



PRIVATE SECTOR HEALTH SOLUTIONS FOR SMALL BUSINESS

# THE RAUSER REVIEW

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## A VIEW FROM THE CROW'S NEST

*Efforts to Curb Health Care Inflation in Wisconsin*



Jon C. Rauser

*A great deal of lip service is being given to*

*the health care "crisis," however, the one real solution seems elusive.*

*Paraphrasing Regina Herzlinger (Harvard professor and author of "Market Driven Health Care"), the fundamental problem is the disconnect between the consumer and the cost of care. We think, for example, most services cost our co-pay -- generally about \$20. Well intentioned initiatives do not seem to address that issue. A case in point is the*

*"Concept Paper on the Development of the Wisconsin Health Plan," introduced just days ago by State Representatives Gielow and Richards. This*



## HSA BANK SURVEY YIELDS SOME SURPRISES

After exhaustive (!) research of all (?) the Health Savings Account (HSA) options available to owners of a "Qualified" High Deductible Health Plan, The Rauser Agency, Inc. debuts the first of its kind Milwaukee area HSA Banking Survey (enclosed).

A better name for this exercise might be 'A Sampling' as we readily acknowledge that practically, just a fraction of banks, savings banks and credit unions could be polled. Still, we think this gives our clients and friends a feel for what fees to expect, what interest rates are being paid, and other features of the many offerings surveyed. One surprise is many banks are willing to waive certain fees for employees of a company where there already exists a commercial banking relation-

ship. Another surprise is the number of larger institutions who have chosen not to be active in this market. This is reminiscent of the early years of Individual Retirement Accounts which also experienced similar tepid interest from the bank marketing folks.

Beyond competitive interest rates and fee schedules, consumers should also expect to acquire a basic level of knowledge in HSA regulations from bank personnel. We can offer our opinion if asked, but ultimately, this is a tax advantaged savings vehicle that requires professional guidance from those appropriately licensed. As we gather more information, we'll update this Survey.

For more information, contact Mara Demien at 414-276-2700, ext 101.

## Health Insurance Only or 'Full Service'?

The Rauser Agency's tag line - "Private Sector Health Solutions for Business" - has helped us become identified as the leading brokers of *health* insurance. To be sure that is our primary focus. We'd just like to take a moment to remind our clients and friends that we also have the experience, knowledge and talent to solve multiple related insurance needs.

Cathy Antonie (Planned Futures) is our expert in Long Term Care and Disability Income insurances.

Chris McArdle has extensive experience in Short Term Disability and Group Life Plans.

Mara Demien is Certified in Flexible Compensation (CFC), a designation that says

she knows Section 125 and 105 Plans backwards and forwards.

And in the short time since leaving United Healthcare to join us, Andrew Wadsworth has discovered the value of representing multiple companies and multiple lines of coverage (e.g. dental, vision, etc.).

One other note. We are licensed in many states. So if you buy a business in Illinois or Ohio, you can still work with us. Or, if you retire to the warmer (and more tax friendly) Arizona climate, we can provide your Medicare Supplement Plan.

Thank you for thinking of us for your health insurance needs, but please ask us for help in these other areas as well.

### STATS

- 45 million: # of uninsured Americans\*
- 7 million: # of uninsured Americans with incomes greater than \$75,000\*

- 71: % of Americans without coverage who obtain health insurance within 12 months of being uninsured. (Source: CBO)

\*U.S. Census Bureau Statistics

*Crow's Nest Continued*

"Plan" has three components, including plan coverage *Choice*; HSA-like "Health Insurance Purchasing Accounts," and lastly, funding through a payroll "Assessment" (said to start at 8%-12%).

Choosing from multiple plan design options or offering HSAs are not new ideas. The **BIG** news is the payroll assessment.

Under our current system, many employers do not offer insurance. For those who do, most pay far less in premium than the proposed assessment. (That, of course, will be debated until employers do the math and *speak up*; but in the interim we will only hear from the vocal minority who have grossly rich benefit packages that make their cost greater than the average.)

For a system struggling to cope with the cost of care, the assessment only brings more money to a provider community advertising innovative ways to increase consumption. This is like increasing your teenage son's allowance as a way to control his spending...while walking him through the Mall!

Finally, this proposal takes us on a path of bureaucratic expansion where government is in charge of the citizens it was created to serve. It has been said that ultimately, the only way to control health care spending is to withhold care. When it comes to care for me and my loved ones, the notion that government can make a more intelligent decision is anathema to my/our core beliefs.

The "solution" to the health care cost conundrum is to make pricing transparent. Some will argue that this is an exercise in futility. (Witness a just signed 15 year contract between two health care giants which preserves their current "gag clauses.")

Such health care professionals eschew

transparent pricing because they say when a procedure is scheduled, they never quite know the full extent of the services that will be needed until they are actually doing it! For example, will that routine newborn delivery turn into a caesarian? With or without a surgeon? Lab charges? X-rays? Scans? And on and on.

I believe that position is a cop out. And I look again to Regina Herzlinger for an analogous explanation.

Consider this: Why do the prices of computers continue to decrease even as the quality of their computing power and other features exponentially increase?

Does the average consumer know a thing about microchips and circuitry? I sure don't, but a bunch of MIT grads do and they drive the market in computers. It is so in every market. Computers. Cars. A fractional informed segment of consumers drive down price to the benefit of everyone else. And it will

happen in health care as soon as the protectors of the status quo are dragged into a competitive world. If market forces don't do it soon, I would encourage Representatives Gielow and Richards to propose a different Bill; one that forces the transparency matter.

And then they could author one more Bill. Every individual should be required to purchase health insurance like they do in Switzerland. If they have limited income, government can provide tax incentives or outright grants. This will more fairly spread the risk and thus bring the same amount of new money into the system as envisioned under the Wisconsin Health Plan *without* expanding the role of government. *But* this additional money should only be made available *after* we acquire - through transparency of pricing - the good sense not to spend it all.

***The solution to the health care cost conundrum is to make pricing transparent.***



Private Sector Health Solutions  
For Small Business

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*Since 1981*

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Using top rated insurers, we facilitate the design and implementation of employee benefits. We have the influence and experience to help clients navigate the complexities of HR administration. Through wellness initiatives and focused communication, we strive to enable consumers to be savvy health care purchasers.

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