



**Office of the Common Council
Ald. Sara Eskrich, District 13**

City-County Building, Room 417
210 Martin Luther King, Jr. Boulevard
Madison, Wisconsin 53703-3345
Phone (608) 266-4071
Fax (608) 267-8669
district13@cityofmadison.com
www.cityofmadison.com/council/district13

To: Members of the Common Council and Mayor Soglin
From: Sara Eskrich, District 13 Alder
RE: Conducting a review of the equity of health care costs charged to local government and public employees, [Resolution File #43374](#)
Date: July 4, 2016

This memo explains my vote against Resolution #43374 at the Board of Estimates (BOE) and again on July 5th. I urge you to join me in supporting an alternative resolution.

Health insurance costs are incredibly complex and dynamically changing due to a variety of national, state, and local factors. My two concerns regarding the resolution before us on July 5th are as follows:

Problem the Resolution Attempts to Address / Inappropriate Allocation of City Staff Resources

Despite a lengthy conversation at BOE on Monday evening, I am still not clear what the Mayor attempts to achieve with this resolution. If the goal is to better understand and control health insurance costs for the City of Madison, I am interested. However, the goal appears to be to solve national health care challenges regarding cost-shifting from federal payers and the fundamental health economics of our health care and insurance systems.

The resolution and discussion at BOE referenced, "equity in health care cost allocation methodologies," referring to the differential pricing paid by Medicare vs. private payers. This is a problem best solved at the state and national levels, and while the City of Madison may support reforms in this area to benefit local municipalities, our resources are more appropriately directed to local issues and purchasing options we can control. Experts have and continue to work on issues of health care cost shifting and ensuring value for premium dollars. This is not an area where our city staff can provide additional value, and providing city taxpayer funding to further study these issues is unnecessary, as other appropriate funders are financing this work.

If the Council requests a study and discussion process, we should be explicit about the goals, objectives, and resources to be devoted to this work. And it should be specific to our local context and decisions we can control and effectively influence.

Context of the Resolution

The background information in the resolution is not relevant to our local health insurance context and may unintentionally guide city staff down the wrong path. The resolution notes a recent Yale University study that was [featured in the New York Times](#). This [study](#) relied primarily on insurance claims data from 2007 to 2011 from three of the five largest US insurers: Aetna, Humana, and UnitedHealthcare. In contrast, the Dane County health insurance market is dominated by local, integrated, HMOs. Data from these providers, who currently provide coverage to city employees through the State of Wisconsin

Employee Trust Funds Local Deductible Plan, was not included in the Yale study. In fact, a recent analysis done by local health policy and economic experts ([summarized on the HealthAffairs blog](#)) notes that Dane County has one of the most competitive health insurance markets. This analysis uses local health insurance data to show how the Wisconsin State Employee Health Plan has achieved lower health insurance premiums in Dane County than the rest of the state. It is believed that Dane County achieves these lower premiums due to the high share of the private health insurance market; the relatively higher median income of the Dane County population; and the large number of high quality, integrated delivery systems.

Next Steps

The Council and the Mayor should learn more about our complex and changing *local* health insurance environment. I propose an alternative resolution that directs the appropriate city staff to work with local experts to conduct a briefing on the Dane County Health Insurance Market and potential policy options for the City of Madison to control employee health insurance costs while maintaining a strong benefit package with access to high-quality care. The University of Wisconsin School of Medicine and Public Health and Population Health Institute, among others, do this research and I have reached out to them. They could provide a briefing that would give Alders and the Mayor and staff an informed basis to start a conversation. Then we could determine together what next steps may be needed.