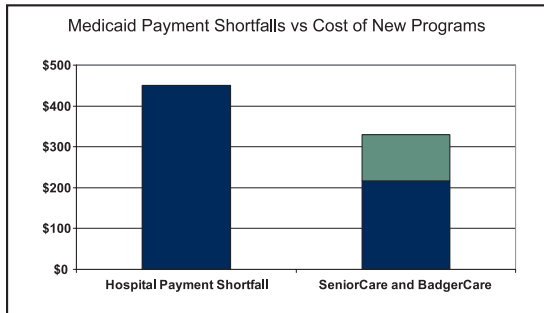


MYTH: Wisconsin foots the entire bill for the Medicaid program.

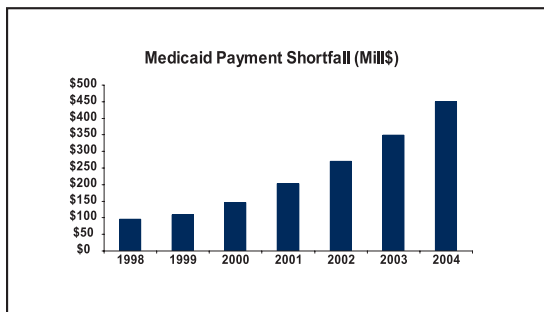
FACT: Medicaid is a state / federal partnership. For every dollar Wisconsin spends on Medicaid, it receives another \$1.50 in matching federal funds. The problem is that our state hasn't put sufficient dollars into the Medicaid program for provider payments. As a result, Wisconsin ranks near the bottom in provider payments.

And while hospital payments are being cut, new Medicaid programs are being created or expanded.



MYTH: Underpaying hospitals for Medicaid patients saves taxpayer dollars.

FACT: Wisconsin hospitals have no choice but to pass on these underpayments to commercial payers – **a hidden health care tax**. As a result, Wisconsin businesses and families end up with higher insurance premiums.



MYTH: Wisconsin should “blow up” the current Medicaid program and reform it.

FACT: While it is useful to take a fresh look at our Medicaid program, Wisconsin has been a leader in Medicaid reform, and has already done much of what other states are now just looking at – including managed care and community-based services. One thing is clear, any view of “reform” must include paying health care providers at least what it costs to deliver care.

MYTH: Wisconsin just can't find the money.

FACT: Wisconsin has the opportunity to join more than 40 other states that have recently raised tobacco taxes as a means of improving public health and supporting health care programs. According to the Legislative Fiscal Bureau, a \$1 per pack increase in Wisconsin's tobacco tax would generate \$640 million in 2005-2007. If put into Medicaid, that money would capture \$860 million federal dollars, for a total of \$1.5 Billion over the next biennium.

Raising the tax would also have a positive effect on the cost of Wisconsin's taxpayer-funded Medicaid program. According to the Campaign for Tobacco Free Kids:

- Medicaid spends \$375 million annually on smoking-caused illness – about 14% of all Medicaid spending
- 14.4% of all smoking-caused health care expenditures in Wisconsin are paid for by Medicaid

Wisconsin's Medicaid program provides health care services for our poorest citizens and is an important tool for economic development. Health care must be a priority for Wisconsin, and the state government needs to adequately fund its own health insurance program for the poor, and make budget priorities to sustain Medicaid. **Medicaid reform should start with adequately paying providers.**

Wisconsin Medicaid Myths

Facts you need to know about Wisconsin's Medicaid program



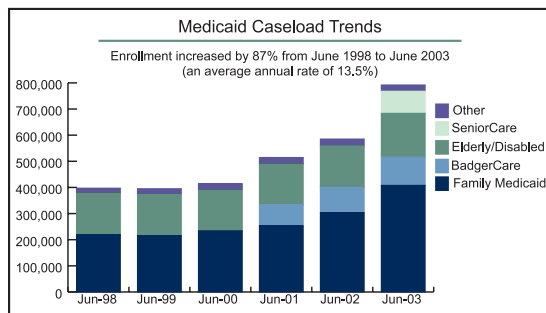
Wisconsin Medicaid Myths

Legislators and the public hear a lot about costs associated with Wisconsin's Medicaid program and health care spending in general. But the facts surrounding Medicaid – Wisconsin's program for providing health care services for our most vulnerable populations – are widely misunderstood.

This information is designed to help increase understanding of Wisconsin's Medicaid program and how Wisconsin has an obligation to protect access to health care services for all citizens.

MYTH: Medicaid program costs are exploding – mainly due to use of health care services and higher provider payments.

FACT: While Medicaid costs have increased in recent years, it has been a result of a greater number of people enrolled in the program. **In fact, enrollment has increased by 87% over the past five years! This is largely due to the Governor and Legislature creating new Medicaid programs like BadgerCare and SeniorCare.**



Source: Wisconsin Enrollment Reports

MYTH: Wisconsin has not been innovative in the design of its Medicaid program.

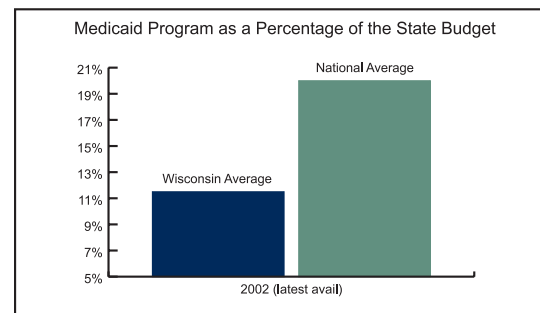
FACT: Wisconsin has been a national leader in reforming Medicaid, and has made extensive use of Federal waivers to increase eligibility, capture more federal dollars, and to identify more efficient ways to deliver services. For example:

- In 1984 – waiver for Medicaid managed care
- 1987– waiver for community-based alternatives to nursing home care
- Similar waivers in 1991 through 2001
- BadgerCare
- 2001 – FamilyCare
- 2002 – SeniorCare

In fact, a 2004 report on Medicaid reform from the well respected Kaiser Foundation found that of the 50 states studied, Wisconsin has already implemented 13 of 15 identified Medicaid reforms.

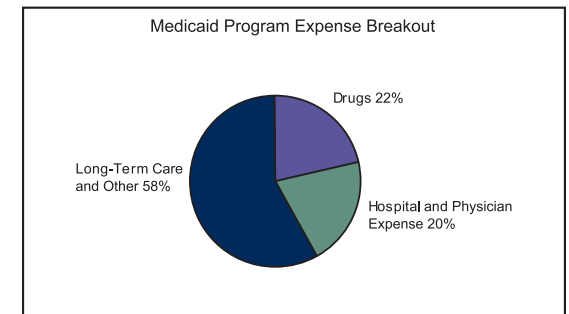
MYTH: Medicaid is taking over Wisconsin's state budget.

FACT: Wisconsin's Medicaid program comprises a relatively low percentage of the State budget. According to the National Association of State Budget Officers, Medicaid represents just over 11% of the Wisconsin state budget, a figure well below the national average and below surrounding states such as Illinois (23%), Minnesota (20%) and Iowa (14%).



MYTH: Spending on hospitals and physicians is the major cost driver.

FACT: Actually, hospital and physician expenses have been a shrinking component of the Medicaid budget: now accounting for less than **one-fifth** of overall Wisconsin Medicaid expenditures.



MYTH: Health care provider rates go up every year under Medicaid.

FACT: The Governor and Wisconsin legislature set Medicaid provider payments. Most of those rates have remained stagnant, or in the case of hospitals, actually cut. This in spite of increased costs incurred by hospitals to provide inpatient and outpatient services. Without even inflationary increases, the gap between payment and the cost of providing care has grown larger each year.

