



Metropolitan Milwaukee
Association of Commerce

*** MEDIA ADVISORY ***

**MMAC SUPPORTS HOSPITAL ASSESSMENT AS
ANTIDOTE FOR "HIDDEN HEALTH CARE TAX"**

**FOR IMMEDIATE RELEASE
MARCH 12, 2008**

**CONTACT: JULIE GRANGER
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MILWAUKEE...The Metropolitan Milwaukee Association of Commerce (MMAC) today informed state legislators that its Board has taken a position in support of Governor Doyle's proposed Hospital Assessment.

The position is articulated in a memorandum from MMAC President Tim Sheehy to state lawmakers. A copy of that memorandum is attached.

The MMAC serves more than 2,000 member businesses throughout Milwaukee, Waukesha, Washington and Ozaukee counties, representing approximately 300,000 employees.

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DATE: MARCH 12, 2008
TO: WISCONSIN STATE LEGISLATURE
FROM: TIM SHEEHY, MMAC PRESIDENT
RE: HOSPITAL ASSESSMENT

The cost of health care continues to be a significant challenge to the over 2000 member companies in the Metropolitan Milwaukee Association of Commerce (MMAC). As such, the MMAC has supported and continues to support a number of public policy initiatives to make top-quality health care more affordable and accessible to our members.

Unfortunately, the cost reduction impact – actual and potential – of many of these reforms is muted by the “hidden health care tax” resulting from the state’s under reimbursement to hospitals providing care to Medicaid patients. State hospitals have not received a rate increase for Medicaid services in 12 years and the gap between what it costs a hospital to treat a Medicaid patient and what a hospital is paid for those services continues to widen. The Wisconsin Hospital Association calculates that the Medicaid shortfall for Wisconsin hospitals has totaled \$2.98 billion over the last 12 years. For southeastern Wisconsin hospitals alone, the Medicaid shortfall in 2006 totaled approximately \$266.5 million. Most of that cost ends up being shifted to employers and consumers through higher insurance premiums. This enormous hidden tax threatens the competitiveness of Wisconsin businesses and quality of life for health care consumers.

Last year, Governor Doyle proposed imposing an assessment on hospitals as a way to improve Medicaid reimbursement rates for hospitals. Revenues generated by this assessment would have been used to leverage an estimated \$400 million in additional federal matching funds for the state Medicaid program. Southeastern Wisconsin hospitals would have seen a net gain of over \$156 million- money critical to supporting the “safety net” hospitals in the Milwaukee area that care for many people enrolled in Medicaid.

While the hospital assessment was rejected by the legislature last year in their budget deliberations, the state now faces a substantial deficit that will require budget repair legislation. The MMAC Board has voted to support inclusion of the hospital assessment in that budget repair legislation. It is our belief that passage of the Hospital Assessment will help significantly reduce the state’s Medicaid shortfall, help Wisconsin get its fair share of federal funds, and reduce the pass through health care costs making health insurance less affordable for our member business and the more than 300,000 workers they employ throughout the region. We urge your favorable consideration of this important measure.

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