



DATE: May 31, 2005

TO: Senator Scott Fitzgerald, Co-Chair, Joint Committee on Finance
Representative Dean Kaufert, Co-Chair, Joint Committee on Finance

FROM: Senator Ron Brown

RE: The Wisconsin Hospital Association's Medicaid Down Payment Plan

As you know, hospitals across Wisconsin are struggling to fund services for patients receiving care through the Medical Assistance (MA) program because state reimbursement rates are significantly lower than the actual cost of services. This gap forces health care providers to shift the unreimbursed costs to other patients, which in turn contributes to the rising cost of private health insurance.

I write to urge you to consider dedicating state funding towards an initiative proposed by the Wisconsin Hospital Association known as the "Medicaid Downpayment Plan." This proposal would appropriate additional state funds targeted towards certain MA services. Implementing these modifications could in turn capture over \$30 million per year in additional federal funding to pay for certain MA programs in Wisconsin.

I understand that resources are scarce in this budget, and I know that addressing the state's budget deficit is our number one priority. If the Joint Committee on Finance is unable to dedicate sufficient resources to fulfill the full request, I hope you would prioritize the outpatient reimbursement portion of the proposal, which would benefit seventy-seven hospitals across the state including institutions such as Luther Hospital, Sacred Heart Hospital and Oak Leaf Surgical Hospital in Eau Claire, and St. Joseph's Hospital in Chippewa Falls.

Rising health insurance costs are burdening families across the state. Reducing the amount of cost shifting in the health care industry will help stabilize rising health insurance premiums, and ultimately build a better foundation for Wisconsin's economy.

Thank you for your consideration of this proposal, and please don't hesitate to contact me if you have any questions.