

WISCONSIN HOSPITAL ASSOCIATION, INC.

December 8, 2009



The Honorable Russ Feingold
United States Senate
Washington, DC 20510

Dear Senator Feingold:

As you work with other Senators on a possible compromise position for the public plan option, I would strongly urge against expanding Medicare and Medicaid programs as a suitable alternative.

The Wisconsin Hospital Association (WHA) has expressed continued concerns with a public plan option, especially when tied to Medicare reimbursement. And while we like the potential for removing a public plan option from the Senate's health reform legislation, replacing it with an alternative to greatly expand government programs is equally troubling.

First, as you know, WHA has advocated for the cooperative model in place of the public plan option. While we do not support the public plan option in its various forms, at least the version adopted by the House was tied to negotiated rates, arguable better rates than those of Medicare or Medicaid, though there is still debate about the rates that would actually result. Therefore, the compromise being discussed in the Senate could actually be far worse because it adds millions of individuals onto the Medicaid and Medicare rolls—the very situation (expansion of government programs coupled with poor reimbursements) that we were concerned with under the public plan option. Both programs already reimburse our hospitals below the actual cost of providing care.

Second, our aggressive efforts as a state to expand coverage to *targeted* populations while still maintaining a strong employer-sponsored system will be seriously undermined with this approach. I know you aware of how states like Wisconsin are being disadvantaged fiscally under health reform proposals for our proactive coverage expansions. Moving even further in this direction by adding more individuals to Medicaid means we risk even greater disparities comparatively.

Finally, early this year Wisconsin wrestled with a huge budget deficit in the billions of dollars. The budget enacted included a \$600 million Medicaid cut to all providers. Therefore, we have very serious concerns that more expansions of government programs will contribute to even greater fiscal difficulties down the road.

I know finding compromise on health care reform has been an arduous task, but would respectfully ask you to not move forward with this possible approach.

Sincerely,

A handwritten signature in black ink that reads 'Stephen F. Brenton'.

Stephen F. Brenton
President