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OFFICE OF FREE MARKET HEALTH CARE RELEASES REPORT ON IMPACTS OF PATIENT PROTECTION AND AFFORDABLE CARE ACT (PPACA)

MADISON—The Office of Free Market Health Care (OFMHC) today published a report on the impact of federal health care reform on Wisconsin residents, employers and private insurance markets.

Last year, the Department of Health Services (DHS) commissioned Gorman Actuarial, LLC and Dr. Jonathan Gruber, MIT economist, to analyze the actuarial and economic impacts of the Patient Protection and Affordable Care Act (PPACA) on the Wisconsin health insurance markets.

“Health care reform was supposed to provide affordable health care for Americans—but major concerns have been demonstrated by the results of this study,” said Health Services Secretary Dennis G. Smith. “We have one of the lowest uninsured rates and one of the most robust insurance marketplaces in the nation, all achieved without federal mandates. We need to protect the gains we have achieved.”

Key findings of the analysis include:

- Approximately 40% of consumers in the non-group market will be forced to purchase richer health insurance benefit packages than they need due to new requirements placed on health plans including rating and product limitations.
- **The PPACA calls for a “hidden tax” on Wisconsin families.** Beginning in 2014, working class families will subsidize the purchase of health insurance for families making as much as 400% of the federal poverty level or \$89,400 per year for a family of four.
- Wisconsin’s traditional non-group health insurance market outside of the exchange is expected to shrink from 180,000 individuals to 30,000 individuals because federal and state dollars will be used to cover individuals who are already covered by private health insurance today.
- **Individuals will be dropped from their employer’s health plans.** It is estimated that 100,000 individuals will be involuntarily dropped from employer sponsored health insurance.

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- The majority of individuals in the non-group (individual) and small group (employers up to 50 employees) markets will pay more in premiums for health insurance by 2016 than they pay today.
 - Prior to the application of tax credits, 87% of individuals in the non-group market will receive an average premium increase of 41%. After the application of tax credits, 59% of the non-group market will receive an average premium increase of 31%.
 - The analysis shows that 53% of small employer groups will experience premium increases averaging 15%.

“In working to mitigate the negative impacts of PPACA, the Office is developing state specific health care reform initiatives, including the development of a health insurance exchange that works for Wisconsin. The federal government attempts to create a one-size-fits-all approach that ignores Wisconsin’s current competitive health insurance market,” said Insurance Commissioner Ted Nickel.

Wisconsin currently has 33 health insurers actively participating in the individual market and 25 insurers in the small group market.

“The competitive nature of the WI health insurance market is a critical component for keeping health insurance costs manageable and ensuring sufficient choice for consumers. Our exchange model will protect competition, ensure a role for agents and provide consumers and small business with the tools they need to compare and choose health care coverage that best suits their needs,” said Commissioner Nickel.

For more information about the Office of Free Market Health Care or get a copy of these reports, please visit www.freemarkethealthcare.wi.gov.

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