

June 9, 2017

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AHCA Medicaid Funding Disparity For Wisconsin: \$36.9 Billion Less ***New report shows nonexpansion states at significant funding disadvantage***

A new report released this week documents significant funding disparities between Medicaid so-called “expansion” states when compared to “nonexpansion” states over the next decade under the current version of the American Health Care Act (AHCA). The 19 states that opted out of the Affordable Care Act’s full expansion for Medicaid, including Wisconsin, will receive \$680 billion less than expansion states. Wisconsin’s portion of that total is estimated at almost \$37 billion over 10 years.

“The report is eye-opening and should be of concern to anyone in a nonexpansion state,” said Eric Borgerding, president/CEO, Wisconsin Hospital Association. “While the AHCA did attempt to provide a measure of relief to nonexpansion states like ours, clearly it is insufficient and must be addressed by the U.S. Senate during their deliberations.”

The report released by the Missouri Hospital Association (http://www.wha.org/pdf/PolicyBrief_AHCA_Non-ExpansionStates_0617.pdf) takes into account the various structural Medicaid funding provisions in the AHCA over the next decade—such as the move to per capita spending caps—and other provisions meant to lessen the disparity for nonexpansion states. The latter includes eliminating Medicaid Disproportionate Share Hospital payments cuts two years earlier for nonexpansion states than for expansion states as well as a \$10 billion safety net fund.

The report details that even with all of these provisions in mind, expansion states will see an average of \$1,936 per beneficiary compared to \$1,158 per Medicaid beneficiary in nonexpansion states over

(continued on page 9)

Budget Leaders Discuss Medicaid Waiver: **Nygren says, “Wisconsin should be rewarded for what Wisconsin has done.”** ***JFC Co-Chairs Say Self-Funding Proposal Unlikely to Move Forward***

The state Legislature’s Joint Finance Committee (JFC) co-chair Rep. John Nygren (R-Marinette) expressed his views on Wisconsin’s Medicaid waiver during a panel discussion June 5 in Madison hosted by Wisconsin Health News (WHN).

Nygren and JFC co-chair Alberta Darling (R-River Hills) were asked to comment on the Medicaid waiver that has now been submitted by the Wisconsin Department of Health Services to the federal government. WHN Editor Tim Stumm, moderator of the panel, referenced WHA’s public comments on the waiver, calling on Gov. Scott Walker to pursue enhanced federal funding for the childless adult Medicaid population added to the program in 2014. Stumm referred to other states, like Arkansas, who have requested waivers that mirror eligibility levels that have already been in place in Wisconsin.



Sen. Alberta Darling and Rep. John Nygren

(continued on page 2)

WHA, Board Officers Meet With Speaker Ryan

In a continuing dialogue with Speaker Paul Ryan on the American Health Care Act (AHCA), the Wisconsin Hospital Association (WHA) and several of its Board officers met with him on Friday, June 2, to discuss ongoing negotiations in the U.S. Senate.

"This is one of multiple conversations we've had with Speaker Ryan in recent months," began WHA President/CEO Eric Borgerding. "Our ongoing dialogue continues to highlight areas we believe the Senate should address and then ask the Speaker to support those when the bill returns to the House."



L to R: Eric Borgerding, Tim McKeveatt, Mike Wallace, Speaker Ryan, Bob Van Meeteren, Jenny Boese

Key on the list of ongoing issues for a nonexpansion state like Wisconsin is ensuring Medicaid funding parity, particularly for Wisconsin's "partial expansion" population. *(continued on page 9)*

Continued from page 1 - Budget Leaders Discuss Medicaid Waiver

"I've been watching the waivers with great interest. I'm familiar with the story out of Arkansas. Let me just say this, if a state is going to be rewarded for what Wisconsin has already done, Wisconsin should be rewarded for what Wisconsin has done," Nygren said.

"One of the frustrations I have had with the proposal coming out of Washington is that it didn't reward states like Wisconsin that did it the right way and basically continues to reward the states that went a different course. To me, that is continuing this inequity moving forward, rather than addressing the states that got everybody in poverty covered. Those states should be rewarded, not the states that decided to explode their rolls and now don't have the resources to meet that," according to Nygren.

Darling and Nygren also discussed a proposal from the Walker administration to self-fund the state employee health insurance program. They continued to voice their concerns about shifting the current fully-insured program into a self-insured model.

"We are really questioning whether this is the right time to get into self-insurance," said Darling. "When we have a very competitive, market-driven health care delivery system in Wisconsin – one of the best in the country – why would we want to shift 250,000 people into a different model? We are wondering if this will jeopardize our very competitive system, especially in areas where there aren't a lot of choices."

The state's Group Insurance Board (GIB), which oversees Wisconsin's state employee health insurance program, has now presented proposed contracts to the Legislature's JFC for their review as required under 2015 Act 119. Nygren expressed frustration with the lack of information provided by the GIB to the JFC for their review, which is now expected to take place June 15.

"The only oversight by [the Joint Finance Committee] is the ability to vote up or down. The Legislature is basically being told take it or leave it. We don't have all the information, even the contracts didn't have the information regarding what the discounts were...we don't feel like we have been at the table when these decisions are actually being made by the GIB and the Governor's office."

(continued on page 10)

Political Action Spotlight

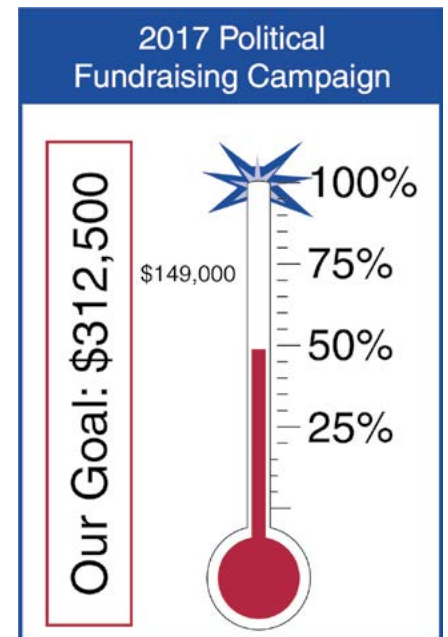
Wisconsin Hospitals State PAC & Conduit Approaches \$150,000 *See full contributor listing*

As of June 8, the Wisconsin Hospitals State PAC & Conduit is just under the half-way mark of its aggressive \$312,500 fundraising goal for 2017. A total of \$149,000 has been contributed to date by 137 individuals. Take a look at the full 2017 contributor listing on page 11 to see who is on the list.

First quarter contributions were \$70,000 and have since picked up with \$79,000 contributed so far in the second quarter of the year. The average contribution per individual is \$1,088, and since the first of the year, an average of almost \$6,500 has been contributed each week.

The Wisconsin Hospitals State PAC & Conduit has three contributor levels beginning at \$1,500 and going up: Leaders Circle (\$5,000+), Platinum Club (\$3,000-\$4,999) and the Gold Club (\$1,500-\$2,999). There are 54 individuals who have contributed at one of these levels already in 2017. All contributions large or small are appreciated.

To make your 2017 contribution, log onto www.whconduit.com or contact WHA's Jenny Boese at 608-268-1816 or Nora Statsick at 608-239-4535.



DHS Submits Waiver for Medicaid Childless Adults

The Department of Health Services (DHS) submitted their proposed waiver request June 7 to the Centers for Medicare and Medicaid Services for changes impacting childless adults enrolled in the state's Medicaid program. If approved, the waiver would allow Wisconsin to impose premiums, copayments for emergency services, drug screening and drug testing, and work requirements on those enrolled in Medicaid as "childless adults." The proposal would also expand opportunities for treatment for substance use disorder and seek relief from Medicaid's current policy to limit reimbursement to institutes for mental disease (IMD). (See related article on page 1.)

WHA had submitted its comments on the proposal May 19, (See previous story http://www.wha.org/pubarchive/valued_voice/WHA-Newsletter-5-19-2017.htm and comment letter <http://www.wha.org/pdf/2017WHA-Comments-Section-1115-CLA-Waiver-Amendment5-19.pdf>.) WHA expressed support for the state's commitment to increasing treatment options for individuals with substance use disorder and for the intention of the overall proposal to engage participants in maintaining and improving their overall health and incenting the efficient use of health care resources.

WHA also made several recommendations to ease the administrative burden as well as the financial burden on hospitals. Further, WHA had encouraged DHS to seek enhanced federal funding for the waiver population. The original waiver was considered a partial expansion under the previous administration and was not eligible for the enhanced funds that other states received for full expansions. WHA describes Wisconsin as a model for avoiding gaps in coverage and notes other states are now considering changes to their programs that align with Wisconsin. In Arkansas, for example, recently passed legislation requires the state to modify its current Medicaid waiver to reduce the income threshold

(continued on page 8)

New Resource Connects Job Seekers with Health Careers

WHA collaborates with DWD to develop online content featuring employers, job openings



L to R: DWD Secretary Ray Allen, DHS Secretary Linda Seemeyer, WHA President/CEO Eric Borgerding and Stoughton Hospital Association President/CEO Terry Brenny.

WHA President/CEO Eric Borgerding joined Department of Workforce Development (DWD) Secretary Ray Allen, Department of Health Services (DHS) Secretary Linda Seemeyer and Stoughton Hospital President/CEO Terry Brenny June 5 to announce the new health care industry page on Wisconsin's online public labor exchange, [JobCenterofWisconsin.com](https://jobcenterofwisconsin.com/HealthCare/Default.aspx). <https://jobcenterofwisconsin.com/HealthCare/Default.aspx>

The new page, developed by DWD in collaboration with WHA and other health care industry partners, is a one-stop online resource

for information about health care careers, training resources, featured employers, current opportunities, high-growth occupations and other information about Wisconsin's critical health care industry.

"Wisconsin will have almost a million jobs to fill from 2014-2024 due to growth and replacements, including an estimated 74,000 openings in health care," Allen said. "This new featured page, built in collaboration with industry thought leaders and other partners, is an innovative way to meet demand across the state for talent in high-wage, high-growth occupations."

Allen thanked WHA leadership for stepping forward, identifying other partners and working with DWD to envision and identify content for this new resource. In their formal remarks at the news conference, Allen and Seemeyer both called WHA "one of their most valuable partners."

Borgerding said WHA was pleased to partner with DWD to develop a resource that will help connect job seekers with health careers.

"Workforce is one of our members' biggest concerns and it's a top priority at WHA. A hospital must be staffed 24 hours a day, 7 days a week, 365 days a year. These are not only good jobs, but they are positions critical to the health and safety of our communities," according to Borgerding. "But it's not just that round the clock need. The demand for health care, delivered in multiples types of settings, is accelerating as Wisconsin's population ages and the rate of chronic disease steadily increases. Hospitals and health care providers are seeing more patients, while at the same time a significant number of health care workers are reaching retirement age and leaving the workforce. A supply and demand one-two punch that is perpetuating health care workforce shortages and demanding an all-hands-on-deck strategy to address."

The health care industry page is the sixth page of its kind since JobCenterofWisconsin.com was launched in 2008. Other featured industry pages include manufacturing, transportation, agriculture, finance/insurance and energy. The page features a quick list of jobs available for health care and related occupations, training information for job seekers, as well as industry-specific documents, reports and trends.

Brenny noted Stoughton Hospital has used JobCenterofWisconsin.com for its recruitment needs for many years. He urged other health care employers to create an account with the site and consider becoming a featured employer on the industry page. "Stoughton Hospital is proud to utilize Wisconsin's JobCenterofWisconsin website to recruit and hire talented workers and honored to host today's announcement regarding the website's new health care industry page," Brenny said. "The new webpage

(continued on page 9)

Medicaid Coverage More Important in Rural Wisconsin than Metropolitan Areas *More people living in small towns and rural WI rely on Medicaid than in cities*

Children living in rural areas of Wisconsin are more dependent on the Medicaid program than those living in larger metropolitan areas, according to a new study, "Medicaid in Small Towns and Rural America: A Lifeline for Children, Families and Communities," released by Georgetown University Health Policy Institute. <https://ccf.georgetown.edu/wp-content/uploads/2017/06/Rural-health-final.pdf>. Statewide, 34 percent of children with Medicaid coverage live in a rural areas, compared to 31 percent in metropolitan areas of the state.

Slightly more adults are covered by Medicaid (14 percent compared to 13 percent) in non-metropolitan areas than in metro areas of the state, as well.

In seven Wisconsin counties, nearly half of the children are in the Medicaid program. Only one of those--Milwaukee County—is classified as a metropolitan area. See chart below.

County	% of Children with Medicaid
Milwaukee	48%
Adams	47%
Ashland	47%
Menominee	46%
Burnett	44%
Iron	40%
Lafayette	40%

"Medicaid is vitally important and in fact disproportionately important for families living in rural America," Joan Alker, executive director of Georgetown's Center for Children and Families, told reporters on a press call, as reported in Wisconsin Health News (WHN) June 7, 2017.

The report shows the national uninsured rate for children and adults in rural areas has fallen in recent years due to the combination of Medicaid coverage and access to subsidies in

the exchange. Wisconsin did not take the federal Medicaid expansion dollars (which to date would have totaled \$1.75 billion in federal dollars and expenditures of \$680 million less in GPR), but did expand Medicaid to cover all with income below 100 percent of the federal poverty level, adding some 130,000 people who are "in poverty" to Medicaid.

WHA President/CEO Eric Borgerding said the report is a timely reminder of the critical importance of the Medicaid program to the health of children living in rural areas of the state.

"More than 400,000 Wisconsin children are in the Medicaid program. That coverage means they are more likely to receive preventive care and live healthier, more productive lives into adulthood," Borgerding said.

According to the report, people who live in rural areas are more likely to live in poverty, have poorer health and less ability to access health care due to transportation issues.

"A quarter of Wisconsin's non-elderly population reside in our small towns and rural areas. We must address the very real issues they face, many of which are tied to their ability to access health care," said Borgerding. "When people have coverage, they are more likely to see a physician and receive care. Any changes to the Medicaid program that reduce or remove that access will have a disproportionate impact on the health of our young people and clearly not move us in the direction of becoming a healthier state in the future."

The report noted that the importance of Medicaid for families in small towns and rural areas has grown over time. However, the number of kids who are uninsured is high in some parts of the state. The percent of children who are uninsured in Wisconsin is highest in Clark County, where 35 percent of the kids lack coverage; Milwaukee has the second highest uninsured rate among children at 27 percent.

WI BON Unanimously Favors Joining Enhanced Nurse Licensure Compact WHA testifies in support of adoption of the compact in Wisconsin

At a June 8 informational hearing in Madison, the Wisconsin Board of Nursing (BON) voted unanimously that it “supports the move forward in joining” the Enhanced Nurse Licensure Compact (eNLC). Like the current nurse licensure compact that Wisconsin has been a member of since 2000, the updated eNLC allows nurses holding a license issued by another state participating in the compact to continue to utilize a voluntary, alternative and expedited process to receive a privilege to practice nursing in Wisconsin.

The Board of Nursing’s unanimous support of Wisconsin’s continued participation in the multi-state nurse licensure compact by adopting the updated eNLC came after hearing invited testimony from WHA and others, and after soliciting and receiving over 90 comments from nurses and nurse leaders across Wisconsin.



WHA Assistant General Counsel Andrew Brenton and VP of Workforce and Clinical Practice Ann Zenk

Ann Zenk, WHA vice president workforce and clinical practice, and Andrew Brenton, WHA assistant general counsel, provided testimony to the Board of Nursing supporting adoption of the eNLC in Wisconsin. Zenk stated that as an inaugural member of the current nurse licensure compact, many nurses and communities in Wisconsin have benefited from the streamlined licensure process afforded by participating in a multi-state nurse licensure compact.

“For the past several months, WHA has been analyzing the eNLC and having discussions with nurse leaders and member hospitals and systems across the state,” Zenk said. “WHA is committed to working with stakeholders and policymakers to adopt the updated Compact so nurses licensed under the multi-state compact can continue to serve patients in Wisconsin communities without delay.”

According to Zenk, key components of the eNLC include:

Removal of redundant red-tape in the nurse licensure process. The eNLC expedites Wisconsin licensure privileges by enabling Wisconsin to rely on licensure application standards mutually agreed upon by the participating Compact states.

Accountability for meeting Wisconsin practice laws. Nurses holding a multi-state license practicing in Wisconsin are still fully governed by the Wisconsin Board of Nursing and Wisconsin practice standards.

Voluntary nurse licensure process. If a Wisconsin nurse does not wish to participate in the multi-state Compact, that nurse can continue to practice and receive a non-compact Wisconsin license.

In addition to testifying at the Board of Nursing’s informational hearing, WHA provided the Board with a joint letter from WHA and the Wisconsin Organization of Nurse Executives (“WONE”) that expresses support for adoption of the eNLC in Wisconsin. A copy of the letter can be found here.

(<http://www.wha.org/pdf/BON6-8-17.pdf>)

“WHA thanks the Board of Nursing for the special invitation to testify at the Board’s informational hearing,” said WHA President/CEO Eric Borgerding. “Portability of nurse licensure promotes the delivery of accessible, efficient and high-quality health care in Wisconsin by helping to support an adequately staffed health care workforce.”

For additional information on the details of the eNLC, contact Andrew Brenton at 608-274-1820 or abrenton@wha.org, or Ann Zenk at 608-274-1820 or azenk@wha.org

WHA To Participate in AHA Rural Hospital Policy Forum *DC fly-in set for July 19-20*

The Wisconsin Hospital Association (WHA) plans to participate in the American Hospital Association's upcoming Rural Hospital Policy Forum in Washington, DC July 19-20. In addition to attending the programming sessions, WHA will spend time on Capitol Hill meeting with Wisconsin legislators.

AHA Rural Policy Forum sessions will include hearing from Members of Congress and a Congressional staff panel discussion as well as updates by AHA on critical rural hospital issues. WHA will coordinate meetings with Wisconsin Members of Congress for any Wisconsin health care leaders who plan to be in DC for this event.

For more information and to let WHA know if you plan to attend, contact Jenny Boese at jboese@wha.org or 608-268-1816. Register for the AHA Rural Hospital Policy Forum at www.aha.org/RuralForum2.

Call for Nominations: 2017 Global Vision Community Partnership Award *Nominations due to WHA Foundation by July 14*

Honor one of your hospital's community health projects by submitting a nomination for a 2017 Global Vision Community Partnership Award, presented by the WHA Foundation.

This competitive grant award is presented to a community health initiative that successfully addresses a documented community health need. The Award, launched by the WHA Foundation in 1993, seeks to recognize and support ongoing projects that support community health.

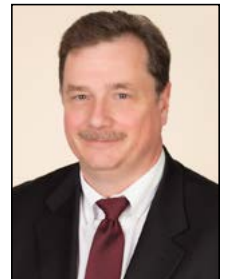
Any WHA hospital member can nominate a community health project. The project must have been in existence for a minimum of two years and must be a collaborative or partnership project that includes a WHA member hospital and an organization(s) within the community. The official call for nominations for the 2017 Award is included in this week's packet.

Nominations are due July 14, 2017. Nomination forms can also be found on the WHA website at <http://www.wha.org/global-vision-comm-partnership.aspx>. For more information about the Award, contact Jennifer Frank at jfrank@wha.org or 608-274-1820.

HSHS appoints Johnson as new System VP and Chief Physician Executive

Springfield-based Hospital Sisters Health System (HSHS) announced the appointment of Kenneth M. Johnson, MD, as HSHS vice president and chief physician executive. Johnson currently serves as chief physician executive for HSHS Eastern Wisconsin Division (EWD), which includes HSHS St. Vincent Hospital and HSHS St. Mary's Hospital Medical Center in Green Bay; HSHS St. Nicholas Hospital in Sheboygan; and HSHS St. Clare Memorial Hospital in Oconto Falls.

"In his new role, Dr. Johnson will lead System initiatives around quality, patient safety, and clinical integration," said HSHS President/CEO Mary Starman-Harrison. "We look forward to having Dr. Johnson bring the leadership he has shown in our Eastern Wisconsin Division to our entire system."



Kenneth Johnson, MD

Johnson received his Bachelor of Science from Louisiana State University A&M; his Doctor of Medicine from Louisiana State University Medical School; and his Masters of Public Health from the University of Illinois – Chicago, where he also completed his residency. Prior to joining HSHS, Johnson served as an emergency room physician at Columbia Hospital in Milwaukee, WI; and at St. Francis Hospital in Evanston, IL.

He will begin serving in his new role July 10.

Devine to Retire, Livingston Named New AboutHealth CEO



Greg Devine

AboutHealth announced current COO Keith Livingston will replace retiring CEO Greg Devine effective August 31.

Devine has served as CEO of AboutHealth since the statewide organization formed three years ago. It is comprised of six Wisconsin health care systems: Aspirus, Aurora Health Care, Bellin Health, Gundersen Health System, ProHealth Care and ThedaCare. Through AboutHealth, the organizations share best practices and collaborate on initiatives to enhance clinical quality, increase efficiency and improve customer experiences.



Keith Livingston

Livingston is a health care industry veteran with extensive knowledge of information technology and analytics. He joined AboutHealth in January, 2017, bringing with him more than 30 years of health care experience, including 20 years as a senior vice president and chief information officer at ThedaCare.

Continued from page 3 - DHS Submits Waiver for Medicaid Childless Adults

for coverage from 133 percent FPL to 100 percent FPL, like Wisconsin's program. Arkansas is an expansion state and has asked the federal government to maintain the higher match it currently receives.

In the end, DHS did not include the funding issue in its final proposal, but did make some modifications to the proposal in alignment with WHA's comments.

With respect to premiums, the final proposal applies premiums only to those with income above 50 percent of the Federal Poverty Level (FPL), with one premium amount of \$8. The previous proposal would have applied premiums to anyone with income above 20 percent FPL, and there were four different levels and premium amounts. Further, in the final submission, DHS said it agrees with commenters that a grace period is necessary, and the agency is considering a grace period of 12 months for members who miss a payment. Both of these changes align with WHA comments on the draft proposal.

Of particular note for hospitals is the application of an emergency room copayment. Under the original proposal, DHS would have imposed an emergency room copayment of \$8 for a first visit and \$25 for each subsequent visit to the emergency room. The final proposal decreases the higher copay for the subsequent visits, which is a positive step. However, the copay would still apply to all emergency room visits and providers would be required to collect the copayment. WHA continues to encourage DHS to narrow the scope to non-emergent use only and to collect the copayment directly.

The waiver proposal now moves to CMS, where there is a 30-day review period. Waivers submitted to CMS typically can still take months to receive approval, although the Trump administration has stated its intention to move more quickly than past administrations on state proposals.

The waiver has also been the subject of review during the state Legislature's Joint Finance Committee (JFC) deliberations on the state budget. The JFC approved a change to the state budget that would require the waiver amendment to get approval by the JFC after it is approved by CMS and before it is implemented. Once approved, DHS has indicated it would take at least a year to make all of the changes necessary to implement the provisions.

Continued from page 1 - AHCA Medicaid Funding Disparity For Wisconsin: \$36.9 Billion Less

the next 10 years. The disparity is a result of using 2016 as a base year when establishing the AHCA's per capita cap rates, which locks in the significantly enhanced federal Medicaid matching funds for expansion states. This means enhanced funding continues forward at those higher rates while nonexpansion states will not recover from their disadvantaged financial position.

"The unique Wisconsin model has worked to significantly reduce our uninsured rate, and we can be proud to say that everyone in poverty is covered under Medicaid," said Borgerding. "Unfortunately, this report shows that Medicaid funding disparities are baked into the AHCA and will place our state at a significant disadvantage long-term. Ironically, nonexpansion states are essentially being penalized for rejecting ObamaCare in a bill that is repealing ObamaCare."

Borgerding's comments are similar to those made by Sen. Alberta Darling and Rep. John Nygren, Co-Chairs state Legislature's Joint Committee on Finance, in a February 24, 2017 letter (<http://www.wa.org/pdf/DarlingNygrenLetter2-24-17.pdf>) they penned to members of the Wisconsin Congressional delegation. And earlier this week, Rep. Nygren reiterated his concerns with unfair treatment nonexpansion states like Wisconsin are receiving in nation's capital.

"One of the frustrations I have had with the proposal coming out of Washington is that it didn't reward states like Wisconsin that did it the right way and basically continues to reward the states that went a different course," Nygren said this week at a Wisconsin Health News panel discussion (see related story on page 1). "To me, that is continuing this inequity moving forward, rather than addressing the states that have everybody in poverty covered."

WHA continues to urge Wisconsin's two U.S. Senators, Ron Johnson and Tammy Baldwin, to fight for Wisconsin and ensure Medicaid funding equity under any proposals acted upon by the Senate.

Continued from page 2 - WHA, Board Officers Meet With Speaker Ryan

"We've seen the data, and it is exactly why Wisconsin should be concerned," said Borgerding. "One report shows that federal Medicaid spending in expansion states will be 67 percent higher than in nonexpansion states like Wisconsin, and this leads to a \$680 billion funding disparity in the next 10 years. We believe more needs to be done in the Senate to the AHCA to provide equity for nonexpansion states like Wisconsin."

Another key issue discussed relates to ensuring affordable coverage for the approximately 225,000 individuals in Wisconsin who have accessed plans on the federal exchange. Speaker Ryan indicated the House-passed AHCA included additional funding for the U.S. Senate to distribute to lower-income, older individuals via the AHCA's tax-credits.

"As always, we appreciated the Speaker's open door policy with WHA and our members on the AHCA and many other health care issues," said Borgerding.

Continued from page 4 - New Resource Connects Job Seekers with Health Careers

will alert job seekers to the thousands of opportunities that are and will become available in the next several years in the health care field, promoting employment in this key sector of Wisconsin's economy."

In their remarks, Borgerding and Seemeyer acknowledged Gov. Scott Walker and the Joint Finance Committee for their continued support of and funding for health care workforce-related initiatives such as the Wisconsin Rural Physician Residency Assistance Program and new WHA-backed proposals that provide training grants for advanced practice clinician training rotations and allied health professional training consortia.

Continued from page 2 - Budget Leaders Discuss Medicaid Waiver

In his budget, Gov. Scott Walker attributes \$60 million in savings by shifting from a fully insured to self-insured model for state employees. The budget co-chairs questioned this savings estimate, pointing to a recent Legislative Fiscal Bureau (LFB) estimation that showed a potential savings figure closer to \$47 million.

Nygren stressed that even the LFB figures are an estimate, which is an inherent risk that comes along with self-insurance. "Here is one of the differences with a fully insured plan versus a self-insured plan. If we get [fully-insured] contracts which say they can reduce costs by \$40 million, you can take it to the bank. Whereas, with self-insurance, they are all estimates," said Nygren.

In addition, both Darling and Nygren referred to a significant increase in state employee health insurance premium reserves being held by the GIB that exceed the Board's existing program reserves policy, which states that the program should maintain a fund balance of 15 to 25 percent.

According to the LFB, current reserves exceed the maximum medical claims benchmark (25 percent) by \$18.4 million and the minimum medical claims benchmark (15 percent) by \$68.8 million. In the same LFB memo, the nonpartisan agency referenced the GIB's consultant Segal who had recommended not using the 2016 reserves to buy-down premium costs in 2017, partially for the purpose of preparing for a move to self-insurance in 2018.

Both Darling and Nygren indicated that they would not support approving the contracts submitted to the JFC, but did say that they would need to find additional savings to offset what the Governor proposed in his version of the state budget.

"Step one in the process is realizing that some of the reserves should be going toward buying down the cost of state employee health care," said Nygren. "If we say no, we will have to find the savings – we're not going to ignore the potential for plan redesign as a potential to address the savings the Governor put into his budget. We're going to have to do that, and I believe we can."

The budget committee co-chairs were also asked about the potential for the GIB to regionalize and consolidate the number of fully-insured health plans that participate in the state employee health insurance program.

"I have some concerns about that, because some of our Senators and Assemblymen have a concern that they need more choices in their areas," said Darling. "We need to have competition all over the state."

Staff for the Department of Employee Trust Funds (ETF), which administers the state employee health insurance program, indicated that the GIB could take this action without approval from the JFC. Commenting on actions the budget committee may take related to the state employee health insurance program, Rep. Nygren hinted at the JFC's interest to be more involved in decisions made by the GIB.

"If you haven't sensed it by the comments we have made, there will be an effort again for legislative oversight on group insurance board decisions in this budget," said Nygren.

"We want a very dynamic, competitive health care system that is market driven. That is what the country is trying to get and we have it," said Darling.

To watch the entire panel discussion, visit WisconsinEye's coverage here: <http://www.wiseeye.org/Video-Archive/Event-Detail/evhdid/11618>.

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SSM Health
Gundersen - Boscobel Area Hospital and Clinics
Fort HealthCare
HSHS - Eastern Wisconsin Division
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SSM - St. Clare Hospital & Health Services
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