



Gabe Loeffelholz
STATE REPRESENTATIVE

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

FROM: Representative Gabe Loeffelholz

SUBJ: Hidden Health Care Tax

DATE: June 1, 2005

Over the past several weeks my office has received many constituent contacts regarding Wisconsin's current Medicaid reimbursement rate for hospitals. In 2004 it was estimated that Medicaid paid hospitals just 55 cents for every dollar it cost to deliver care to elderly and disabled patients. This disparity resulted in approximately \$450 million in unpaid costs being shifted to employer health care premiums. This so called "Hidden Health Care Tax" hits rural areas with an aging population particularly hard.

As the cost of private insurance continues to rise, fewer small businesses, like farmers, can afford to pay the premium and more people will end up on state funded programs like Medicare and Badgercare. The longer we wait to address this problem the more tax payers will be asked to pay to fund these programs.

I am writing to you today to ask that you consider the Wisconsin Hospital Association plan. Their proposal would appropriate a total of \$25 million in GPR per year into three statewide Medicaid hospital reimbursements: Outpatient payments, disproportionate share hospitals and graduate medical education.

Furthermore, this plan would allow Wisconsin to capture more than \$37 million per year in additional matching funds from the federal government. These are real dollars that will be an investment in the state's financial future, income we desperately need.

As Wisconsin continues to strive to build a positive environment for economic development, we need to stick to our promise by funding the programs we have created. The Wisconsin Hospital Association plan helps us keep our citizens off government programs, makes sure those who truly need care get it and prevents an even worse fiscal crisis in years to come.

If you have any questions or concerns, please do not hesitate to contact me.

CC: Representative Kitty Rhoades

49th Assembly District

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