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2>Hospital Tax Gets A Big Boost

Wmc Likes Idea Of More U.s. Money

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In a surprise move, the group in the state most opposed to tax increases has reversed itself and come out in favor of Gov. Jim Doyle's controversial proposed tax on hospitals.

The announcement by business lobby Wisconsin Manufacturers & Commerce means that Assembly Republicans opposing the hospital tax will have to fight it without their staunchest traditional ally in anti-tax battles, prompting Democrats and the tax's supporters to say Friday that the switch might help break a legislative stalemate over the proposal.

"It's about time WMC started representing the interests of their own members by supporting policies that help the business community," said Carrie Lynch, a spokeswoman for hospital tax supporter Senate Majority Leader Russ Decker, D-Weston. "It definitely increases the chances that the hospital assessment will be in the final budget repair bill."

The hospital tax, favored by both the Democratic governor and Senate Democrats, lies at the heart of the controversy over how to resolve a projected \$527 million state budget shortfall. The tax was also proposed by Doyle and defeated last year as part of the battles over the original budget signed in October.

WMC said it supports the \$416 million tax because it will bring in massive amounts of additional federal money that could be used to drive down hidden health-care costs now being shifted onto ordinary consumers.

"If the Legislature passes the proposed hospital assessment, our state will be able to attract (more than) \$400 million in increased Medicaid payments," WMC lobbyist James Buchen said in a statement.

A spokesman for Assembly Speaker Mike Huebsch, R-West Salem, said that WMC's announcement wouldn't affect Republican opposition to the tax. Other powerful Republicans like Senate Minority Leader Scott Fitzgerald also repeated their opposition to the tax Friday.

"They're certainly free to express their opinion on this fundamental issue but again it does not change our position," Huebsch spokesman John Murray said. "It's a tax on sick people. It does nothing to control health-care costs and those costs will be passed along to consumers."

The 0.7 percent tax on hospitals' gross 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 off 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.

"Current underfunding of Medicaid is driving up health-care costs for employers," Buchen said. "Hospitals have not seen Medicaid reimbursement increases in 13 years and that has led to a hidden health-care tax on employers as costs get shifted to private health-care payers."

The Wisconsin Hospital Association, whose members are also significant members of WMC, already reversed itself last year and said it supported the tax for the same reasons as WMC. Hospital Association lobbyist Eric Borgerding said that the WMC was the biggest business group in the state, making their positions "impossible to ignore."

As part of the further momentum for the tax, the Metropolitan Milwaukee Association of Commerce also announced its support for the hospital tax Friday.

"When you see business organizations lining up behind this, it should start to dispel the notion that this is a tax like any other tax," Borgerding said. "There's a payback from this that will ultimately bring down health-care costs."

Doyle included the hospital tax in his version of a budget repair bill introduced this week but the Assembly did not include it in their budget fix passed Wednesday. Lynch said the Senate Finance Committee will hold a hearing in Milwaukee next week on Democratic senators' version of the repair bill, which will include the tax.

A spokeswoman for Gov. Jim Doyle said Friday the governor was pleased by the announcements by WMC and the Milwaukee chamber.

"The governor has said many times that he doesn't understand why people would want to leave more than \$400 million of federal funding on the table," Jessica Erickson said. "It's up to the people who oppose this to explain why they are still standing in the way."

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