



# E-News

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The Wisconsin Public Health and Health Policy Institute's E-News is available monthly during the academic year. Check our website for additional information and updates: <http://www.pophealth.wisc.edu/wphi>

Information for E-news is compiled from several sources, including websites and lists from the Wheeler Report, Wisconsin Council on Children and Families, Agency for Healthcare Research and Quality, Kaiser Family Foundation, Commonwealth Fund, Milbank Quarterly, Health Affairs, Urban Institute, Wisconsin Medical Society, Wispolitics.com, Handsnet, Blue Cross/Blue Shield, New York Times, Milwaukee Journal-Sentinel, Milwaukee Business Journal, Wisconsin State Journal and others.

### Request for Submissions:

Please help us to help you stay up to date on what kinds of health policy research are going on in Wisconsin. To include your events, research or other important public health or health policy research activities in a future issue of the Institute's E-news, or if you have any comments about this publication, send an e-mail to Judy Knutson at: [jaknutso@facstaff.wisc.edu](mailto:jaknutso@facstaff.wisc.edu).

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## State News

### State Reduces Medicaid Deficit by \$53 million; \$224 million deficit remains

The Legislature met in an Extraordinary Session on several bills, including one developed by the Doyle Administration to help reduce the large deficit in the state's Medicaid budget. The bill, SB 567, was approved unanimously in both the Senate and Assembly, and it was signed into law Tuesday (5/25) by the Governor. This bill should generate an additional \$53 million in Medicaid dollars to help reduce the state's MA deficit (assuming final federal approval of the plan). It does that by leveraging some Community Aids funds that are moved into Medicaid and are used to increase the rate for MA community services. Those higher rates generate additional federal matching funds, and most of that increase will be used to cut the MA deficit. But even with those additional funds, WI will have an MA deficit of about \$224 million.

Legislative Fiscal Bureau's paper about SB 567:

[http://www.legis.state.wi.us/lfb/2003-05Bills/051904\\_MA.pdf](http://www.legis.state.wi.us/lfb/2003-05Bills/051904_MA.pdf)

Press release from the Governor's Office:

<http://www.thewheelerreport.com/releases/May04/May25/0525doylemedicaid1.pdf>

For more about the MA deficit, see the WI Council on Children and Families' Budget Project website "Wisconsin's Hemorrhaging Medicaid Budget." Go to the top of the list of publications at: <http://www.wccf.org/projects/budget.html>

### Extra Medicare Payments to Private Plans total \$2.75 billion; Wisconsin has 3rd highest increase in payments to insurers in the nation

A report released by the Commonwealth Fund (May 20, 2004) found that Medicare private plans will be paid 8.4% more per enrollee on average than fee-for-service plans. Wisconsin plans will enjoy an increase of nearly triple that amount, with an additional payment of \$1,556 per enrollee, more than paid for similar fee for service costs. There are 24,458 enrollees in Medicare private health plans. This is a relatively low rate of enrollment, 3% of all eligibles, compared with a national enrollment of 12% of all eligibles. These very high additional costs contradicts the stated purpose of the Medicare reforms which is to lower costs through increased enrollment in private plans. For a copy of the full report from the Commonwealth Fund: [http://www.cmwf.org/programs/medfutur/biles\\_extrapayments\\_ib\\_750.pdf](http://www.cmwf.org/programs/medfutur/biles_extrapayments_ib_750.pdf)

### Legislature Passes and Governor Vetoes Health Savings Account Legislation

The Legislature's Extraordinary Session last week included a bill, SB 568, that creates a state tax credit for Health Savings Accounts (HSAs). The Senate approved it by just a single vote, 17-16 (with Senator Ellis joining the 15 Democrats in voting against it). It was approved in the Assembly on a vote of 57-36. on Friday, May 28th, Governor Doyle vetoed the bill for three reasons: 1) it was linked to very high deductibles and other forms of co-payment that are only available to higher income insureds, 2) it would reduce the level of coverage from employers and 3) it would provide \$42 million in tax cuts over the next eight years without a demonstrable benefit to the state as a whole. Current state law provides a tax break for Medical Savings Accounts (MSAs), but not for HSAs which are a new type of high deductible health insurance coverage promoted by Congress, effective at the beginning of this year. Under the new federal law, tax incentives are provided for HSAs, which must have an annual deductible of at least \$1,000 for individuals and \$2,000 for family

coverage. These accounts accrue interest and are rolled over from year-to-year. The legislative Fiscal Bureau estimates that the proposed state tax credit would reduce WI tax revenue by \$3.5 million in fiscal year 2005-06, with a cost growing to \$6 million in 2012-13.

See the LFB paper about SB 568 at:[http://www.legis.state.wi.us/lfb/2003-05Bills/051904\\_HSA.pdf](http://www.legis.state.wi.us/lfb/2003-05Bills/051904_HSA.pdf)

For Veto Message: [http://www.wisgov.state.wi.us/docs/052704\\_Veto\\_SB568.pdf](http://www.wisgov.state.wi.us/docs/052704_Veto_SB568.pdf)

### **State jobs with insurance sharply declining**

According to analysis released by the Center for Wisconsin Strategy half of the jobs in our state's growing industries come with health insurance coverage. In contrast, in shrinking industries three quarters of the jobs offer health insurance coverage. Wisconsin's health insurance gap between growing and declining industries is 24 percent- the highest and worst in the nation. The change, nationally was 55% in growing industries and 68% in contracting industries or 13%. Full report: <http://cows.org/pdf/jobs/jobwatch/rp-job-watch-04-05.pdf>

### **Hospital Association Releases Preliminary Hospital Use Data**

Average hospital charges per day increased 18% last year according to data released from the newly privatized hospital data collection system. Average charges per day were \$12,296 in 2002 rose to \$14,532 in 2003. In the same period, average hospital stay remained virtually unchanged from 4.6 days to 4.5 days. Overall, admissions increased by 2% to 663,000. Orthopedic hospitalizations increased by 8% last year, the largest increase of any major category. The Association noted that more information will be available "in the coming months." For a copy of the WHA press release and available data: <http://www.thewheelerreport.com/releases/May04/May19/0519whahospital.PDF>

### **State Suicides Far Outnumber Homicides in '02**

Suicides accounted for more than three-quarters of the violent deaths in Wisconsin according to report released on May 18th by the Wisconsin Firearm Injury Center of the Medical College of Wisconsin. In 2002, 832 people died from violent injuries such as homicide, suicide and firearms accidents. The Wisconsin suicide rate of 11.5 deaths per 100,000 people exceeds the national rate of 10.6 deaths per 100,000. The study shows the very large regional disparities in the homicide and suicide rates. In the southern region of the state, suicides outnumbered homicides by 25 to 1 while in the northern region, the difference was 8 to 1. Racial disparities are even greater. Black men are 40 times more likely to be killed in a firearm homicide than white men. For the MCW press release: <http://www.mcw.edu/display/router.asp?docid=4924>

### **Violent Crime Declines in Milwaukee**

In a related story, violent crime in Milwaukee fell to a 14 year low, according to a report by the federal Department of Justice. Violent crime, defined as murder, rape, robbery and aggravated assault, fell by 8.6% from 2002 to 2003. Murder fell by 4.6% in Milwaukee with 106 homicides. The murder rate is on track for a continued decline with 32 killings at this time compared to 38 at this time last year. This decline is consistent with many other U.S. cities of similar size. Overall in Wisconsin, violent crime declined by 2.6%, while the murder rate increased.

<http://www.jsonline.com/news/metro/may04/232772.asp>

### **Physicians resist Milwaukee employer health care 'price ceiling' effort**

The *Milwaukee Business Journal* reports that an initiative by a Milwaukee-area employer group to limit health care costs is undergoing major changes to address resistance from physicians to the plan. The Business Health Care Group of Southeast Wisconsin, which includes many of the metro area's largest employers, set a price ceiling, the so-called "maximum allowable charge," the employers would pay to doctors. However, one of the three companies, Milwaukee-based Rockwell Automation Inc., will now cap employee out-of-pocket costs arising from the "maximum allowable charge" and pick up the balance.

The original plan called for employees to cover the difference between insurance payments and the actual cost if a doctor charges over the plan maximum, set at 150 percent of the Medicare reimbursement rate. The maximum charge was designed to help keep down employer health insurance costs. However, physicians have been slow to agree to offer the pricing, and opponents of the concept say Rockwell's decision to cap employee liability for procedures costing more than the maximum shows that the initiative is not working. But, according to Rockwell, the move is only for the remainder of 2004, and the cap will be lifted as the maximum allowable charge program increases in popularity.

<http://milwaukee.bizjournals.com/milwaukee/stories/2004/05/17/story8.html>

## Research & Tools

### **Wisconsin Minority Health Report Release Scheduled for July 5**

The Wisconsin Department of Health and Family Services released a letter, dated May 14, 2004, that updates the progress in the long-awaited Minority Health Report. Included within is the following, from Denise Carty, the Minority Health Officer for the Department:

"I am pleased to report that our Department has completed the review of the report, and we have placed the document on a "fast track" toward its publication and release to the general public. A few more weeks are required to make final edits and have the report printed. Therefore, I anticipate that the report will be available on or about July 5, 2004."

For more information, contact Denise Carty at [cartydc@dhfs.state.wi.us](mailto:cartydc@dhfs.state.wi.us)

### **Wisconsin Medical Society Issues Guidelines for Treating Pain**

The WMS issued new guidelines to help Wisconsin physicians diagnose and treat chronic pain. The task force, led by Milwaukee physician, Sridhar Vasudevan, was formed as a result of reports from insurers and patients that physicians were not properly treating pain and from physicians that insurers were not sufficiently paying for pain care. The main theme the task force embraced is that there are multiple ways to treat chronic pain, which is defined as continuous or reoccurring pain that compromises one's level of functioning and quality of life. Also, in the past few months, there have been a number of news accounts of physicians treating pain inappropriately. For more information on the new guidelines visit: [http://www.wisconsinmedicalsociety.org/uploads/wmj/pain\\_manageguides.pdf](http://www.wisconsinmedicalsociety.org/uploads/wmj/pain_manageguides.pdf)

### **UW Researcher Uncovers Reasons for Smoking**

A researcher at the University of Wisconsin's Center for Tobacco Research and Intervention, has found that reasons for smoking vary widely among tobacco users. Megan Piper, a researcher and developer of the Wisconsin Inventory of Smoking Dependence Motives (WISDM-68) found that motives for smoking include emotional attachment to cigarettes, smoking to relieve stress, mental stimulation and automatic smoking. People who are relatively new to smoking and those who are long-term smokers have different motives and response to smoking. The inventory's multiple approach is strikingly different than the previous criteria of viewing smokers entirely in the context of the number of cigarettes smoked. Components of the inventory predicted relapse to smoking during a quit attempt. The motives most connected to smoking relapse were automatic smoking, smoking to enhance mental activity, smoking to alleviate distress and being in a smoking environment. For more information: <http://www.news.wisc.edu/releases/9844.html>

## Events

### **Consumer Health Literacy: Preparing for Changing Roles in Health and Health Care**

June 16, 2004, Madison Concourse Hotel

The Wisconsin Public Health and Health Policy Institute, Health Policy Forums project, is sponsoring an forum in Health Literacy, which will focus on the findings and state-level implications of the newly released Institute of Medicine report on Health Literacy. For more information, contact David Austin at [daaustin@wisc.edu](mailto:daaustin@wisc.edu) or check the Institute web site at

[www.pophealth.wisc.edu/wphi](http://www.pophealth.wisc.edu/wphi). There, you can find a link to the IOM report and read about the Institute health policy forums. Issue briefs from the Forums are posted on the site.

### **Labor-Management Conference on Health Care**

August 12, 2004, Edgewater Hotel, Madison

Conference will address development of labor-management strategies to reduce health care costs and improving quality. Sponsored by Labor-Management Health Care Coalition of the Upper Midwest. For more information on registration or conference sponsorship contact Sean Kenney at [skenney@jrec.net](mailto:skenney@jrec.net).

## Reading Room

### **Prices for commonly prescribed drugs for elderly increase at four times inflation**

A Families USA study found that, on average, the cost of heavily prescribed drugs for the elderly increased by 6.5% from January 2003 to January 2004, while the rate of inflation was 1.5% during that same period. Of 30 drugs, 21 increased in price by three or more times the rate of inflation. The report comments that price increases of this magnitude this and next year would effectively eliminate any benefit from the administration's proposed prescription drug cards which offer relatively smaller discounts. For a full copy of the report: [http://www.familiesusa.org/site/DocServer/Sticker\\_Shock.pdf?docID=3541](http://www.familiesusa.org/site/DocServer/Sticker_Shock.pdf?docID=3541)

### **GAO: Medicare Videos Violate Federal Laws**

A General Accounting Office (GAO) report released this week says that video news releases promoting the new Medicare law and distributed by the Bush administration violated two federal laws. The videos were given to several local TV news stations and featured actors playing reporters and using scripts prepared by the Department of Health and Human Services (HHS). <http://bcbshealthissues.com/proactive/newsroom/release.vtml?id=113622>

### **Business Execs Review Health Care Policy in Light of Presidential Politics**

In response to double-digit increases in health care costs for the past three years, interest in health policy has been rekindled among business executives. In this recent story in *Washington Post* (May 25), the health care policies of Bush and Kerry are summarized with reactions from business executives. Also included are some telling statistics regarding the auto industry costs for health insurance and labor union officials' comments on the increase in cost-shifting costs to employees. Ted Chien, global director of group and health care consulting at Ford comments "If costs don't abate, the likely possibility is that employers will just want to get out of the business." The full story: <http://www.washingtonpost.com/ac2/wp-dyn?pagename=article&contentId=A55729-2004May25%20&notFound=true>

### **Small Employers Pay More, Get Less for Insurance**

Small businesses that provide health insurance for their employees consistently experience faster premium increases and steeper jumps in deductibles over time than large firms, finds a new report from The Commonwealth Fund. Employees in small firms also pay more of their premium costs and have higher deductibles. [Risky Business: When Mom and Pop Buy Health Insurance for Their Employees](http://www.cmwf.org/programs/insurance/gabel_riskybusiness_ib_722.pdf) re-affirms the need for reform of the health insurance market for small business, and suggests new options for helping small firms gain access to the advantages large businesses have in buying health benefits. [http://www.cmwf.org/programs/insurance/gabel\\_riskybusiness\\_ib\\_722.pdf](http://www.cmwf.org/programs/insurance/gabel_riskybusiness_ib_722.pdf)

### **School vending machines dispensing "junk"**

A nationwide survey of vending machines in middle schools and high schools finds that 75 percent of the drinks and 85 percent of the snacks sold are of poor nutritional value. The study was organized by the Center for Science in the Public Interest (CSPI). CSPI contends that all foods sold out of vending machines, school stores, and other venues outside of the official school lunch program should make positive contributions to childrens diets and health. Also see School Vending Machine Food Pyramid: [http://cspinet.org/new/pdf/school\\_vending\\_mach](http://cspinet.org/new/pdf/school_vending_mach)

### **Surgeon General Releases Report on Smoking and Health**

Forty years after the first Surgeon General's Report, SG Caroma reports that cigarette smoking significantly harms almost every major organ of the body and has been directly linked to a new series of diseases including leukemia, cataracts, pneumonia and cancers of the kidney, cervix, pancreas and stomach.

The report, which cites 1,600 scientific studies into the effects of tobacco, described findings that associate cigarette smoking with colorectal, liver and prostate cancer, as well as erectile dysfunction. But it said more study is needed to determine if there is the direct cause-and-effect relationship found with other cancers and leukemia. Carmona said that research has shown that low-tar and low-nicotine cigarettes do little or nothing to minimize the harm of tobacco. Despite the strong evidence on the relationship between smoking and disease the Surgeon General declined to endorse any known effective policy to curb smoking such as increasing the price of cigarettes, efforts at the state and local level to ban smoking indoors or stake a position on the current Congressional effort to give the Food and Drug Administration oversight of the tobacco industry. For the full report: [http://www.cdc.gov/tobacco/sgr/sgr\\_2004/index.htm](http://www.cdc.gov/tobacco/sgr/sgr_2004/index.htm)

#### **Study: Rx Co-Pays Cut Utilization - And Can Harm Health**

The Commonwealth Fund notes that proponents of insurance copayments for health care products and services say they curb unnecessary expenditures of health care dollars. A new multi-year study finds this to be true, but notes that copayments can take a toll on health too. In a study by researchers at Rand Corp., Merck, and the California Healthcare Foundation, doubling copayments in a typical two-tier drug benefit reduced the use of anti-inflammatory drugs by 45%, cholesterol-lowering medications and drugs to treat ulcers and asthma by 35%, and drugs to treat high blood pressure, depression, and diabetes by 25%. <http://www.cmf.org/programs/healthbeat22.asp#study>

#### **Study Documents Strategy To Reduce Use of Inappropriate Use of Emergency Care**

Medicaid could save billions of dollars annually if more low-income parents are trained to handle minor childhood illnesses at home rather than seeking treatment at an emergency department or physician clinic, according to a study by the University of California-Los Angeles/Johnson & Johnson Health Care Institute. In the study, researchers gave 1,600 parents at 14 Head Start agencies a medical reference guide designed for readers with limited health literacy and instructions on how to use it.

The program reports that it could reduce Medicaid expenditures by as much as \$2.38 billion if it were expanded. Program officials plan to expand the program to 12,000 families by the end of 2005.

[http://www.kaisernet.org/daily\\_reports/rep\\_index.cfm?DR\\_ID=23413](http://www.kaisernet.org/daily_reports/rep_index.cfm?DR_ID=23413)

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