

February 25, 2003

RE: *Support for Governor Doyle's Intergovernmental Transfer (IGT) Proposal*

Dear Member of the Legislature:

Governor Doyle's biennial budget relies on the state recovering approximately \$550 million from the federal government through the Intergovernmental Transfer ("IGT") program. We are asking you to indicate your support for this crucial proposal by signing a letter currently being circulated by Senator Bob Jauch. The deadline is Friday, February 28, so we urge you to act quickly. Demonstrating unified support of this proposal is vital.

In short, the IGT program enables Wisconsin to recover federal funds that are due the state. Wisconsin taxpayers have paid for health care and other Medicaid costs for certain disabled and indigent citizens. These costs legitimately should have been paid through the Medicaid program, for which the federal government pays approximately a 60 percent match. The IGT program permits the state to recover the federal match the state should have but did not receive. Wisconsin is only one of many states around the nation to seek payment through this program.

Needless to say, a \$550 million hole in the state budget creates a dire scenario. First, it will endanger the Medicaid program to such an extent that access to health care for many Wisconsin citizens would be jeopardized. Equal to nearly one-quarter of the biennial GPR budget for Medicaid, the hole cannot be filled with piecemeal cuts to the program. To put it in perspective, \$550 million could fund the state's GPR commitment to either BadgerCare or SeniorCare many times over. Even if the state cut \$550 million from Medicaid, its problems are not over. Each time one dollar is cut from the Medicaid budget, the state loses \$1.50 of current federal funding.

Second, all insured Wisconsin workers and businesses would face even higher health care premiums. Costs not reimbursed by Medicaid are currently shifted to the private sector. Some have rightly labeled this situation "Medicaid's hidden tax." Without new IGT funding, Wisconsinites could be facing a \$550 million "hidden tax" reflected in all of our health insurance premiums.

Like any business, health care providers who are unable to cover their costs will eventually be forced either to stop providing care to Medicaid patients or stop providing care completely. Similarly, businesses that cannot afford their health care premiums will stop providing health insurance for their employees and their families. The impact of the loss of this funding will reverberate throughout the state budget, well beyond its immediate impact on health care providers. Perhaps this scenario sounds overly dramatic, but unfortunately it is true.

To avoid the potentially devastating impact on not only the state's budget, but also its economy, Wisconsin must present a united front. Bipartisan support is crucial to federal approval of the IGT. Please demonstrate your support for claiming *Wisconsin's fair share of the federal Medicaid dollars* by signing the letter being circulated by Senator Jauch. The letter urges Tom Scully, U.S. Department of Health and Human Services, to approve Wisconsin's IGT proposal. We must ensure that Mr. Scully understands that these federal monies are crucial to ensuring the stability of our Medicaid program.

Thank you for your support.

Sincerely,

Wisconsin Hospital Association

Wisconsin Medical Society

Wisconsin Association of Health Plans

Wisconsin Nurses Association

Rural Wisconsin Health Cooperative

Wisconsin Health Care Association

Coalition of Wisconsin Aging Groups

Pharmacy Society of Wisconsin

Wisconsin Chiropractic Association

Aurora Health Care

Wisconsin Association of Homes & Services for the Aging

Froedtert & Community Health

UW Hospital and Clinics

Dean Health System

Affinity Health System

Wisconsin Manufacturers & Commerce

Wisconsin AFL-CIO

Metropolitan Milwaukee Association of Commerce

Wisconsin Counties Association

National Federation of Independent Business - Wisconsin

Wisconsin Alliance of Cities

AFSCME Council 440, AFL-CIO

Wisconsin Grocers Association

Wisconsin Association of Health Underwriters

Wisconsin Association of Life and Health Insurers

The Alliance Employer Health Care Cooperative

AFSCME District 48, AFL-CIO

Forward Janesville

**Mercy Health System
Marshfield Clinic**

Gunderson Lutheran Medical Center

Covenant Healthcare System

Wisconsin Association of Local Health Departments and Boards

Wisconsin Academy of Family Physicians

Wisconsin Society of Anesthesiologists

Wisconsin Association of Provider Networks

Wisconsin Association of Physician Assistants

Wisconsin Public Health Association

Medical College of Wisconsin

Wisconsin Chapter – American College of Emergency Physicians

Wisconsin Academy of Ophthalmology

Community Living Alliance

Wisconsin Personal Services Association

Wisconsin Council on Developmental Disabilities

Survival Coalition of Wisconsin

Meriter Health Services

Wisconsin Medical Group Managers Association

Wisconsin Assisted Living Association

Columbia St. Mary's

Residential Services Association of Wisconsin

Community Alliance of Providers of Wisconsin

Wisconsin Chapter of the American Academy of Pediatrics

Elder Care of Dane County

Community Care Organization