

Why Do Minnesotans Pay Less for Health Care than Wisconsinites

Posted on Nov 11, Posted by [Kathleen Vinehout, State Senator 31st District](#) Category [Wisconsin](#)



Reports show that Minnesota residents will pay less for health care coverage than Wisconsinites. The path each state chose to follow related to the Affordable Care Act contributes to those differences.

MADISON - “Why is Minnesota paying less for health insurance than Wisconsin?” the doctor asked me.

He was one of many to say lawmakers better get to work to lower insurance costs. Many people who buy insurance on their own have complained to me about high insurance costs.

Folks near Minnesota told stories about how much easier it was for those in the Gopher State to get low cost insurance. A study released by *Citizen Action of Wisconsin* corroborates these stories.

The report analyzed data from the Department of Health and Human Services (DHHS) showing Minnesota residents consistently pay less than Wisconsin residents. I read the DHHS report and found the average lowest monthly premiums in the 36 states reporting numbers was \$249 for a Bronze Plan. The average cost for this plan in Wisconsin was \$38 more than the national average. The study used a weighted average to adjust for population differences within the states.

In Minnesota, a similar plan was \$144 a month, half the cost of Wisconsin's plan!

The gap grew for older people and, especially, for people in western Wisconsin. Particularly striking is the difference in two western Wisconsin cities. On average, premiums in Eau Claire were 116% higher than Minnesota and premiums in La Crosse were 136% higher than the weighted average in Minnesota.

Citizen Action estimated premiums in Wisconsin will be \$1,824 more a year for the lower cost Silver (middle) Plan than in Minnesota.

Many people asked how this could happen. What does Minnesota know that Wisconsin does not? What decisions could Wisconsin lawmakers make to turn these differences around?

First, it is important to note that Wisconsin does not significantly differ from Minnesota in per person health costs. Wisconsin is slightly more expensive but per person costs in both states are a little under \$6,000 a year.

Second, Minnesota made very different decisions than Wisconsin last year. Minnesota chose a state-based Marketplace, chose to keep parents up to 200% of the federal poverty level (FPL) on Medicaid, and chose to expand coverage of Medicaid for all people up to 133% of FPL. This means a single person who makes up to about \$15,000 a year can get on the Gopher State's version of BadgerCare. The state also chose to vigorously use rate review authorities.

Wisconsin, on the other hand, decided to let folks buy insurance through the federal Marketplace. The Governor and lawmakers who voted for the state budget dropped BadgerCare coverage for any adult who made a little more than \$11,000 a year. The state decided to not use its rate review authorities.

All these choices made a difference in the Marketplace rates people will pay in the next year. For example, the choice to not expand Medicaid cost those buying insurance in the Marketplace an estimated 8 – 10% more according to a recent study by the Rand Corporation. This is because people who lose Medicaid are poorer and likely in poorer health. When added

to the state's Marketplace pool, costs increase.

Sicker people are likely to seek out the Marketplace. Those who are healthy may sit out this period of enrollment. This creates much higher premiums. It is also why Minnesota conducted extensive advertising to encourage sign-up; something Wisconsin chose not to do.

Years ago when I wrote the legislation to create a state-based Marketplace, I learned from the experience of other states that marketing, especially to young people, was the single most important factor in getting a well-balanced pool of enrollees and keeping costs down.

It is no accident that those who oppose the Marketplace are running ads to discourage young people from signing up.

All the premium numbers I've mentioned are before federal credits. These subsidies go to lower income folks which will offset premiums. So those hit the hardest by higher Wisconsin costs will be middle income insurance buyers.

It's time to put politics aside and create a Badger state-based exchange. The work is done in Senate Bill 12. I call on my colleagues to hold a public hearing on the bill. If we can't outshine the Gophers, let's at least keep up with them.

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