



News Release

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Health Care Leaders Voice TABOR Concerns

Proposal could lead to Medicaid "Hidden Tax" hike

MADISON (May 5, 2004)-----Five of Wisconsin's leading health care organizations today raised concerns about the potential unintended consequences of the Taxpayers Bill of Rights (TABOR) proposed as an amendment to the state constitution. TABOR would cap government spending at a yet-to-be determined annual growth rate.

Representing managed care, nursing homes, hospitals and physicians, the Wisconsin Association of Health Plans, the Wisconsin Association of Homes and Services for the Aging, the Wisconsin Health Care Association, the Wisconsin Hospital Association and the Wisconsin Medical Society are expressing concerns about the proposed amendment and its potential impact on the already underfunded state Medicaid program.

"This is not a partisan issue; we have no qualms with the notion of limiting taxes and spending," said Wisconsin Hospital Association President Steve Brenton. "However, TABOR comes at a time when the state is already chronically underfunding its own health care programs, particularly Medicaid, and passing those costs on to employers and employees."

Medicaid is the state-run health insurance program for low-income women and children and the disabled. Wisconsin Medical Society President Michael Reineck, MD, is concerned about access to health care for these vulnerable populations. "No matter what the plan, we must ensure that our neediest patients have access to care when they most need it," Reineck said. "If nothing else, the debate about TABOR should

include serious discussions on how Medicaid works — and doesn't work — in this state, and how reforming Medicaid could help the state's spending problem regardless of any constitutional amendment."

According to the groups, both Medicaid and BadgerCare, which mimics Medicaid benefits, already provide some of the lowest payment rates for services in the country, reimbursing health care providers far below what it costs to deliver care. The result is a situation known as "cost-shifting" – when unpaid costs from Medicaid/BadgerCare patients are shifted to others.

Dubbed "Medicaid's Hidden Tax" by the Wisconsin Manufacturers & Commerce (WMC), cost shifting occurs when government doesn't pay the basic cost of its health care programs. Those unpaid costs must be recouped from the private sector, and are shifted to people covered under individual and employer health plans.

"Cost-shifting from government health care programs already adds nearly a billion dollars to the cost of commercial health insurance in Wisconsin each year," said Nancy Wenzel, executive director of the Wisconsin Association of Health Plans. "Private health insurance consumers cannot afford to shoulder more of the cost of public programs such as Medicaid."

Medicaid and BadgerCare are just two of several government health care programs that routinely pay far less than cost, a situation that has developed even without a TABOR in Wisconsin. The groups fear Medicaid and BadgerCare payments may get worse with TABOR.

"Without TABOR, Medicaid has fared poorly, and facility rate increases have been funded by provider taxes and other schemes to leverage federal funding," said Wisconsin Association of Homes & Services for the Aging Executive Director John Sauer. "Given Medicaid's track record, we are concerned that under some form of a TABOR, cost shifting could get worse and the state's ability to capture additional federal Medicaid dollars may be compromised."

"During the past decade, the differential between provider costs and state reimbursement for the care of Medicaid recipients has expanded to the point that few facilities have had their allowable Medicaid costs fully reimbursed," stated Wisconsin Health Care Association Executive Director Tom Moore. "We are legitimately concerned that any proposed constitutional spending limitations that may be welded to fiscal indexes may limit the state's responsibility to address the health care needs of its most aged, vulnerable and needy citizens."

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