



Family Matters

Rising Health Care Costs



A Family Impact Seminar Newsletter for Wisconsin Policymakers

Health Care is Top Priority Among Wisconsin Citizens

Wisconsin citizens named health care as their top concern in two recent polls. A Chicago Tribune poll of registered Wisconsin voters in October 2004 reported that 26% of those surveyed said that health care was the issue of most concern, which beat out jobs (22%), terrorism (17%) and Iraq (16%).¹

Health care is an issue that Wisconsin citizens want state legislators to address, too. A Harris poll conducted in September 2004 shows that “controlling health care and prescription costs” is the “issue needing most attention from Wisconsin state government.”² Controlling health care costs (35%) was more important than “improving the state’s economy” (17%), “improving public education” (15%), and “reforming the tax system” (12%).

Wisconsin is not alone. A July 2004 survey of Americans showed that health care was named as the most critical issue in America today. Health care (22%) was more important than terrorism (21%), the economy (17%), and the war in Iraq (16%).³

Why is Health Care a Concern?

According to a Kaiser Family Foundation survey, health care costs have risen four times faster than average worker earnings and overall inflation. Employers in the United States have reported double-digit increases each year in health insurance costs since 2001.⁴ From 2003 to 2004, health insurance premiums (the combined employee and employer share) increased 11.2%. Meanwhile, overall inflation increased 2.2% and workers’ earnings increased 2.3% during that time.

What about Wisconsin health care costs and workers’ earnings? According to a Families USA study that analyzed each state over a four year period, the average Wisconsin worker paid \$813 for health insurance in 2000 and \$1,215 in 2004, a 49.3% increase. During that same time, however, average wages increased only 12.2%, from \$30,911 to \$34,689.

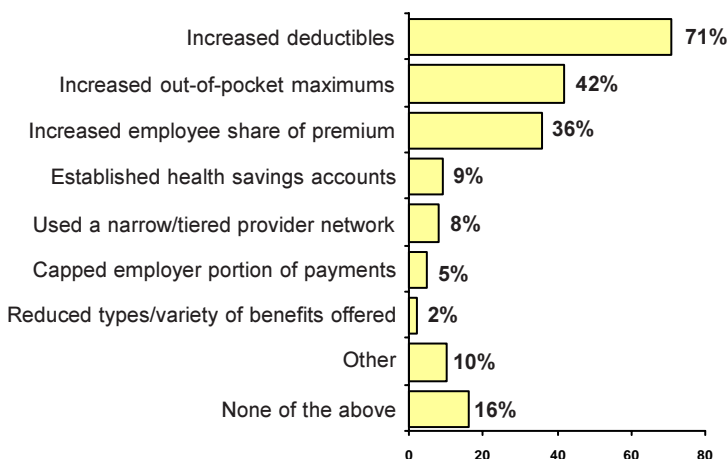
These average premium increases don’t reveal how many people actually paid more for their health insurance. In 2004, 64% of Americans with employment-based or private health insurance coverage reported an increase in their health insurance premium from last year.⁵ Only 30% said their premium stayed the same and 4% said it decreased. Over half (54%) also indicated that they paid more for prescription drugs, 49% paid more for doctor visits, and 43% had an increased insurance deductible since 2003.

In addition to increasing health care premiums, Americans are worried about their ability to afford prescription drugs. In a 2001 poll, 13% of Americans said they were “not at all confident” in their ability to afford prescription drugs. By 2004 that number had increased to 23%.⁶

How are Employers Responding to High Costs?

Wisconsin employers have taken steps to alleviate some of these cost increases. According to the Greater Milwaukee Annual Report on Health Care, Milwaukee-area employers took several actions in 2004 to reduce their health insurance premium costs.⁷ In a non-random survey, employers indicated they used the following strategies:

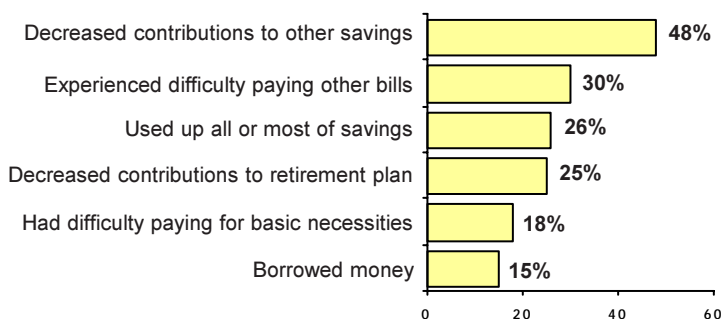
Cost-Saving Strategies Used by Milwaukee Employers



How are Workers Responding to High Costs?

How did people cope with these increased costs? They used the following strategies:⁸

Cost-Saving Strategies Used by American Workers



Individuals with household incomes less than \$35,000 relied on these strategies more heavily than those with incomes of \$75,000 or more.

References:

¹ Zeleny, J., & McCormick, J. (2004, October 13). Race tight in key midwest states. *Chicago Tribune*. Retrieved November 4, 2004 from www.chicagotribune.com

² Wisconsin Policy Research Institute. (2004). *The Wisconsin citizen survey*. Retrieved November 15, 2004 from <http://www.wpri.org/Reports/Volume17/Vol17no6.pdf>

³ Helman, R. & Fronstin, P. (2004). *Public attitudes on the U.S. health care system: Findings from the Health Confidence Survey* (Issue Brief No. 275), p.7. Washington, DC: Employee Benefit Research Institute.

⁴ Kaiser Family Foundation and Health Research and Educational Trust (2004). *Employer Health Benefits: 2004 Annual Survey*, p. 1. Retrieved October 15, 2004 from <http://www.kff.org/insurance/7148/index.cfm>

^{5,8} Helman, R. & Fronstin, P. (2004, November). *Public attitudes on the U.S. health care system: Findings from the Health Confidence Survey* (Issue Brief No. 275), p.11. Washington, DC: Employee Benefit Research Institute.

⁶ Helman, R. & Fronstin, P. (2004, November). *Public attitudes on the U.S. health care system: Findings from the Health Confidence Survey* (Issue Brief No. 275), p.14. Washington, DC: Employee Benefit Research Institute.

⁷ Greater Milwaukee Annual Report on Health Care. (2004, October). *2004 Employer health benefits survey*. Milwaukee, WI: Author. Retrieved on November 4, 2004, from www.hctrends.com





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Family Matters, Vol 5 No 1

Wisconsin Family Impact Seminars

University of Wisconsin-Madison/Extension
1300 Linden Drive, Room 130
Madison, WI 53706-1524



Family Matters is a newsletter for state policymakers published by the Wisconsin Family Impact Seminars (WISFIS). WISFIS connects research and policymaking, and examines the impact of policies on families. The seminars provide objective, state-of-the-art information on a range of policy options. WISFIS is a joint effort of University of Wisconsin-Extension and the Center for Excellence in Family Studies in the School of Human Ecology at the University of Wisconsin-Madison.

This newsletter was written by Heidi Normandin and Karen Bogenschneider. The designer is Meg Wall-Wild. The director of the Wisconsin Family Impact Seminars is Professor and Extension Specialist Karen Bogenschneider, and the Coordinator is Heidi Normandin.

For further information, contact Heidi at (608) 262-5779, hnormand@ssc.wisc.edu, or Karen at (608) 262-4070, kpbogens@wisc.edu. You can access WISFIS briefing reports at: <http://www.uwex.edu/ces/familyimpact/wisconsin.htm>

Family Matters is on the web at:
<http://www.uwex.edu/ces/familyimpact/newsletters.htm>

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What is Wisconsin's Track Record in Providing Health Insurance to Families?

Wisconsin is one of eight states that currently provides health insurance to families through its State Child Health Insurance Program and Medical Assistance. (The other states are Arizona, Minnesota, New Jersey, Rhode Island, Colorado, Illinois, and Oregon.) Wisconsin's debate about whether public health coverage should be child-based or family-centered occurred in 1997. The federal government passed the State Child Health Insurance Program (SCHIP), which was designed to increase health care coverage for children.

Governor Tommy Thompson, however, had introduced his own health care plan, Badger Care, which targeted poor children as well as their families. Proponents of restricting coverage to children argued that it would cost less than family coverage and, thus, could cover more uninsured children. Supporters of extending coverage to the entire family disagreed, citing examples that family-based coverage would bring in 75% of eligible children compared with only 45% in child-focused coverage.¹

The feds argued that Wisconsin could only use SCHIP money to cover children's health insurance costs and that Medical Assistance (MA) money must be used to cover the costs of parents' insurance. The catch, however, was that using MA funds required Badger Care to become an entitlement available to all poor families, which the Governor resisted because of apprehensions about its potential costs.

After two years of consideration, the federal government finally granted Wisconsin a waiver to provide family-

Reserve February 3 for the 21st Family Impact Seminar

The 21st Family Impact Seminar on
**Improving Health Care Quality While Curbing Costs:
How Effective are Consumer Health Savings
Accounts and Pay for Performance?**

will be held on Thursday, February 3rd
from 8:15-10:00a.m.

Because a hearing is scheduled in the GAR Room of the State Capitol, the seminar will be moved to:

**Room D240
Downtown Madison Area Technical College
211 N Carroll Street**



This seminar is being co-sponsored by the
**Wisconsin Public Health and Health Policy Institute's
Health Policy Forums**

based health care coverage to some, but not all, working-poor families. The fact that providing family-based health coverage required a federal waiver is one stark example of how policymaking in this country often focuses on individuals and ignores the powerful contributions that families make to their members and society.

References:

¹Bartels, P., & Barowiec, P. (1998). BadgerCare: A case study of the elusive new federalism. *Health Affairs*, 17(6), 165-169.

Interested in Health Policy Issues and Initiatives?

Check Out This Excellent Website

The Kaiser Family Foundation
<http://www.kff.org>

The Henry J. Kaiser Family Foundation is a non-profit, private foundation focusing on health care. The Foundation is an independent source of facts and analysis for policymakers, the media, the health care community, and the general public. The website features charts and data, fact sheets, issue briefs, news releases, presentations, testimony, and web casts on a variety of health care issues.

Interested in a Family Perspective in Health Care?

More information on how families affect health care can be found in the **Nov. 2002 Family Matters Newsletter** and in a 2002 chapter written by William Doherty of the University of Minnesota. Free copies are available from Heidi Normandin at (608) 262-5779 or hnormand@ssc.wisc.edu. The newsletter is also available at <http://www.uwex.edu/ces/familyimpact/newsletters.htm>