

January 23, 2002

TO: Hospital and Health System CEOs

FROM: Steve Brenton, President  
Eric Borgerding, Vice President, Government Affairs

***McCallum's Budget Decision Deserves A Thank You  
From Hospital and Health System Leaders!***

Yesterday, Governor Scott McCallum released his much anticipated "budget adjustment" bill. As we reported last week, the Governor's solution to Wisconsin's \$1.1 billion budget gap does not include cuts to Medicaid, including no reductions in provider reimbursement rates. While the bill does nick HIRSP and a few other programs (see attached WHA budget summary), and I would rather be reporting Medicaid increases, the importance of passing this first budget hurdle relatively unscathed cannot be overstated.

To put this into perspective, consider proposals currently in play in two neighboring states:

- ✓ In Iowa, Governor Tom Vilsack is asking the General Assembly to reduce Medicaid provider payments by 13% in an effort to significantly reduce Medicaid expenses over the next 18 months.
- ✓ And in Illinois, a state with already low provider payment rates, Governor Ryan wants to slash hospital Medicaid payments to a degree some observers describe as "breathtaking."

Here at home, other popular state spending programs did not fare as well in the budget. Cuts in aid to local governments (shared revenue) and the University of Wisconsin will, along with tobacco fund revenues, be used to fill the bulk of Wisconsin's budget hole.

Indeed, at a meeting attended by senior WHA staff on January 8, McCallum administration officials made it clear that sparing Medicaid from budget cuts would mean deeper reductions for other worthy state programs. They emphasized that significant support from Wisconsin health care providers would be essential if we are to keep Medicaid off the table when the budget goes to the Legislature.

In light of all this, Governor McCallum's decision to spare Medicaid from the budget axe is a wise and courageous decision that deserves a loud ***thank you*** from Wisconsin's hospital and health system leaders.



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***WHA's advocacy team is prepared to make the preservation of last year's Medicaid payment gain our top state legislative issue in 2002.*** Our efforts will involve working closely with a coalition of stakeholders who similarly desire to preserve and protect this important program. Additionally, significant grassroots support and activity will be required from members over the next couple of months.

A good first step in demonstrating our support and appreciation for Governor McCallum's decision to protect Medicaid is needed from all of us in the form of communications to the Governor. Letters can be addressed to: Governor Scott McCallum, P.O. Box 7863, Madison, WI 53707, or he may be contacted by phone at 608/266-1212 or by e-mail at [wisgov@mail.state.wi.us](mailto:wisgov@mail.state.wi.us).