

Wisconsin Hospital Association, Inc. **NEWS**



Contact: Eric Borgerding 608-274-1820 (office); 608-335-3949 (cell)
Joe Kachelski 608-274-1820 (office)

Hospital Association Supports Tobacco Tax Increase, Other Recommendations from Healthy WI Council

MADISON (December 19, 2006) ---- The Wisconsin Hospital Association (WHA) praised key recommendations adopted today by Governor Doyle's Healthy Wisconsin Council. Chief among those is the proposal to increase the state tobacco tax by \$1.00 and devote the revenue to state health care programs. The multi-stakeholder Council unanimously supported providing much needed reimbursement increases to health care providers serving Medicaid and BadgerCare patients.

"Increasing the tobacco tax will prevent thousands of teens from taking up smoking, provide a strong incentive for many thousands more to quit, save millions in preventable health care costs, much of which are now borne by Wisconsin taxpayers, and provide needed revenue for state health care priorities," said WHA President Steve Brenton. The Council adopted several other proposals aimed at expanding existing health care programs to cover the uninsured.

"We are open to the notion of expanding BadgerCare to cover the truly uninsured," Brenton said. "But we also feel strongly that the state must do a better job of paying for the programs it already has. As adopted, the Council's recommendations are a welcome first step in that direction."

According to WHA, in 2005 hospitals were forced to shift \$550 million in unpaid Medicaid and BadgerCare costs (not charges) to others with health insurance – a situation dubbed the "Hidden Health Care Tax" by leading business organizations. Many of those unpaid costs are the result of smoking-caused illnesses.

In 2005, the Legislative Fiscal Bureau estimated that increasing the tobacco tax by \$1.00 would have generated more than \$300 million in FY07. According to WHA, if that money were used to support the Medicaid and BadgerCare programs, it would generate an additional \$406 million in federal matching dollars for a total of more than \$706 million in FY07.

"Where else in the state-federal relationship do you see a return of dollars like that, particularly to a 'donor state' like Wisconsin," Brenton said. "Wisconsin's 'Hidden Tax' payers also need relief, and here's an opportunity to do that by securing our fair share of federal dollars."

While there are strong public policy reasons for increasing the tobacco tax, WHA also believes the Council's recommendation makes good politics.

"Raising Wisconsin's tobacco tax is a political slam dunk," said WHA Senior Vice President Eric Borgerding. "Voters don't view this like income, property or sales taxes, not even close. Our polling has consistently shown tremendous support for increasing the tobacco tax, even among smokers. That support grows if the money is used for health care programs." (A copy of the WHA poll is available on their web site at www.wha.org.)

WHA indicated support for other Council-endorsed proposals, including expanding the Medicaid program to uninsured, low-income adults, but only if done very carefully.

"We also realize and believe that you can't just throw money at these programs," Brenton said. "We have to make sure that any expansions of BadgerCare or Medicaid include major reforms to the programs. We have to find ways to better manage costly, inappropriate utilization and assure that the programs are targeted at the uninsured. We are pleased the Council's recommendations recognize this."

WHA expressed optimism about the proposals, which were developed with input from bipartisan legislators, consumers, labor unions, hospitals, insurers, and doctors.

"We hope the Governor and Legislature will come together on this, and make real progress on a number of health care issues that seem to come before them every year," Borgerding said. "There is some momentum here, and WHA will be working hard in the coming months to advance some of these ideas."

###