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The proposed hospital assessment is the best kind of tax

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Nobody likes taxes. But as the famous U.S. Supreme Court Justice Oliver Wendell Holmes Jr. wrote, "Taxes are what we pay for a civilized society." The essential services we require to live in a safe, productive and just community - services such as police, fire, water, sewer, roads, buses, education in all its forms, health care and more - require that we tax ourselves to raise the revenue needed.

The hospital tax that Gov. Jim Doyle proposed, and that many Democratic and Republican legislators support, is the best possible kind of tax. Usually, when you pay taxes to pay for police officers or school teachers, every \$1 you send in buys you exactly \$1 in services. There's no bonus thrown in.

But for every \$1 raised by the hospital tax, Wisconsin generally will get to spend \$2.36 for health care services in the state's BadgerCarePlus program for low-income individuals - mostly working families.

Why the bonus? It's because the Federal Medicaid Assistance Percentage (or "federal match") that applies to the Wisconsin BadgerCarePlus program in 2008 requires Wisconsin to spend only 43 cents to leverage 57 cents in federal match and thus buy a total of \$1 worth of medical services. When Wisconsin actually taxes and spends over twice as much - that is, \$1 - on medical services, the federal match is also over twice as much - that is, \$1.36 - for a total medical care buy of \$2.36.

Multiply by the huge numbers associated with operating BadgerCarePlus, and the bargain really starts to add up. The governor and a bipartisan group of legislators want to dedicate a portion of the hospital tax revenue to lowering the state's looming deficit. Given Wisconsin's current fiscal crisis, that makes sense. But most of the hospital tax revenue will go to leverage tens of millions of extra federal dollars to pay for essential health services for low-income families - most of whom are working but (otherwise) uninsured. The hospital tax will help save their lives, shorten their illnesses and protect them from the crushing cost of health care.

The hospital tax also benefits those of us who don't qualify for BadgerCarePlus. How so? It's because most of the taxes that Wisconsin's hospitals pay will be returned to Wisconsin's hospitals. In fact, our hospitals as a whole will get back more revenue than they pay in taxes - thanks to the operation of the 57% federal match. The result is that Medicaid's and BadgerCare's historic underpayment of health care providers will shrink under BadgerCarePlus, which in turn means that hospitals will pass on a smaller shortfall to their other customers - the rest of us. It's unlikely that hospitals will actually lower the bills the rest of us and our insurers must pay, but at least hospital bills should rise less sharply.

So if the hospital tax brings in \$2.36 for every \$1, helps balance the state budget, increases most hospitals' revenue and slows down cost shifting to the rest of us, why hasn't it become law? Why-with even the Wisconsin Hospital Association, local business groups such as the Metropolitan Milwaukee Association of Commerce and state business groups such as Wisconsin Manufacturers & Commerce favoring this tax - hasn't the Legislature passed it?

The answer, regrettably, is ideology and politics. The zealots who control the state Assembly refuse to admit that well-designed taxes are necessary tools in building a safe, productive and just society. Their Pavlovian response is that government is inherently a nasty beast that must be starved and therefore all taxes are wicked. And it's not just a rigid ideology that drives them. They actually think that, by inflexibly opposing even sensible taxes and essential spending, they'll gain more political power.

Most Wisconsinites, though, agree with Oliver Wendell Holmes Jr., that taxes are the price we pay for civilization. Most of us embrace the bipartisan position that former Wisconsin leaders such as Bob LaFollette, Pat Lucey and Tommy Thompson share with Jim Doyle: that some taxes for some purposes make sense. We need to let the Assembly zealots know that this particular tax, and the uses to which it will be put, should be approved.

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