

Comparing the Health Care Systems in Wisconsin and Colorado

Executive Summary

The Wisconsin Legislature may soon consider dramatic changes in the State Constitution to restrict the ability of state and local elected officials to raise spending or taxes. Adopting such constraints – modeled at least loosely on the rewrite of the Colorado Constitution 12 years ago – can be expected to decrease the tax burden in Wisconsin, but would also decrease the availability and quality of many state and local services.

To examine the potential implications of following in Colorado's fiscal path, we examined differences between the health care systems in Wisconsin and Colorado. Health care services are particularly vulnerable to inflexible spending caps because health care costs in both the public and private sectors are rising faster than the general economy. Those costs will continue to grow rapidly because of the aging of the baby-boomers.

Because Colorado is a wealthier state than Wisconsin, one might expect it to have a stronger health care system; however, that is not the case. Wisconsin's health care coverage and outcomes exceed those in Colorado in most respects. The following are some of the highlights of the differences (using the most recent comparative data from 2001 and 2002):

- Only 5 percent of Wisconsin children were uninsured (which is tied for the lowest rate nationally), compared to 14 percent of children in Colorado, and 12 percent nationally.
- Colorado had the third highest rate of low-income, non-elderly residents who

were uninsured, at 38 percent, whereas Wisconsin was third lowest (third best) at 21 percent.

- A key reason for the high rate of uninsured residents is that Colorado ranked second lowest in the percentage of low-income, non-elderly residents covered by Medicaid (while Wisconsin was slightly above average).
- Wisconsin was tied for 12th lowest (12th best) in low birth weight babies, while Colorado was tied for 40th.
- Wisconsin ranked 12th in the teen birth rate, compared to 36th for Colorado.
- Colorado ranked 44th in the percent of pregnant women receiving prenatal care in the first trimester, while Wisconsin was slightly above average in that category.
- Wisconsin was above average in all 12 categories of vaccinations for children, whereas Colorado was below average in all but one of those categories, and ranks near the bottom in many of them.
- One notable exception to the pattern above is the infant death rate – where Colorado ranked 12 best nationally, and Wisconsin ranked 26th.

One cannot say with certainty what would happen to health care services and outcomes in Wisconsin if the state were to implement constitutional spending constraints similar to those in Colorado. However, we have every reason to suspect that the state's health care system would steadily decline and would assume many of the weaknesses of the Colorado system.

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Legislative leaders may soon call an “extraordinary” session to take up a constitutional amendment that could dramatically change how tax and budget decisions are made in Wisconsin. Although we are awaiting the details of the proposal, it would be based at least loosely on the so-called Taxpayer Bill of Rights, or TABOR, that was added to the Colorado Constitution 12 years ago.

Before Wisconsin decides to make inflexible constitutional changes that are similar to Colorado’s, we need to look carefully at what those choices have meant for that state’s services, such as education and health care. This paper examines the potential implications of adopting such an amendment for Wisconsin’s health care system, and it compares key health care indicators in the two states.

Health Care in Colorado after TABOR

A new report about the effects of TABOR in Colorado was issued in March 2004 by the Center on Budget and Policy Priorities (CBPP), in conjunction with Jim Zelenski of the Colorado Fiscal Policy Institute and Carol Hedges of the Bell Policy Center. Quoting from that paper:

“Colorado does a worse job of providing health insurance for needy families than most other states. Among Colorado’s low-income children, some 29 percent lack health insurance, half again as high as the national rate of 19.7 percent. This is largely because Colorado does a much weaker job of providing Medicaid to poor families than other states. Colorado’s share of low-income individuals that are enrolled in Medicaid is lower than in all but five other states. Most recently, Colorado eliminated health-care coverage for 15,600 children in low-income families by freezing enrollment.”

The paper goes on to explain why Colorado’s problems are likely to grow much worse:

“As bad as the past three years have been, Colorado’s budget crisis is only beginning. ...Even if Colorado’s economy improves substantially in 2004, 2005, and 2006, TABOR revenue limits will mean that only a very small portion of the new revenues generated from economic growth can be spent on public services.”

The proposed 2004-05 budget contains more health care cuts including: reductions in physician and hospital rates, cuts in payments to safety net providers at private hospitals, reducing the private duty nurse program, and eliminating the primary care physician incentive program.

Examining Wisconsin and Colorado

To compare the health care systems in Wisconsin and Colorado, we pulled together statistics from national databases (see Table 1). We focused on health care indicators that are most directly related to the strength of a state’s health care system and a state’s public policy choices. We did not include measures that are primarily a function of physical fitness and lifestyle choices. However, it should be noted that Colorado compares favorably to Wisconsin on some of those measures – particularly obesity and overall smoking rates.

In looking at the health care indicators, keep in mind that Colorado is a wealthier state than Wisconsin and has a higher per capita income (11% higher in 2002). Thus, one might expect our state to fare worse than Colorado, but that is not the case. For all of the indicators below, with the exception of the infant death rate, Wisconsin’s health care system is performing far better than Colorado’s.

Table 1: Health Care Indicators

	US average	Wisconsin	Colorado
Percent of all non-elderly residents uninsured (2001-02)	15	9	16
Percent of children uninsured (2001-02)	12	5	14
Percent of low-income non-elderly residents uninsured (2001-02)	32	21	38
Percent of low-income non-elderly residents covered by Medicaid (2001-02)	29	30	15
Percent of total population covered by Medicaid (2001-02)	12	9	6
Teen birth rate (2002)	43	32	47
Percent of pregnant women getting prenatal care in first trimester (2002)	83.7	84.3	79.1
Percent of pregnant women getting no or late prenatal care (2001)	3.7	3.4	4.7
Percent of births that are pre-term (2001)	11.9	11.0	11.6
Infant death rate (2001)	6.8	7.1	5.8
Low birth weight rate (2002)	7.8	6.6	8.9

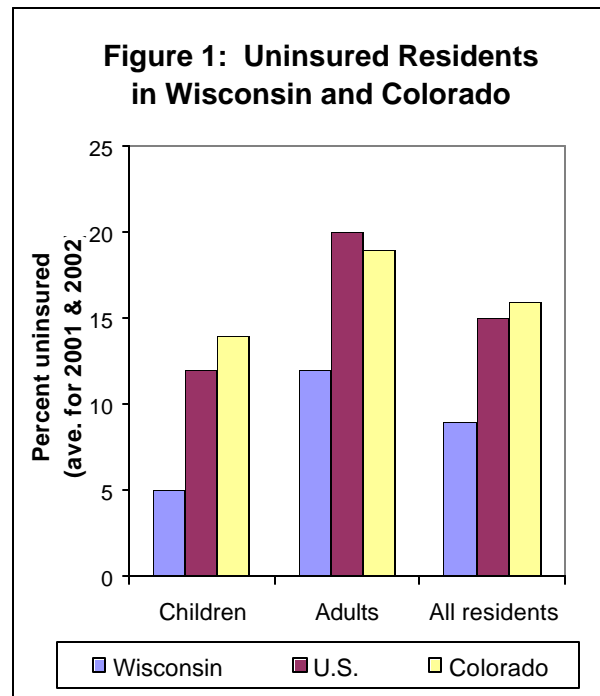
(The data on insurance coverage is from the U.S. Census Bureau, and the maternal and child health data is from the Center for Disease Control.)

Insurance Coverage

One of the most critical indicators of the fitness of a state’s health insurance system is the percentage of people who have health insurance. Wisconsin has long taken pride in having a high level of insurance coverage. As Figure 1 illustrates, Wisconsin had a far lower portion of its population who were uninsured. According to U.S. Census Bureau statistics, only 5 percent of Wisconsin children were uninsured in 2001 and 2002, compared to 14 percent in Colorado. Wisconsin was tied with 4 other states for the lowest rate of uninsured children, whereas Colorado was tied with 3 other states for the seventh highest rate.

Among all non-elderly residents (age 64 or younger), 9 percent in Wisconsin were uninsured in 2001-02, versus 15 percent nationally, and 16 percent in Colorado. Wisconsin is tied with four other states for the second lowest rate of uninsured non-

elderly residents, whereas Colorado is tied with four other states for 35th.



Insurance coverage is higher in Wisconsin at all income levels, thanks in part to a higher level of employer coverage than in most other states. Among the Badger state's non-elderly adults (ages 19 to 64), 73 percent had employer coverage in 2001-02, compared to 69 percent in Colorado and 64 percent nationally. Nevertheless, a key reason for Wisconsin's lower rate of uninsured residents is a stronger health care safety net than in Colorado.

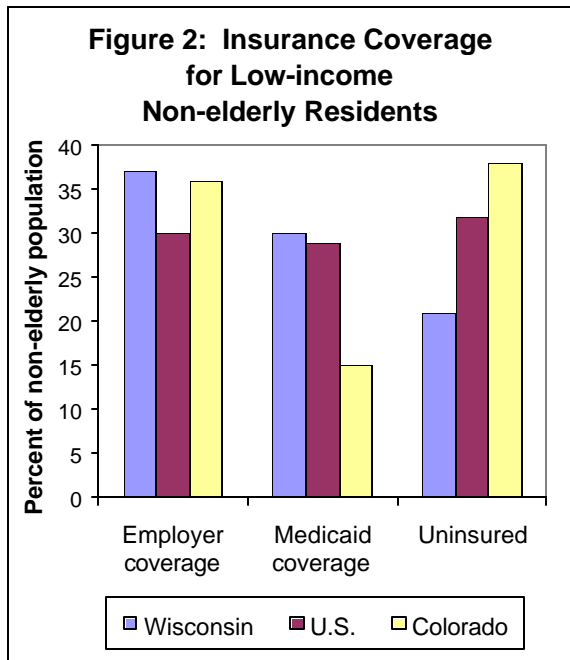


Figure 2 shows the insurance status of non-elderly residents with incomes below 200 percent of the federal poverty level. There was almost no difference between Wisconsin and Colorado in the percentage of low-income residents with employer coverage. However, in Colorado 38 percent of low-income, non-elderly residents were uninsured – which is the third highest rate nationally – compared to 21 percent in Wisconsin. The reason for that difference is that Medicaid covered only 15 percent of low-income, non-elderly residents in Colorado, which was the second lowest rate among all the states. That compares with a national average of 29 percent and with 30 percent in Wisconsin.

The disparities in insurance coverage between the two states may have widened since 2002 because Colorado eliminated health-care coverage for 15,600 children in low-income families by freezing enrollment. In Wisconsin, on the other hand, Medicaid and BadgerCare enrollment have grown significantly during the economic downturn and with the loss of manufacturing jobs.

Health Outcomes, and Services for Pregnant Women and Children

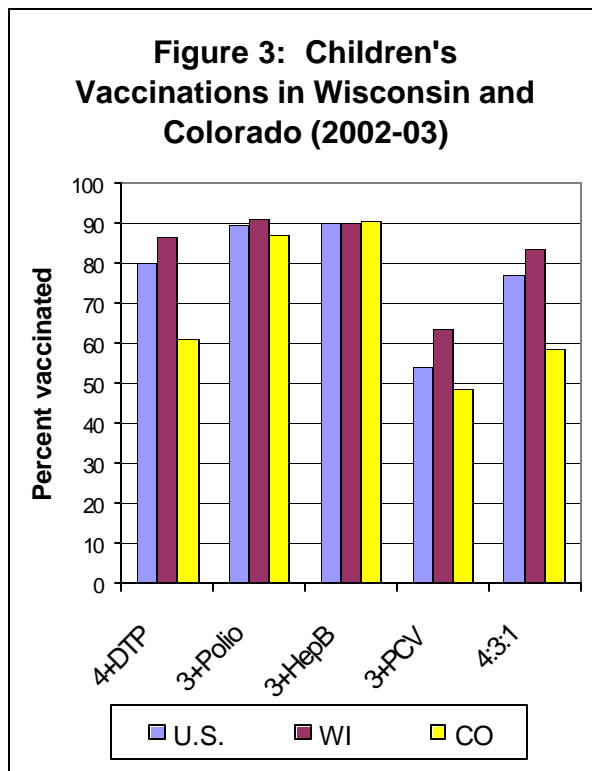
The differences between the health care systems in the two states also show up in health care outcomes. Table 1 illustrates that Wisconsin's system performs better in most categories. Although Colorado has a substantially lower infant death rate, Wisconsin is significantly better with respect to teen birth rate, rate of low birth weight babies, and pre-term births:

- Wisconsin was tied for 12th lowest (12th best) in low birth weight babies, while Colorado was tied for 40th.
- Wisconsin ranked 12th in teen birth rate, compared to 36th for Colorado.

Another significant difference between health care in Wisconsin and Colorado is in prenatal care. Wisconsin was slightly above average in that category, with 84.3 percent of pregnant women receiving prenatal care in the first trimester. Colorado ranked 44th, with 79.1 percent of pregnant women getting first trimester prenatal care in 2002.

Figure 3 compares children's vaccination rates between the two states, and relative to the national average. The data are 2002-03 statistics from the Center for Disease Control. Wisconsin was above average in all of the 12 categories of vaccinations for children, whereas Colorado was below average in all but one category, and it ranks near the bottom in many of them. The chart focuses on 5 of the major categories:

- 4+DTP -- Four or more doses of any diphtheria and tetanus toxoids and pertussis vaccines including diphtheria and tetanus toxoids, and any acellular pertussis vaccine (DTP/DTaP/DT)
- 3+Polio -- Three or more doses of any poliovirus vaccine
- 3+HepB -- Three or more doses of hepatitis B vaccine
- 3+PCV -- Three or more doses of pneumococcal conjugate vaccine
- 4:3:1 -- Four or more doses of DTP, three or more doses of poliovirus vaccine, and one or more of any MCV.



Conclusion

Adopting constitutional constraints on spending and taxes can be expected to decrease the tax burden in Wisconsin, but it would also decrease the availability and quality of many state and local services. To examine the potential implications of following in Colorado's fiscal path, we examined differences between the health care systems in Wisconsin and Colorado.

Health care services are particularly vulnerable to inflexible spending caps because forces beyond the control of policymakers are pushing up health care spending. For example, drug costs are rising much faster than the general inflation rate, and demographic trends are also driving health care costs higher.

Because Colorado is a wealthier state than Wisconsin, one might expect it to have a stronger health care system. However, that is not the case; Wisconsin significantly outperforms Colorado in most respects. Colorado has a much lower percentage of insured residents across all age and income groups, but especially among low-income families – thanks in large part to a much weaker Medicaid safety net. Colorado has the second-lowest percentage of low-income residents covered by Medicaid.

Wisconsin's system also looks considerably better in most performance categories and in health care outcomes. Although Colorado has a lower infant death rate, Wisconsin is significantly better with respect to teen birth rate, rate of low birth weight babies, and pre-term births. The Badger state also performs better in virtually all of the 12 categories of children's vaccinations.

One cannot say with certainty what would happen to Wisconsin's health care system if the state implements constitutional spending constraints similar to those in Colorado. However, we have every reason to suspect that the state's health care services and outcomes would steadily decline and would assume many of the weaknesses of the Colorado system.

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