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**Medicare Budget Puts Hospitals at Risk**

***Wisconsin hospitals would lose \$1.4 billion over five years***

Over the next five years, the President’s budget proposal will cut the nation’s hospitals by an astounding \$135 billion, of which Wisconsin hospitals will lose \$1.4 billion. The one year loss to Wisconsin hospitals alone is a staggering \$122 million.

The most troubling cuts come from the elimination of both inpatient and outpatient marketbasket updates for FFYs 2009-2011 and then a *reduction* of both marketbasket updates by 0.65% in FFYs 2012-2013. All total, these cuts to Wisconsin hospitals equal roughly \$868,000,000 over five years.

<b>Congressional District</b>	<b>2009 Loss</b>	<b>Five Year Loss</b>
Senators Kohl/Feingold	\$122 million statewide	\$1.4 billion statewide
Cong. Baldwin	\$23 million	\$274 million
Cong. Kagen	\$10 million	\$120 million
Cong. Kind	\$11 million	\$123 million
Cong. Moore	\$39 million	\$442 million
Cong. Obey	\$10 million	\$121 million
Cong. Petri	\$6.7 million	\$81 million
Cong. Ryan	\$9.5 million	\$111 million
Cong. Sensenbrenner	11.8 million	\$140 million

The budget reduces the Indirect Medical Education (IME) adjustment and eliminates hospital IME payments for Medicare Advantage beneficiaries—another \$243,000,000 cut over five years. Hospital Disproportionate Share payments are also reduced, translating into an \$118,000,000 loss for Wisconsin hospitals over five years.

The marketbasket for skilled nursing facility services and inpatient rehabilitation facility are also frozen for three years and then reduced by 0.65 percent annual thereafter. The home health payment update is frozen for five-years update and also cut 0.65 percent annually thereafter.

Finally, the proposed budget eliminates Medicare bad debt reimbursement (phased in over four years) and includes a 5 percent cut to reimbursement for capital payment beginning in FY 2009.

**WHA Position**

WHA opposes these deleterious cuts. When Medicare currently pays 75 cents on the dollar on average for the cost to provide care, these cuts do nothing but increase cost-shifting onto private payers. Hospitals cannot handle cuts of this magnitude nor should private payors be expected to do so.

WHA thanks Senators Kohl and Feingold and Representatives Baldwin, Kind and Moore for signing onto the dear colleague letters on this important issue.