



## BOB ZIEGELBAUER

STATE REPRESENTATIVE • TWENTY FIFTH ASSEMBLY DISTRICT  
2005-06 Issue Summary #8

October 4, 2006

### **“Employer Mandated Health Insurance”**

#### **Background Information:**

State programs and budgets are being increasingly strained as the number of uninsured citizens increases. The uninsured are seeking public health insurance (in the form of Medicaid and other state-sponsored programs) or costly treatment in emergency rooms for ailments that preventative care might have cured. Recently, policymakers have been debating ways to require more participation by employers in the health insurance market. "Pay-or-play" refers to states using their tax authority to assess employers (pay) while giving them the option to avoid the fee by providing health care or coverage to their workers (play).

In the early weeks of 2006, Maryland overrode the governor's veto of legislation passed in 2005 and established the Fair Share Health Care Fund. This new law requires that employers with 10,000 or more employees spend at least 8 percent of their total payroll on health care for employees, or pay the difference into a state controlled fund. Fair Share Health Care Fund Acts--often dubbed "Wal-Mart legislation"--like Maryland's were under consideration in several states during the 2006 session. A major question about the validity of the law was resolved on July 19, 2006, when a U.S. District judge struck down the Maryland law, stating that it was preempted by the Employee Retirement Income Security Act (ERISA). Source: <http://www.ncsl.org/programs/health/payorplay2006.htm>

#### **Proposals introduced in Wisconsin:**

2005 AB 4 – Allows a state tax deduction to Health Savings Account, as is allowed under federal law. Failed.

2005 AB 860 - Requires employers with 10,000 or more employees to offer family health insurance benefits under a group insurance plan in which the employer pays 80 percent of the cost (excluding co-payments and deductibles) for both full and part-time employees. If an employer fails to meet this standard, they must pay the Wisconsin Department of Health and Family Services an amount equal to the cost incurred by society for their failure to insure workers (Identical Bill: SB 440). Failed.

2005 SB 698 - Creates the Wisconsin Health Care Plan, establishing mandatory coverage of all private and publicly employed individuals and their dependents, exempts those eligible for Medicare. Self-employed individuals may buy into the system. Cost sharing plans include contributions from employers (flat rate per employee) and employees; a state-run board will negotiate plans and prescription drug discounts. Failed.

#### **Rep. Ziegelbauer's View:**

The state should not require employers to provide health insurance for its employees; it would be a horrible mistake. It would act as a heavy tax, a deterrent to the new investment we

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need to generate high paying jobs. Government would do better to work to empower consumers, individual decision makers, who can bring much to make for more efficient health care.

Funding increasingly complex health care is a difficult problem, perhaps the most difficult we face. However, if we are going to have a system that works, we need to embrace market-based solutions instead of centralized governmental approaches. That's why I'm extremely concerned about the referendum on Health Care in Manitowoc this fall. It promotes the simplistic view that mere passage of a bill by the Legislature solves all the problems. This couldn't be more wrong. If we allow ourselves to be steamrolled down the path of a government run health care system we can be sure of continuing severe problems with affordability and accessibility.

Market-based options are available. Initiatives like Health Savings Accounts, which I have consistently supported despite the shortsighted objections of my party, promote efficiency by making decisions of individual consumers important. In addition, increased transparency, better information about quality and cost made widely available to individuals, can equip us all to make better decisions. Tax deductibility of all health insurance premiums would also help increase the total amount of coverage purchased, as would the creation of small employee cooperative buying groups.

Financing health care is an important problem with no easy answers, one that we need to keep working on. However, if we take the easy way out looking to the government for a universal solution, we will be doomed to caste system where quality of care will depend more on connections, and expensive reliance on government, and less upon individual liberty.

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