



BRETT H. DAVIS

WISCONSIN STATE REPRESENTATIVE

80TH ASSEMBLY DISTRICT

Date: June 6, 2005
To: Co-Chairmen Representative Dean Kaufert and Senator Scott Fitzgerald
and Republican Members of the Joint Committee on Finance
From: Representative Brett Davis
Re: Medicaid Funding

As a member of the Assembly Medicaid Reform Committee, I have spent the last several months learning about our Medicaid program in Wisconsin and understand the great challenges we face. We also have a great opportunity to strengthen Medicaid for the long term.

From many discussions with my constituents over a variety of issues related to Medicaid, the one issue that is discussed the most is the low reimbursement rates for providers of Medicaid services. The hidden health care tax that results from low reimbursement rates is costing small businesses and large employers around the state an extra \$450 million in 2004 just for unpaid Medicaid hospital costs alone. All across the state employers are ranking health care costs at the top of the things they worry about, which impedes new job growth, expansion and erodes employee wage increases.

Health care funding should be a priority in this budget and I want to urge you to support the Wisconsin Hospital Association's "downpayment plan" aimed at increasing hospital payments in three areas, disproportionate share hospital, graduate medical education and outpatient payments. Since 1997 there has been a continued downward spiral in government reimbursement to hospitals whereas in 1997, hospitals averaged \$.82 cents on the dollar of cost while today in 2005, just seven years later, we are paying them \$.55 cents on the dollar of cost. None of us could operate a business that way without extreme cost shifting.

That is why I believe it is right to restore some of the cuts providers experienced in the last budget session because it is unfair of government to force hospitals to continue to act as the tax collectors of the hidden health care tax. But also, more importantly, I believe this is something the government has an obligation to do in order to help business deal with one of the cost drivers of health care – the government's inadequate funding of its health care programs.

Thank you for your consideration of my request to make health care funding a top priority in this budget. I respect the difficult decisions you are charged to make as a member of the Joint Committee on Finance and have great respect for the work you do.