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Hospital tax may be dumped

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Democrats may be ready to jettison their demands for a proposed hospital tax, one of the key sticking points over a deal to fix the broken state budget, leaders said.

A spokeswoman for Senate Majority Leader Russ Decker, D-Weston, one of the strongest supporters of the proposed tax, said Friday that it would be difficult to win over Assembly Republicans who adamantly oppose it.

"I don't think they're going to be able to go there," Carrie Lynch said of GOP lawmakers. "We're working to keep (the hospital tax) included but at the end of the day, I don't think we can hold up the entire budget process for it either."

The \$416 million hospital tax, favored by Democratic Gov. Jim Doyle and Senate Democrats, lies at the heart of how to resolve a projected \$527 million state budget shortfall. Decker has been critical of a decision by his predecessor, Sen. Judy Robson, D-Beloit, to agree to drop the tax in order to reach an agreement with Republican lawmakers on the long-delayed state budget that was finally signed in October.

Doyle said Saturday talks were ongoing between his office, Decker and Assembly Speaker Mike Huebsch, R-West Salem, but wouldn't comment about what might be in a final budget repair deal.

"We all understand that if (Huebsch) says this isn't going to happen, until we have a change in the Assembly, it isn't going to happen," Doyle said.

Doyle said a budget agreement needed to be reached soon or state leaders risked real consequences, such as interfering with road construction contracts that need to be released May 13 for early summer projects. "Time is really running out."

It's unclear how Doyle and legislative leaders might resolve the budget shortfall without using the hospital tax. Doyle, for instance, favors taking up to \$293 million from the state's road fund and making up that money with borrowing and federal dollars, but Lynch said Friday that Decker remains opposed to that. Decker favors raising more money by closing corporate tax loopholes, a move strongly opposed by Assembly Republicans, who advocate deeper cuts in government programs.

The 0.7 percent tax on hospitals' revenues would bring in an additional \$413 million in new federal money for Medicaid, the Legislature's non-partisan budget office estimates. That would be used to pay the hospitals for the tax and provide a \$293 million increase in the amount of money that the state pays them to care for patients under the state Medicaid health program for the poor. Right now, the state pays only a portion of those Medicaid costs, forcing hospitals to charge higher prices to other patients and their insurers to make up for the losses.

The Doyle administration would also use roughly \$125 million from the

tax to pay for other Medicaid costs and help balance the state 's budget.

Spokesman John Murray confirmed Friday that Huebsch remains opposed to the hospital tax, which Republicans believe would drive up health-care costs over the long term.

"I don 't think there 's been any secret about where we stand on this, " Murray said. "The hospital tax is a non-starter in this house. "

The hospital tax is supported by both the Wisconsin Hospital Association and state business lobby Wisconsin Manufacturers & Commerce.

Hospital Association lobbyist Eric Borgerding acknowledged the tax faced an "uphill battle " with Assembly Republican leaders. But he said that if it lost out this spring his group would again push it after this fall 's elections, in which Democrats are attempting to win control of the Assembly.

"It will be back and so will we, " Borgerding said.

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