WISCONSIN ASSOCIATION OF
HEALTH UNDERWRITERS

Wisconsin's Benefit Specialists

Assembly Committee on Insurance
February 27, 2008

Assembly Bill 807

The members of the Wisconsin Association of Health Underwriters (WAHU) and National Association of Health Underwriters (NAHU) are comprised of insurance professionals involved in the sale and service of health benefits, long-term care benefits, and other related products, serving the insurance needs of over 100 million Americans. We have almost 18,000 members around the country and nearly 600 members here in Wisconsin. Our membership is primarily made up of insurance agents that work directly for and with the consumers of health care. Since our number one concern is our customers, we consider ourselves to be consumer advocates and look at how any legislation or regulation will affect these customers.

Opening up Access to health care coverage is a key component in reducing the number of uninsured. Many small employers do not offer group insurance to their employees, as they simply cannot afford to contribute to the premium. In addition, most employers have seasonal or part time employees who are not eligible for the employer's group insurance plan.

Assembly Bill 807, otherwise known as "List Bill" would allow a small employer to use payroll deduction to pay for health insurance premiums for an employee who has purchased an individual health insurance policy. The small employer may not pay for or contribute to any part of the premium because the employee is the owner of the policy. The employer merely facilitates the payment. Currently, **about 30 states** allow List Bill including Illinois, Iowa, Indiana, Michigan and Ohio.

■ **List Bill provides a convenient payment method for employees.** Instead of an employee writing and mailing a check each month for his or her health care premium it is automatically taken care of by the employer.

■ **List Bill can actually make insurance more affordable.** If an employer implements List Bill, along with a Section 125 plan, employees can have their premium payroll deducted from their paycheck before taxes, thereby reducing their taxes and making the premiums more affordable for their employees.

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■ **The employee owns their own plan so if they decide to change employers, they save themselves the hassle of changing coverage or worrying when COBRA will run out.** This is especially important if an employee is part time, temporary or seasonally employed.

■ **If an employer cannot pay for small group health coverage, they will likely never qualify for small employer group status.** The current policy of prohibiting list billing is hurting both small employers and their employees because employers who cannot afford to pay for small group coverage are prohibited from any participation in helping their employees acquire health insurance. The current policy requires that small employers must either provide group coverage or nothing.

LIST BILL *WILL NOT* UNDERMINE THE SMALL GROUP MARKET

While there are very few opponents of List Bill, the only argument they raise is that it will destroy or erode the small group market. Logic and experience contradict that argument, as there has been no erosion of the market in the 30 States that currently allow List Bill.

Written Comments on Assembly Bill 807

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The Wisconsin PPO Association (WPPO) is an association whose members represent nearly **1.5 million Wisconsin health care consumers**. In 2006, our members contracted for over **$4.5 billion dollars in health care expenditures.** Our members are made up of entities that produce Preferred Provider Organization (PPO) type products, including provider networks and insurance carriers.

WPPO supports AB807, otherwise known as List Bill, as additional opportunities to open up access to the uninsured. The number of small employers that do not offer group insurance continues to grow. For employers that have never offered group coverage, as well as those firms that can no longer afford group coverage, List Bill provides an opportunity to make purchasing individual health insurance easier for consumers. It is a mechanism that allows an employer to payroll deduct individual health insurance premiums on behalf of their employees, so long as the employer does not contribute to the premium. List Bill won't solve the health care cost crisis, but it will provide an opportunity to reduce the uninsured population by helping the uninsured gain access to individual coverage more conveniently.

List Bill is not a new concept. It has been utilized by employers in roughly 30 other states across the country, including the surrounding states of Illinois, Iowa, Michigan, Indiana and Ohio. Opponents of List Bill will argue that it will cause an erosion of the small group market. We believe this theory to be incorrect. A small employer will not drop coverage because of List Bill – they will drop coverage because they can longer afford to pay for any portion of the premium. Opponents will also argue that List Bill removes consumer protections because small group market laws are better for consumers than the individual market. The reality is, however, that the only component of an insurance plan (group or individual) that is important is whether it is affordable. For individuals who have no access to group coverage, how can being insured by an individual plan be worse than having no coverage at all?

We urge you to support AB807 as a continued effort to reduce the uninsured rate in Wisconsin and provide easier access to insurance coverage for consumers. Please see the attached List Bill Fact Sheet for your review.

Thank you for the opportunity to provide our comments.

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