



TERRY MOULTON

WISCONSIN STATE REPRESENTATIVE



68TH ASSEMBLY DISTRICT

Date: May 26, 2005
To: Co-Chairman Representative Dean Kaufert and Senator Scott Fitzgerald and
Republican Members of the Joint Committee on Finance
From: Representative Terry Moulton
Re: Wisconsin Hospital Association "Downpayment Plan" for Medicaid

In recent weeks my office has been flooded with hundreds of letters, phone calls, e-mails, and personal visits regarding our current Medicaid reimbursement rate for hospitals. I have looked into the matter and discussed the issue with these people at length. The fact is that we cannot continue to under fund these reimbursements.

We are now facing a growing crisis and this lack of funding, being dubbed by some as the "Hidden Health Care Tax" needs to be addressed. In 2004, it is estimated that Medicaid paid hospitals just 55 cents for every dollar it cost the hospital to provide quality care to elderly and disabled participants. This resulted in almost \$450 million in costs being shifted to employer health care premiums statewide.

The shifting of this burden onto the cost of private insurance will only increase the premiums. As the premiums go up, fewer business and individuals will be able to afford health care and more and more people will end up on BadgerCare and other Medicaid programs. Hospitals, and ultimately employers and employees will face perpetually increasing cost shifts.

The Wisconsin Hospital Association plan calls for the state to appropriate \$25 million in each of the two years of the next biennium into three Medicaid hospital reimbursements: Outpatient Payments, Disproportionate Share Hospitals (DSH), and Graduate Medical Education (GME). Spending this money will bring an additional \$74 million in federal revenues in to the state over the next biennium.

This additional funding is sound budgeting. It is real dollars that will be a great investment in the state's financial future. It does not rely on gimmicks or raids that the Governor has proposed. Medicaid needs to be a priority in this budget and I believe we can do it.

As Wisconsin continues to create jobs, it is our duty to build a climate that fosters economic development. By adhering to the promises that the State has made and by funding programs that we have created, we are making Wisconsin a better place to live. We need to include the Wisconsin Hospital Association's "Downpayment Plan" in the budget. This plan will ensure that we are not facing a worse financial crisis two years from now.

If you have any questions, comments, or concerns regarding this memorandum, please feel free to contact me anytime.