.coop)) and the Co-op Care Hotline (608) 258-4388. Individuals who sign up for our mailing list will receive periodic updates on the progress of Co-op Care. A copy of the initial letter to interested parties is attached.

**March 1, 2004 Meeting with the Office of the Commissioner of Insurance.** Co-op Care team members recently met with staff from the Office of the Commissioner of Insurance (OCI) to discuss the five "Co-op Care" regions. During the meeting, Co-op Care team members communicated WFC's plan to create the five Co-op Care regions around insurer service territories. OCI staff gave their preliminary approval of the plan, but will not declare the five regions by order until WFC has completed its preliminary cooperative development meetings with potential cooperative members and insurers. Overall, OCI staff indicated that they are pleased with the direction and WFC's progress on its Co-op Care project.

At the meeting, WFC also communicated "problem areas" of the state that we have identified, including the La Crosse area and the Milwaukee area. These areas pose significant challenges as a result of their health care market structure. We will continue to work to build provider relationships in these areas.

**Grant Funding for a Stop Loss Fund.** Critical to the success of Co-op Care is the creation of a substantial "stop loss" fund to help cover high health care claims, and buy down the "high risk" label insurers will attach to many potential cooperative members. Several potential insurers have notified WFC that they will not insure a cooperative unless they may engage in significant underwriting to separate out relatively "good risks" from relatively "poorer risks." Underwriting means that a number of agricultural producers would likely be excluded from the cooperative as being more risky, and this would defeat the purpose of the project. Therefore, a primary option is for the cooperative to build a "stop loss" fund that will place a limit on the risk taken by the cooperatives' insurers. Unfortunately, this fund cannot be created solely from private premium dollars. To do so would make the cooperative members' premium cost-prohibitive.

For this reason, WFC has been meeting with the U.S. Department of Health and Human Services and with Wisconsin's congressional delegation to encourage grants or appropriations into a stop loss fund. Team member Bill Oemichen traveled several times to Washington, D.C. to conduct these meetings and Oemichen has worked with U.S. Senate and House Appropriations Committee staff members, along with representatives of the U.S. Department of Agriculture (USDA), to draft appropriations language and to obtain regulatory clearances. This language will be submitted by Wisconsin Members of Congress to the 2005 Fiscal Year Appropriations for USDA.

In addition, WFC is also seeking private grant funds to supplement federal stop loss dollars. We understand at least one private foundation will be granting funds to WFC for cooperative health care purchasing alliance development in the near future.

**Next Steps.** WFC is working hard to offer health care coverage through at least one health care cooperative beginning January 1, 2005. This area will likely include Northwest and West Central Wisconsin. WFC will also continue work on forming health care cooperatives in other regions of the state. However, it is expected these cooperatives will likely form sometime later during 2005.

Our work in Northwest and West Central Wisconsin, as well as in other regions, will focus on developing a preliminary health care plan with insurers and in forming the membership of the health care cooperative.

**Conclusion.** The Co-op Care project is a very significant undertaking for WFC, and presents a unique opportunity for the state of Wisconsin. Wisconsin Act 101 allows us to apply cooperative principles to address one of the most important issues to face working families--not only in Wisconsin, but across the nation. We have support for this project from lawmakers and health care experts, including insurers, actuaries and consumer advocates. All have recognized our efforts to define the challenges we face and outline a strategy to overcome them. If we are successful, Wisconsin could again stand at the forefront of nationwide health care reform and serve as a model for other states.

APR 21 2004



**Wisconsin Federation of Cooperatives**

131 West Wilson Street, Suite 400, Madison, WI 53703  
Phone: 608.258.4400 Fax 608.258.4407 www.wfcmac.org wfcmac@wfcmac.org

April 20, 2004

The Honorable Carol Roessler  
8-S State Capitol  
Madison, WI

**RE: Co-op Care Health Care Pilot Project Status Report and Request for Assistance**

Dear Senator Roessler:

The Wisconsin Federation of Cooperatives (WFC) has been working hard to implement the recently approved "Co-op Care" legislation (2003 WI Act 101) that aims to make health insurance more available and affordable for cooperative members and small businesses across the state. We greatly appreciate the strong leadership of our primary authors, Senator Sheila Harsdorf and Representative Curt Gielow, as well as the active support we received from you and other legislators.

We have enclosed a Co-Op Care "Summary and Progress Report." The report details our goals, our efforts to date, and the steps we intend to take in the near future to make the project a reality. We believe that if we are successful in meeting the challenges that we have identified, Co-op Care will substantially help address the health care needs of Wisconsin's working families.

One of the greatest challenges we face is securing private grant dollars to support start-up, legal and actuarial expenses associated with implementation of Act 101. We anticipate these costs will be in excess of \$500,000 over the life of the project. Instead of asking for state GPR dollars to support the Co-op Care project, we are relying on grant funds from government and private sources that we have identified. We were successful in securing a \$40,000 grant from the Wisconsin Department of Agriculture, Trade and Consumer Protection in 2003, and we recently received word that we were awarded at least \$10,000 from a private grant fund that will be announced in the near future. Several other grant requests are currently pending.

As described in the attached summary, we are also seeking federal dollars to support a "stop-loss" fund to offset high cost health care claims. Members of the Wisconsin Congressional Delegation are leading an effort to help provide \$2 million in FY' 05 financial support for the stop loss fund. We also plan to use private grants to supplement those dollars if possible. In the near future, we will hire a grant writer to help us identify and apply for potential grant funds.

Many legislators have asked how they can help make Co-op Care a success. If possible, we would appreciate your providing a letter of support for our Co-op Care project. We would then include your letter in our grant applications. Or, if you are aware of grants for which we may be eligible, please let us know by contacting Melissa Duffy at (608) 258-4402. Melissa is also available to answer any questions regarding Co-op Care that you may have. \*

We hope the attached summary and update is helpful to you and your constituents. If you hear from individuals who would like to sign up for our Co-op Care mailing list, they can do so by visiting the Co-op Care area of our website at [www.wfcmac.coop](http://www.wfcmac.coop). Or, they may call the Co-op Care hotline at 608-258-4388. Again, thank you for supporting this important effort.

Sincerely,

Handwritten signature of William L. Oemichen in black ink.

William L. Oemichen  
President & CEO

Handwritten signature of Melissa Duffy in black ink.

Melissa Duffy  
Co-Op Care Project Leader

OK  
Approved  
on 5/12/04

May 4, 2004

Bill Oemichen, President  
Wisconsin Federation of Cooperatives  
131 West Wilson Street, Suite 400  
Madison, WI 53707

Dear Bill,

As you know, the cost of health care continues to skyrocket. The severity of this problem and the negative affects it is having on health care consumers cannot be understated. Individuals are dropping insurance due to unaffordable premiums and businesses, small ones in particular, are struggling to cover the cost of benefits for their employees. We are facing a crisis in health care accessibility.

An aging population, increased use of technology, insufficient Medicare reimbursement for services, duplication of services provided, lack of consumer choice and provider accountability, etc. are all factors contributing to the cost of health care. While there is no silver bullet solution to this problem, I am very pleased that the "Co-op Care" legislation was passed by the Legislature and was signed into law (2003 WI Act 101). This Act, as you are very familiar, authorizes a health benefit purchasing cooperative pilot project.

"Co-op Care" is a step in the right direction in helping the uninsured obtain health care coverage. It provides a real opportunity for farmers and other small business owners who have little or no access to health insurance to join together as a group to purchase health insurance. Goals of stabilizing insurance rates, improving health care delivery in rural Wisconsin and providing affordable, quality health care are achievable under this pilot program. I am very encouraged by the steps taken thus far by the Wisconsin Federation of Cooperatives in laying the foundation for the five pilot cooperative health care purchasing alliances.

I look forward to monitoring the progress of the five pilot sites once they are announced and operational. They truly represent an opportunity for some of the uninsured individuals in this state to have access to affordable health care.

Thank you for your leadership on this critical initiative.

Sincerely,

CAROL ROESSLER  
State Senator  
18th Senate District

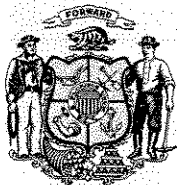
CR:/jh S:\DOCS\Jennifer\Recommendations\5-4-04 ltr to wi fed coop. pilot project.doc

Carol -  
The WI Federation of  
Cooperatives indicated in a  
letter to you that ... "we  
would appreciate your  
providing a letter of  
support for our Co-op Care  
project."

Here is a draft letter if  
you are interested in sending  
one. Let me know ... Thanks!

Jennifer

OK  
to  
send?



May 13, 2004

**Carol Roessler**  
STATE SENATOR

Bill Oemichen, President  
Wisconsin Federation of Cooperatives  
131 West Wilson Street, Suite 400  
Madison, WI 53707

Dear Bill,

As you know, the cost of health care continues to skyrocket. The severity of this problem and the negative affects it is having on health care consumers cannot be understated. Individuals are dropping insurance due to unaffordable premiums and businesses, small ones in particular, are struggling to cover the cost of benefits for their employees. We are facing a crisis in health care accessibility.

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Thank you for your leadership on this critical initiative.

Sincerely,

A handwritten signature in cursive script that reads "Carol".

CAROL ROESSLER  
State Senator  
18th Senate District


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## Health insurance co-op dependent on federal funds

By AMY RINARD  
[arinard@journalsentinel.com](mailto:arinard@journalsentinel.com)

Posted: July 5, 2004

An innovative plan to use the purchasing power of member-owned cooperatives to bring affordable health insurance to farmers, small businesses and others is moving forward, but its success hinges on a proposed \$2 million federal appropriation.

Gov. Jim Doyle signed legislation in December that authorized the creation of five regional health care purchasing alliances across the state. The goal of the pilot project is to organize health insurance co-ops that will negotiate directly with insurers for the kind of health plan benefits and premiums that the members of the co-ops decide they want.

Aimed initially at farm families and small businesses, the five regional health care purchasing alliances are expected eventually to offer health insurance plans to self-employed people, employees of non-profit groups, early retirees and others now hard-pressed to pay the high cost of premiums and deductibles typical of non-group health plans.

The regional purchasing alliances eventually will blanket the state, covering the Milwaukee and Madison metro areas along with more rural areas of Wisconsin.

Leonard Schisel, an Antigo-area farmer, said that before he qualified for Medicare five years ago he and his wife paid very high premiums for a policy with a \$1,000 deductible, 20% co-pays and no prescription drug coverage.

"And we were lucky to have insurance at all," he said of the plan. "But every year the premiums would just about double."

Schisel, who is chairman of the board of FCS Financial Services, a farm lending organization based in Wausau, said that by the time his wife qualified for Medicare two years ago and dropped the plan, her insurance premiums had been raised to \$1,350 a month.

Because they are not members of a group purchasing health insurance, farmers must pay costly premiums for individual coverage and many don't have insurance, said Schisel.

Bill Oemichen, president and chief executive of the Wisconsin Federation of Cooperatives, which pushed for enactment of the legislation and is now organizing the regional alliances by working with existing co-ops around the state, said about 25% of all farmers have no health insurance at all.

"And the majority will have a catastrophic insurance plan with costly premiums and high deductibles without the kind of coverage most employees in Wisconsin have," he said.

Thousands of farmers in north-central and northwestern Wisconsin were sent surveys asking more details about their current insurance and what kind of health plan they would like to have.

The survey is the first step in organizing the health care purchasing alliances, said Oemichen, but already there has been considerable interest in the project both from people in need of insurance and from companies selling health plans.

### Quotable

“The cost of health insurance can be a drain on the self-employed, including our farmers and their families, and that's why we're working on proposals to alleviate some of the burden.”

- Sen. Herb Kohl  
(D-Wis.)

But for the project to proceed, a \$2 million stop-loss fund is needed to help underwrite the insurance risk of farmers and other members of the alliances, many of whom may not have had health coverage for years and are considered by insurers to be high risks.

The fund will serve as a reserve pool of money to be used to pay medical costs that total \$30,000 to \$100,000 a person. Without this reserve fund, insurers would have to pick up the entire expense of such high-cost claims and would charge higher premiums to members of the health care purchasing alliances to underwrite that risk, Oemichen said.

At the urging of Sen. Herb Kohl (D-Wis.) - and with the endorsement of seven members of the state's delegation in the House of Representatives - the funding has been proposed for inclusion in the 2005 Agriculture Appropriations Bill that becomes part of the overall appropriations.

The agriculture subcommittee of the Senate Appropriations Committee has not yet considered the measure. It is possible it could come before the committee when the Senate reconvenes next week after its Independence Day recess.

Kohl said the Wisconsin health care purchasing alliances are an innovative way to make health insurance more widely available and affordable in Wisconsin.

"The cost of health insurance can be a drain on the self-employed, including our farmers and their families, and that's why we're working on proposals to alleviate some of the burden," he said in an e-mail.

"While we think it is a worthwhile investment of federal funds, the tight agriculture budget limits the number of new projects that can be funded. We have asked the Appropriations Committee for consideration, and we will continue to pursue funding for this much-needed initiative."

The state legislation authorizing the health care purchasing co-ops did not include funding for a stop-loss fund. At the time, proponents of the bill believed that asking for the money at a time the state faced a budget deficit would kill the bill's chance of being approved.

In the meantime, work organizing the regional alliances continues. It is most advanced in north-central Wisconsin, which is expected to be the first region to form a health care purchasing alliance.

From the July 6, 2004, editions of the Milwaukee Journal Sentinel  
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## Wisconsin Federation of Cooperatives

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### THE WISCONSIN COOPERATIVE HEALTH CARE PURCHASING ALLIANCE PROJECT Assembly Bill 447/Senate Bill 204

Today in Wisconsin, thousands of farmers and small business owners are living without adequate health insurance for themselves, their employees and their families. The problem is especially dire in rural areas of the state, where individuals have little access to comprehensive coverage plans.

The Wisconsin Federation of Cooperatives (WFC) represents a large number of agricultural and small business interests and has been working with Representative Curt Gielow and Senator Sheila Harsdorf toward a viable solution to this growing problem. The result is the introduction of companion bills, Assembly Bill 447 and Senate Bill 204, which would authorize up to five health care purchasing alliances formed as cooperatives under Chapter 185 of the statutes.

Known as the Wisconsin Cooperative Health Care Purchasing Alliance Project, Assembly Bill 447 and Senate Bill 224 give health care purchasing cooperatives the leverage needed to tackle health care cost and quality issues. The overriding goals are to stabilize insurance rates, improve health care delivery in rural Wisconsin and, most importantly, provide affordable, quality health care coverage to farmers and other small employers who have little or no access to health insurance. Integral to the project's success are several underlying key objectives, including:

- The cooperative model allows members to be directly involved in all aspects of the decision making process;
- Alliances determine participation criteria and negotiate directly with health plans to ensure that benefits are responsive to the needs of the region and alliance members;
- An educational component informs participants about health care cost drivers, including the impact of utilization and the importance of preventative care;
- Data analysis ensures cost efficiency, quality and patient safety;
- Risks are pooled to minimize premium fluctuations and gain leverage;
- An emphasis on cooperation and coordination allows individual purchasing alliances to learn from one another and eliminate duplicative administration efforts;
- State, federal and private planning grants have been identified as funding sources to meet actuarial, administrative and legal expenses;
- A federal grant will be sought to support a reinsurance stop loss fund to reduce risk and attract providers;
- Marketing initiatives and agent involvement are considered vital for gaining market share;
- A three year commitment by members and providers promotes access and stability; and,
- Farmers and small businesses have the flexibility to address health insurance issues in the private market outside of government involvement.

The Wisconsin Cooperative Health Care Purchasing Alliance Project is modeled after a similar demonstration project that is off to a strong start in the state of Minnesota. Less than two years after enabling legislation was finalized, two health care purchasing alliances are offering competitively priced insurance products to alliance members in Minnesota. Several additional purchasing alliances are in various stages of development, and the movement has spawned a number of private business coalitions seeking new and innovative ways to control health costs.

For more information about the Wisconsin Cooperative Health Care Purchasing Alliance Project, contact WFC President & CEO Bill Oemichen or WFC Government Relations Director Melissa Duffy at (608) 258-4400.



**Wisconsin Federation of Cooperatives**

131 W. Wilson Street, Suite 400  
Madison, WI 53703

Co-op Care Hotline: 608-258-4388

Dear Interested Participant:

Thank you for contacting the Wisconsin Federation of Cooperatives for information about the "Co-op Care" pilot project to improve health care in Wisconsin. Your name has been added to the mailing list to receive information about the Co-op Care project as it becomes available.

The Co-op Care project will give farmers and small business owners the opportunity to join together to purchase health insurance as a group and maximize their purchasing power. These groups will be organized as member-owned cooperatives, giving those who purchase health care through the new cooperatives a say in decisions made by the group.

In the short term, we anticipate that health care cooperatives will deliver lower deductibles and first dollar coverage for preventative services that are not currently available to individuals currently purchasing high deductible policies. Participants will also receive certain protections under the law afforded to group health plan enrollees, such as a guarantee against termination when an accident or illness occurs.

The greatest benefits of joining a health care cooperative will be realized in the long term. Most importantly, we expect that group purchasing will help to stabilize insurance premiums, helping small businesses and farmers meet their yearly expenses. The potential cost savings of rate stabilization in the long term are immeasurable.

That said, the Co-op Care project is not immune to the challenges that have plagued health care initiatives in the past. For that reason, we do not anticipate lower premiums for plan participants in the short term, until we can prove to insurers that cooperative members are a stable group willing to take an active role in controlling their own health care costs. We also must be careful to put together a group that is attractive to insurers. The only way to achieve these goals is through a long term commitment from members and associations who participate.

Over the next several months, the Wisconsin Federation of Cooperatives will begin the long process of developing membership in the cooperatives. As a first step, the Wisconsin Federation of Cooperatives staff recently met with staff at the Office of the Commissioner of Insurance (OCI) to discuss the five geographic regions of Wisconsin where we anticipate cooperatives forming. We have received preliminary approval from OCI to form two cooperatives in the Southern one-third of Wisconsin, and three cooperatives in the Northwest, North Central and Northeast regions of the state.

The Wisconsin Federation of Cooperatives will continue to communicate with you as we move forward with forming the regional cooperatives. While we are working as quickly as possible, it will take considerable time before we will be able to offer insurance through the cooperatives. Please rest assured that your name is on the mailing list and you will receive information appropriate to your region as we progress in each area.

Again, thank you for contacting WFC about this exciting project.

**LRB 0204/1 IS A SUBSTITUTE AMENDMENT PUT TOGETHER BY THE AUTHOR OF THE BILL (SENATOR HARSDORF) AND THE WI FEDERATION OF COOPERATIVES.**

- THE BILL AUTHORIZES A PILOT PROJECT IN WHICH A NONSTOCK HEALTH BENEFIT PURCHASING COOPERATIVE MAY BE ORGANIZED IN EACH OF 5 GEOGRAPHIC AREAS OF THE STATE THAT ARE DESIGNATED BY OCI THROUGH *RULE*. **THE SUBSTITUTE AMENDMENT** DIRECTS OCI TO DESIGNATE THE 5 AREAS BY *ORDER*.
- THE BILL LIMITS COOPERATIVES TO PROVIDING HEALTH CARE BENEFITS THROUGH A CONTRACT WITH A DEFINED NETWORK PLAN. **THE SUBSTITUTE AMENDMENT** REMOVES THE "DEFINED NETWORK PLAN" LANGUAGE AND INSTEAD ALLOWS THE COOPERATIVE TO PROVIDE HEALTH CARE BENEFITS THROUGH A CONTACT WITH "AN INSURER AUTHORIZED TO DO BUSINESS IN THIS STATE IN ONE OR MORE LINES OF INSURANCE THAT INCLUDES HEALTH INSURANCE."
- THE BILL STATES THAT THE "DEFINED NETWORK PLAN MAY LIMIT ENROLLMENT OF SELF EMPLOYED INDIVIDUALS BY ESTABLISHING ENROLLMENT CRITERIA." **THE SUBSTITUTE AMENDMENT** REMOVES THIS LANGUAGE BECAUSE ENROLLMENT CRITERIA SHOULD BE ESTABLISHED BY THE COOPERATIVE, NOT THE INSURER. **THE SUB. AMENDMENT** REFLECTS THE INTENT OF THE BILL.

SB  
204

- THE BILL STATES, "EACH MEMBER SHALL PAY TO THE DEFINED NETWORK PLAN THE MEMBER'S APPLICABLE PREMIUM FOR THE 36<sup>TH</sup> MONTH OF COVERAGE UNDER THE CONTRACT." THE **SUBSTITUTE AMENDMENT** REQUIRES EACH MEMBER TO PAY THE HEALTH BENEFIT PURCHASING COOPERATIVE RATHER THAN THE INSURER. UNDER THE **SUB. AMENDMENT**, THE COOPERATIVE WOULD PAY THE INSURER.

225 cows  
Bill AVERBECK

75¢ 100<sup>wt</sup> = 6-7¢

Proposed issue not discussed  
= deductible  
= preventative  
H. Care

### Part III: Special Articles

High deductible  
High H. Care cost

## The Status of Health Insurance Coverage for Wisconsin Dairy Farmers

Jeremy D. Foltz, Carol J. Roth, and Bradford L. Barham  
Program on Agricultural Technology Studies (PATS)

*"We have gone without health insurance for 12 years because decent health insurance is just too costly. This is money that is hard to justify with all the bills and then living expenses. So, we take the risk of going without. That's one more worry on our shoulders, hoping that nothing serious happens to anyone in our family."* —Wisconsin dairy farmer, 100-cow herd.

Wisconsin dairy farmers work in one of the most dangerous occupations in the United States. Thousands of them, along with their families, are at an even higher risk because they do not have adequate health insurance coverage. This creates problems not only for Wisconsin's farm families but also for the vitality of the dairy sector, which generates billions of dollars of farm and manufactured product sales and is the backbone of the state's agricultural sector.

What does the lack of adequate health insurance coverage mean for dairy farmers and their families? Many dairy farmers are forced to choose which family members will be insured and which ones will not, or whether to go without health insurance entirely. Current solutions in both the public sector (e.g. Badger Care) and private sector (e.g. co-ops, off-farm work or private pay insurance) do not effectively address this issue. Lack of adequate

health insurance coverage may spur current dairy farmers to exit the business and discourage prospective farmers from getting started. Choosing any other occupation would likely improve their chances to secure better health insurance coverage for themselves and their families.

### Health Insurance Coverage

A closer look at this problem presents an alarming picture. Results from a survey of a representative sample of dairy farms indicated that almost 20 percent of Wisconsin dairy farm families are completely uninsured.<sup>2</sup> About another 25 percent of Wisconsin dairy farm families have at least one uninsured family member. Four out of five Wisconsin dairy farm families have no preventive care coverage. Most of those with insurance have only major medical coverage with high deductibles. Wisconsin dairy farm families are far more likely to be uninsured, underinsured or lack preventative care

<sup>2</sup> In 2001, the Program on Agricultural Technology Studies (PATS) conducted a mail survey of 1,600 dairy farmers randomly chosen from the state's dairy producer list. Of the 1,600, 54 percent (869) returned useable data. Along most major indicators (e.g. size of farm, age of producer, etc.) available this sample is representative of the state's dairy producers.

coverage than are non-farm households in the state. They are also more likely to lack such coverage than are families operating other types of farm enterprises.

The chart below shows in detail the types of health insurance coverage of dairy farm families, including those without coverage. Most dairy farmers who have health insurance have minimal coverage. The plurality of dairy farmers (43 percent) had only catastrophic coverage (a deductible greater than \$500 and no preventive care). Only 17 percent had the type of coverage most Wisconsin residents would consider adequate: preventive care with a low deductible.

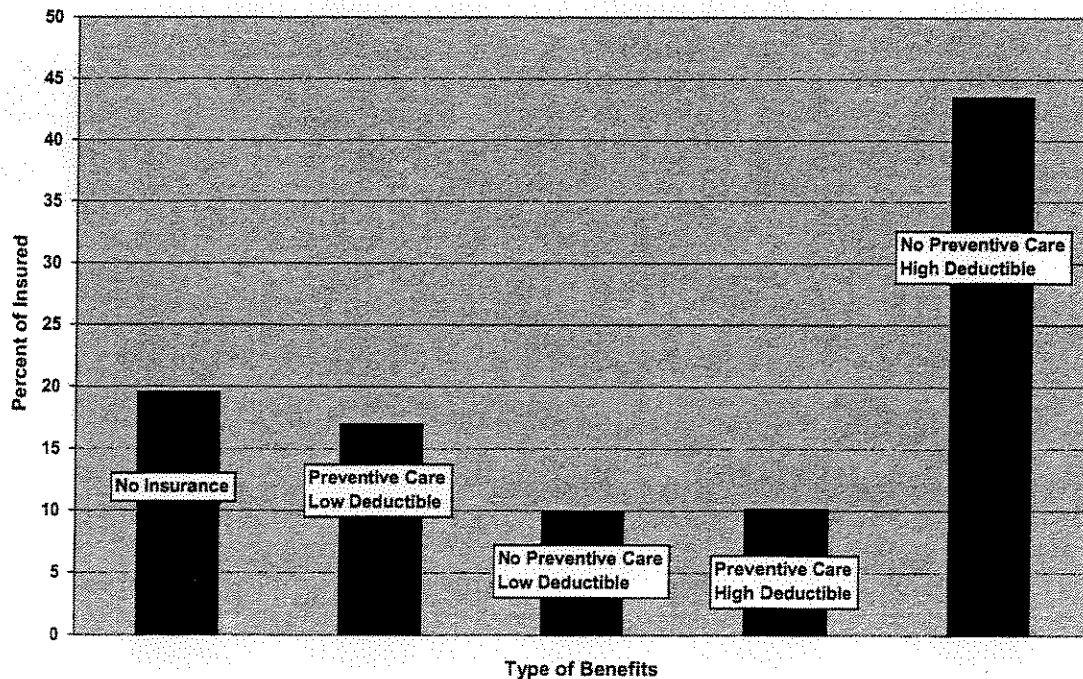
Farm spouses, because they are more likely to work off-farm, have higher rates of coverage than do primary farm operators. What is surprising is that children are less likely than their parents to have health insurance coverage. In addition, dairy farm families with

children under 18 living at home were no more likely to have health insurance than those without children.

### Sources of Health Insurance

The majority of dairy farm families purchase health insurance directly from an insurance agent, which is generally the most expensive way to buy it. About a quarter of dairy farmers get health insurance through off-farm jobs. Although in the past many cooperatives (e.g. milk processors) and farm organizations provided health insurance benefits to their members, most no longer do so. Only 6 percent of dairy farmers get their health insurance in this way. In addition, while Badger Care and other publicly provided insurance programs in Wisconsin have been some of the most successful in the nation, very few Wisconsin dairy farmers benefit from them.

**Type of Health Insurance Benefits**



<b>Source of Health Insurance</b>		
	<i>Percent of Insured</i>	<i>Percent of all Dairy Farmers</i>
Purchased directly from insurance agent	58	49
Benefit from off-farm employment	28	23
Purchased directly from coop or farm organization	6	5
Federal Program (Medicare, Medicaid, etc)	4	3
State Program (Badger Care, Risk Sharing Plan, etc.)	3	2
Other	1	1
No Insurance	n/a	17

### ***Insurance by Farm Size***

The dairy farm health insurance crisis is most acute for those who operate small farms, but the problem exists even for larger operations. Those who milk fewer than 50 cows are least likely to have coverage. Interestingly, types of coverage are about the same across the three largest herd-size categories. So are the rates of no coverage (12 percent). This suggests that while the lack of adequate health insurance is most serious for the smallest farms, the problem cuts across all sizes of dairy farms.

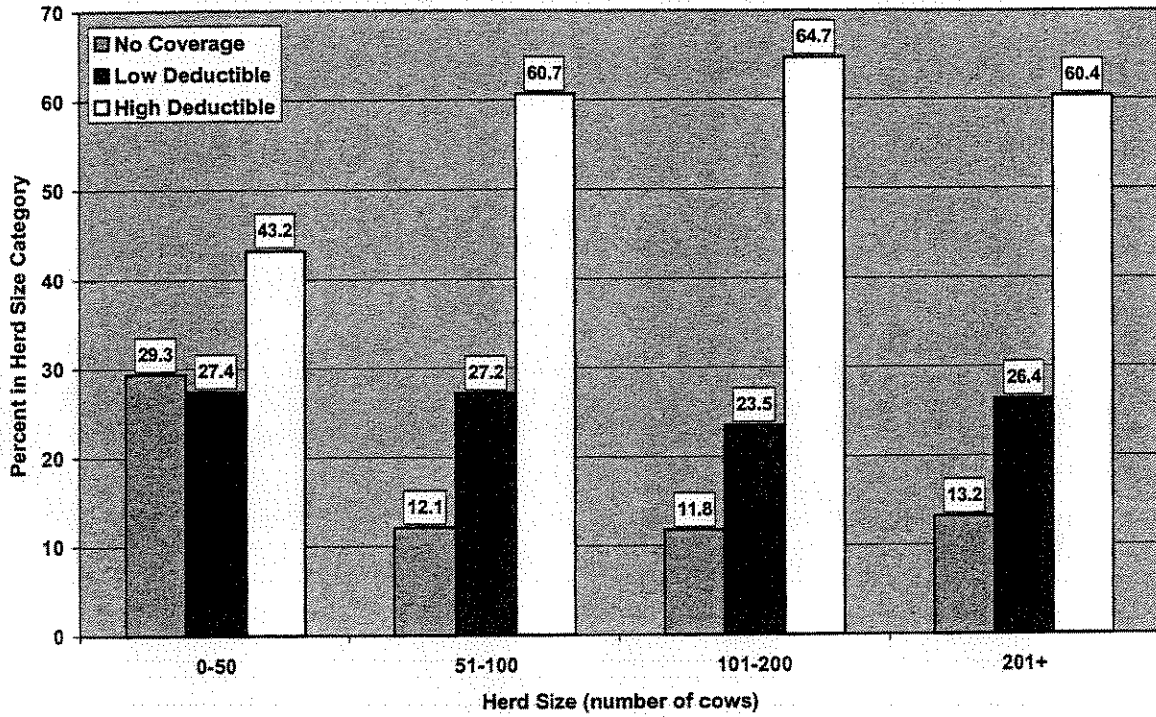
### **Health Insurance and Farm Structure**

Problems with access to health insurance may have significant long-term effects on the overall health of the dairy industry. Problems finding affordable health insurance may dissuade potential dairy farmers from starting up and encourage current farmers to get out. While more than a quarter of those with insurance get it through off-farm work, this strategy has

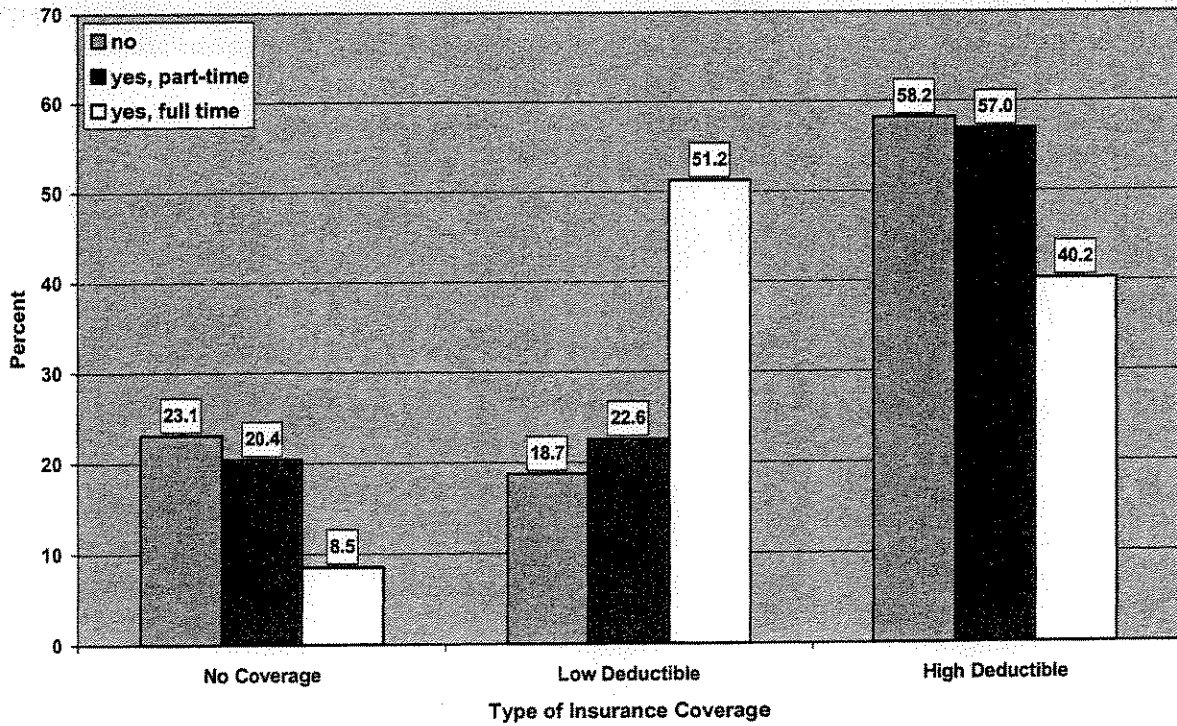
its limitations. It still usually provides coverage with a high deductible. In addition, when family members work off the farm, they have less time to contribute to the dairy enterprise. This puts a cap on the number of cows a family farm can reasonably handle and likely reduces the income it can generate from farming.

No distinct pattern is evident when looking at the relationship between types of health insurance coverage and the future plans of Wisconsin dairy farmers. Farmers with no coverage are as likely to exit the business as those with coverage that features a low deductible. Those with high deductibles were more likely to say that they would only be in the business for another 2 to 5 years than were farmers in the other categories. Although more refined research is warranted, for those currently operating dairy farms, the nature of their health insurance coverage is not directly related to their future plans. Health insurance is probably a more immediate need and directly related to day-to-day cash flow.

### Health Insurance Coverage by Dairy Farm Size

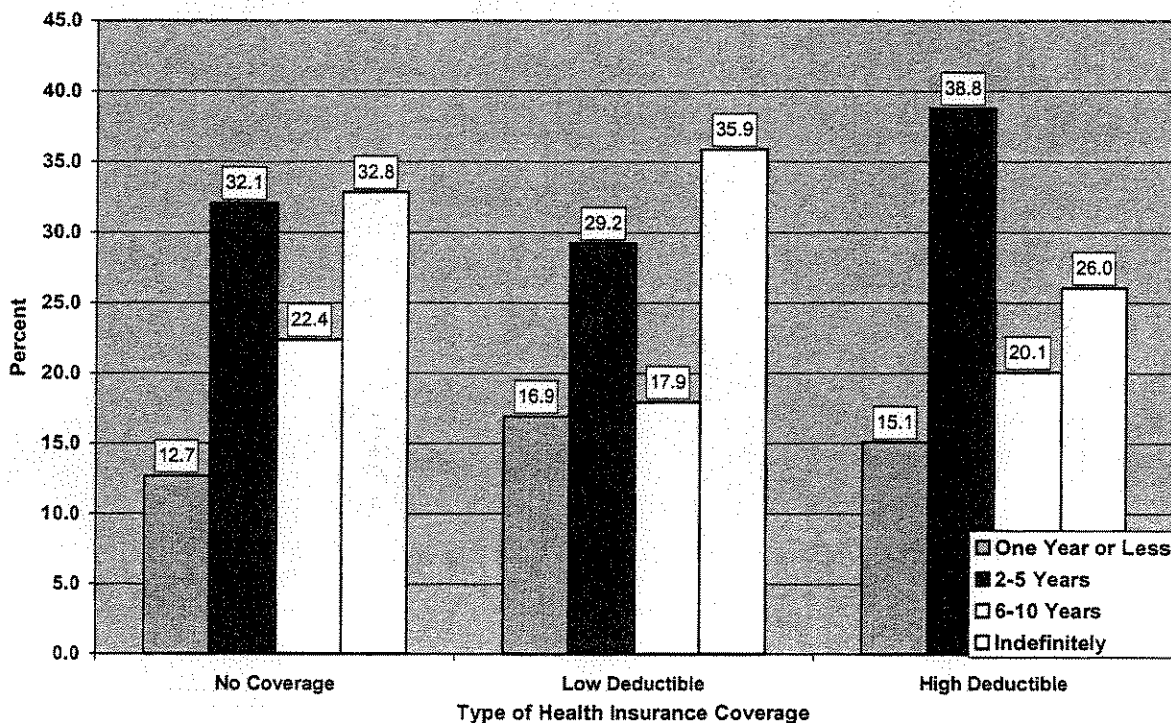


### Did your spouse work off-farm?





## How Long Do You Plan to Continue Farming?



This finding is bolstered by other evidence from the dairy farm surveys suggesting that health insurance coverage is only a minor factor in predicting how satisfied farmers say they are with their quality of life.

### Challenges in Seeking Solutions to the Health Insurance Crisis

Current programs to address the health insurance needs of uninsured or underinsured Wisconsin citizens have features that may limit the participation of dairy farmers and their families.

#### *Badger Care*

Less than 5 percent of the dairy farmers surveyed participated in Badger Care, a

statewide program currently targeted at uninsured children. While Badger Care works for some families, there are several barriers that limit eligibility for many farm families. Depreciation on assets is treated as income, falsely inflating the incomes of farmers. Only families with children under 19 living in the household are eligible. And some rural physicians do not accept payment through this program. The Badger Care Program would need revision in order to adequately address dairy farm families' health insurance needs.

#### *Insurance Pools*

A number of proposals exist to encourage health insurance pooling, in which small business owners (from 2 to 50 employees) join a common insurance pool to spread out the risk. Participants negotiate

collectively with a health insurance provider for coverage terms at an affordable rate. Among the proposals in Wisconsin are the State's Private Employer Health Care Coverage Program (PEHCCP) and some local proposals for "purchasing alliances."

Two issues, however, are likely to limit the usefulness of insurance pools in providing health coverage for dairy farmers and their families.

Eligibility is one issue. State law requires that most of the proposed programs be for businesses with two or more employees. This excludes the many small dairy farms that would be classified as having a single employee (termed a *business of one*). The eligibility rules would need to be changed for insurance pooling to help the majority of uninsured dairy farm families.

Affordability is the other problem with insurance pools. Because farming is associated with high risks, insurance companies would charge high rates for a pool that included only farmers. For an insurance pooling system to be affordable for dairy farmers, it would need to include non-farming participants to spread the risk over a more diverse population.

## Conclusion

The fact that a relatively small percentage of Wisconsin's total population lacks adequate health insurance masks critical problems for certain population groups, including Wisconsin's dairy farmers. Policy makers will be challenged to find resourceful ways to ensure that health insurance coverage is affordable, available and accessible for all Wisconsin citizens. There is no one-size-fits-all solution. Multiple strategies must be developed to allow quality health care to be provided for Wisconsin dairy farmers and others in rural areas.

When the lack health insurance enhances the likelihood that individuals will exit or not even enter dairy farming, the result could be an exodus of skilled labor and economic activity from rural areas. This affects the economic viability and quality of life not only in individual rural communities, but also throughout the agricultural sector and the state as a whole.

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