



**Wisconsin Hospital Association Statement on Budget Compromise –  
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The Wisconsin Hospital Association (WHA) is disappointed that the budget compromise announced Friday evening fails to include Medicaid payment improvements for hospitals. The compromise excludes the reworked hospital assessment and in doing so leaves \$400 million in new federal revenue unclaimed -- dollars that could have been used for much needed Medicaid payment improvements for Wisconsin's safety net hospitals.

Hospital Medicaid payments have not increased in over a decade. Hospitals are now paid 48 cents for every dollar they spend providing care to Medicaid patients. As a result, last year some \$550 million in unpaid hospital costs were shifted onto the health care bills of employers and employees across the state, resulting in higher health insurance premiums. Under the budget compromise, this "hidden health care tax" remains unaddressed, and will grow over the next two years.

While rejecting the hospital assessment, the compromise takes \$200 million from the Injured Patients and Families Compensation Fund (IPFCF). We are puzzled by this choice. The IPFCF is funded through premiums paid by hospitals and doctors to help individuals injured by medical errors. This transfer will not generate new federal dollars, will not improve Medicaid payments, will not reduce the "hidden health care tax," and is certain to be challenged in court.

The budget compromise does have laudable, WHA-backed items, including expansion of health insurance coverage for children through BadgerCare Plus and income tax deductibility for health insurance premiums. These are significant initiatives that advance Wisconsin's leading role in providing coverage for vulnerable populations.

With the announcement of a compromise, the budget stalemate appears to be at an end. But we agree with the comments made by Governor Doyle last night (Oct. 19) -- during the remaining months of the 2007-2008 legislative session, hospital Medicaid payments *must be revisited*. It is essential that renewed efforts be taken to address the growing crisis faced by Wisconsin's safety net hospitals and the "hidden health care tax" through separate legislation.