

**Senate Committee on Health, Utilities
and Veterans and Military Affairs**

Budget Recommendation Motion

Senator Moen

Department of Veterans Affairs

LFB Summary of Governor's Budget Recommendations, Page 696, Item 8

Governor: Provide -\$471,100 GPR and \$680,500 SEG in 2001-02 and -\$471,100 (GPR) and \$576,900 SEG in 2002-03 and 1.0 SEG two-year project position for Wisconsin Veterans Museum initiatives.

Senator Moen: The Veterans Trust Fund finances most of the loan and grant programs for state veterans and trust fund resources should be maintained for that purpose. The Wisconsin Veterans Museum was created to affirm, acknowledge and commemorate the role of Wisconsin veterans in our nation's history. However, the museum also serves the state as a tourist attraction and an educational resource for the many thousand's of school children who visit the museum each year.

The costs associated with maintaining and improving the museum that perpetuates and honors the history and legacy of Wisconsin's veterans and citizen-soldiers who served in the National Guard should be funded with GPR.

Motion: Modify governor's provision as follows: delete shift in veterans museum space rental and utility costs from GPR to SEG; provide that funding for the remainder of the provision be GPR.

- Aye
- No

Signature: *Robert Rosenzweig*
 Date: *4/27/01*

Motion 25
Relating to: Veterans Museum

**Senate Committee on Health, Utilities
and Veterans and Military Affairs**

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Aye
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Aye

No

Note: Not Voting. There is too little information available to vote on these motions. Committee Members do not have access to fiscal bureau papers, by the voting deadline that provide history and alternatives. The committee has not had fiscal bureau briefings, agency feedback, governor budget staff feedback, and in some cases has not received testimony or heard from those affected by the motions. Due to time constraints, some members' motions are not included.

Signature: Mary A. Rayich

Date: 4-24-01

Motion 25

Relating to: Veterans Museum

**Senate Committee on Health, Utilities
and Veterans and Military Affairs**

Budget Recommendation Motion

Senator Erpenbach

Workforce Development – Employment, Training and Vocational Rehabilitation Programs

Wisconsin Survival Coalition Position Paper regarding Independent Living Assistive Technology

Governor: No provision

Senator Erpenbach: This proposal will provide resources and technical assistance regarding assistive technology to persons of all disabilities and all ages in the State of Wisconsin.

Motion: Provide an annual appropriation of \$800,000 GPR as follows:

1. Independent Living Centers (ILC'S) for the eight Wisconsin ILC's (\$60,000 each) for a total of \$480,000
2. Wisconsin Coalition for Advocacy (WCA) for a total of \$120,000
3. Office for Persons with Physical Disabilities (OPPD) for a total of \$60,000
4. Agrability for a total of \$60,000
5. Wheel Chair Recycling Program for \$80,000

Detailed Distribution:

1. ILC's – The \$60,000 to each ILC would be used to maintain a full time Assistive Technology/Adaptive Equipment Specialist and funds of the the ILC's to maintain the Assistive Device/Equipement Loan Closet. The Assistive Technology Specialist would provide information, resources and assessments for person's assistive technology needs. This would be based on the exisiting and latest information and products available. The Assistive Technology Specialist would maintain the equipment loan closet for test trials.

2. WCA – The \$120,000 would allow WCA to maintain two positions to provide statewide systematic advocacy on assistive technology issues. The position would focus on assessing systematic barriers tot he provision of technology in school systems, human service programs, businesses, and public and private insurance programs. WCA staff will develop education, training, technical assistance, and advocacy services to overcome the barriers.

Motion 26

Relating to: Independent Living Assistive Technology
(CONTINUED ON NEXT PAGE)

3. OPPD – The \$60,000 to OPPD would provide the office a staff to administer the state funding, develop statewide reporting mechanisms, conduct performance evaluation, training and additional resource development. Specifically, in the area of resource development, the staff would work with assistive technology /adaptive equipment vendors to obtain equipment to maintain and update the trial equipment.

4. AGRABILITY – Provide Easter Seals Society of Wisconsin with \$60,000 to staff their unique program of providing persons with disabilities in the agricultural industry, living in the state of Wisconsin, with specialized assistance regarding adaptations/modifications to continue their chosen profession.

5. WHEEL CHAIR RECYCLING PROGRAM – Provide \$80,000 to fund the wheelchair recycling program.

Aye

No

Signature: _____

Date: _____

Peggy Rosenzweig
4/27/01

Motion 26

Relating to: Independent Living Assistive Technology

**Senate Committee on Health, Utilities
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Date: _____

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Signature: Mary A. Lutzich

Date: 4-25-01

Motion 26

Relating to: Independent Living Assistive Technology



WISCONSIN STATE COUNCIL
VIETNAM VETERANS OF AMERICA, INC.
POST OFFICE BOX 55363
MADISON, WI 53705

Legislative Advocacy & Government Affairs

Resolution

Wisconsin Veterans Museum

The Wisconsin State Council of Vietnam Veterans of America reaffirms its position that the Wisconsin Veterans Museum and all Wisconsin Department of Veterans Affairs museum-related expenses must be entirely funded with GPR dollars without any utilization of Veterans Trust Fund monies.

The Wisconsin State Council specifically adopts the following policy statement with regard to the 2001-2003 Wisconsin biennial budget proposals for the Wisconsin Veterans Museum and the proposed Milwaukee Education Center & Museum at the Milwaukee War Memorial:

★VVA has always given the Wisconsin Veterans Museum our fullest support and VVA remains very strongly committed to continuing to do so.

★We believe the museum is the finest state veterans museum in the United States. All Wisconsin veterans can take pride in the national recognition it has received in recent years.

★The museum honors the service and sacrifice of Wisconsin's veterans in our nation's wars and also serves as a critically important educational tool for Wisconsin students. It has been accepted policy for some time that the Wisconsin Veterans Museum should be funded with GPR dollars, **NOT** Veterans Trust Fund money. The rationale is simple:

IT IS UNREASONABLE TO EXPECT VETERANS, THROUGH THE VETERANS TRUST FUND, TO PAY FOR A MUSEUM MEANT TO HONOR THEIR SERVICE AND SACRIFICE.

★VVA FULLY SUPPORTS ALL OF THE "MUSEUM INITIATIVES" IN THE 2001-2003 WISCONSIN STATE BUDGET FOR THE WISCONSIN VETERANS MUSEUM AND ITS PROGRAMS AT MADISON, KING & VOLK FIELD [THE NATIONAL GUARD MUSEUM].

HOWEVER, VVA IS STRONGLY OPPOSED TO THE PROPOSED USE OF



\$221,400 IN VETERANS TRUST FUND MONEY FOR THESE MUSEUM COSTS.
VVA FULLY SUPPORTS FUNDING THE PROPOSALS WITH GPR DOLLARS.

★VVA is very disappointed by the Governor's proposal to eliminate GPR funding for Wisconsin Veterans Museum rent and utilities. Doing so will cost the Veterans Trust Fund \$471,100 per year. When Wisconsin veterans agreed to the Veterans Museum being moved from the State Capitol, it was done with the explicit understanding that the new museum would be located on the Capitol Square and that all rent and utilities would always be paid for with GPR dollars.

VVA STRONGLY OPPOSES THE "VETERANS MUSEUM FUNDING TRANSFER" WHICH WOULD REQUIRE THE VETERANS TRUST FUND TO PAY THE YEARLY \$471,100 RENTAL & UTILITY EXPENSES OF THE MUSEUM. VVA FULLY SUPPORTS THE CONTINUED FUNDING OF RENT & UTILITIES WITH GPR DOLLARS.

★VVA FULLY SUPPORTS THE BUDGET PROPOSAL TO PROVIDE \$200,000 IN SEED MONEY FOR THE CONSTRUCTION OF A "VETERANS EDUCATION CENTER AND MUSEUM" AT THE MILWAUKEE WAR MEMORIAL. VVA views the proposed Education Center seed money as clearly a museum-type expense. The Department of Veterans Affairs has already made it clear that it expects the Veterans Education Center & Museum, once constructed, to be operated by the Wisconsin Veterans Museum.

VVA STRONGLY OPPOSES HAVING THE VETERANS TRUST FUND PAY THE \$200,000 IN SEED MONEY FOR THE WAR MEMORIAL VETERANS EDUCATION CENTER AND MUSEUM. VVA FULLY SUPPORTS FUNDING THE PROPOSAL WITH GPR DOLLARS.

Unanimously adopted by the Wisconsin State Council on March 17, 2001



WISCONSIN STATE COUNCIL
VIETNAM VETERANS OF AMERICA, INC.
POST OFFICE BOX 55363
MADISON, WI 53705

Legislative Advocacy & Government Affairs

Resolution

Proposed Establishment of Regional Service Delivery Centers

VVA has historically supported the 72 county County Veterans Service Officer [CVSO] program and we continue to do so at this time.

VVA fully supports any coordinated, cooperative effort designed to reach as many veterans as possible to provide them with information on federal and state benefits, as well as increasing WDVA staff in geographical areas with high concentrations of veterans in order to assist those veterans in applying for federal and state entitlements.

VVA considers the current proposal for the establishment of regional service delivery centers contained in the budget to be a duplication of the County Veterans Service Offices already located in the 72 counties. The WDVA proposal does little to enhance and supplement that system.

VVA would support additional funding for an ongoing, coordinated WDVA mass media campaign utilizing television, radio and newspapers, as well as public broadcasting systems, to promote the various federal and state veterans entitlements with information about where a veteran can obtain assistance in applying for those entitlements. Such a campaign would be a definite enhancement to the current delivery of services by WDVA and the CVSOs and is clearly warranted. It needs to be directed to specific entitlements and the requirements to apply for and receive those entitlements, rather than generalized promotions which too often can give a false impression that all veterans will receive entitlements. Additionally, VVA feels there should be an increased effort to provide assistance and information to veterans at public forums such as conventions, job fairs and other events drawing large numbers of people. WDVA's recent Veterans Benefits Supermarkets are good examples of such endeavors and VVA supports funding expanded efforts along these lines.

VVA also supports increased WDVA staffing for coordinated, cooperative veterans outreach efforts and VVA makes the following specific recommendations:

1. The four current WDVA regional coordinators' duties must be clearly defined to include: claims and benefits application assistance; coordination of efforts with local CVSO offices to maximize the level of assistance provided to all veterans and



to maximize the benefits received by Wisconsin veterans; and claim and benefits assistance to veterans at the various VA hospitals and outpatient clinics throughout the state.

2. The current staffing at the WDVA claims office at the VA Regional Office in Milwaukee should be increased by one Claims Officer position to better provide claims assistance available to veterans.

3. The addition of a WDVA Claims Officer position to be permanently placed at the Milwaukee CVSO office to provide federal claim and benefits assistance. The Milwaukee CVSO does not provide any direct federal claim and benefits assistance.

4. The addition of a mobile WDVA Claims Officer position responsible for providing federal and state claim and benefits assistance, in WDVA's southeastern service region outside of Milwaukee County, including providing services to veterans at the new Wisconsin Veterans Home-Union Grove [now scheduled to open May 2001, with a projected capacity 300 beds when construction is completed] and to the VA Mobile Medical Clinic. The Racine CVSO does not currently plan to provide any services to residents of the Wisconsin Veterans Home-Union Grove due to a staffing reduction at the CVSO office.

5. The authorization for an additional three mobile WDVA Claims Officer positions, one in each of the remaining three WDVA service regions, to service those regions, including the VA Medical Centers and Outpatient Clinics serving Wisconsin veterans outside of southeastern Wisconsin. Final approval of the funding for these three positions should be contingent upon WDVA demonstrating sufficient need for coverage in each of these three WDVA regions.

Unanimously adopted by the Board of Directors of the Wisconsin State Council on April 4, 2001 in accordance with the Council's directive of March 17, 2001



WISCONSIN STATE COUNCIL
VIETNAM VETERANS OF AMERICA, INC.
POST OFFICE BOX 55363
MADISON, WI 53705

Legislative Advocacy & Government Affairs

Resolution

Veterans Emergency Assistance Grant Program Modifications and the Transportation Services Grant For Disabled Veterans

The Wisconsin State Council of Vietnam Veterans of America [VVA]:

1. Strongly opposes the proposed elimination of the **Emergency Health Care Aid Grant** and recommends:

- a. The per grant maximum be raised to \$10,000; and
- b. The program's overall funding be increased to \$2.2 million SEG.

Although VVA strongly opposes the elimination of the Emergency Health Care Aid Grant program, VVA recognizes that there might be constructive ways in which the program could be modified.

The elimination of the Emergency Health Care Aid Grant program would disadvantage veterans most at risk and in need, including:

- a. Veterans without any health insurance;
- b. Veterans incurring expenses for alcohol and other drug abuse treatment; and
- c. Veterans being treated for alcohol and/or other drug abuse secondary to treatment for war-related post-traumatic stress disorders [PTSD].

2. Supports the proposed **Expanded Purposes For Which Subsistence Grants May Be Made**, but recommends the addition of a requirement that veterans suffering from alcoholism and other drug abuse must be in an acceptable treatment program as a condition to receiving grants under this program.

This grant program addresses the immediate expenses of those veterans who are most in need. The proposal to expand eligibility to those veterans who suffer from alcoholism or other drug abuse while eliminating emergency health care aid grants for the treatment of such conditions appears to be very flawed public policy



proposal.

If coverage is to be expanded to those suffering from alcoholism and other drug abuse, WDVA must take steps to ensure that direct payments to veterans under this proposal do not end up being used to fund the alcoholism or other drug abuse itself.

3. Strongly supports the **Transportation Services Grant For Disabled Veterans**. This is a program with great merit and must be at least approved in its present form. However, VVA believes that the program is too limited in scope.

DAV's transportation program covers only about one-third of Wisconsin's counties. Veterans from throughout the state are faced with monumental transport problems given the distance between veterans homes and VA hospitals and clinics, as well as the aging of the veterans population.

VVA recommends:

- a. The appropriation of an additional \$100,000 SEG for grants to provide transportation services in areas not served by DAV; and
- b. The Governor and Legislature work aggressively with the federal government to ensure that such transportation expenses in the future will be assumed by the federal government which is truly the responsible party for these expenses.

Unanimously adopted by the Board of Directors of the Wisconsin State Council on April 4, 2001 in accordance with the Council's directive of March 17, 2001

**Testimony in Opposition to Legislative Changes to State Statute
66.0817 (*Sale or Lease of Municipal Public Utility Plant*) before the
Senate Committee on Health, Utilities, Veterans and Military Affairs
by Scott J. Meske, MEUW Governmental Affairs Director**

April 4, 2001

Algoma
Arcadia
Argyle
Bangor
Baron
Belmont
Benton
Black Earth
Black River Falls
Bloomer
Boscobel
Brodhead
Cadott
Cashton
Cedarburg
Centuria
Clintonville
Columbus
Cornell
Cuba City
Cumberland
Eagle River
Elkhorn
Elroy
Evansville
Fennimore
Florence
Gresham
Hartford
Hazel Green
Hustisford
Jefferson
Juneau
Kaukauna
Kiel
La Farge
Lake Mills
Lodi
Manitowoc
Marshfield
Mazomanie
Medford
Menasha
Merrillan
Mount Horeb
Muscodia
New Glarus
New Holstein
New Lisbon
New London
New Richmond
Oconomowoc
Oconto Falls
Pardeeville
Plymouth
Prairie du Sac
Princeton
Reedsburg
Rice Lake
Richland Center
River Falls
Sauk City
Shawano
Sheboygan Falls
Shullsburg
Slinger
Spooner
Stoughton
Stratford
Sturgeon Bay
Sun Prairie
Trempealeau
Two Rivers
Viola
Waterloo
Waunakee
Waupun
Westby
Whitehall
Wisconsin Dells
Wisconsin Rapids
Woneewoc

- I. Introduction
 - A. Municipal Electric Utilities of Wisconsin (MEUW)
- II. State Statute 66.0817 (*Sale or Lease of Municipal Public Utility Plant*)
 - A. Enacted in 1917.
 - B. Basic purpose is to make sure that any sale or lease disposing of a municipal utility is fair and reasonable to the utility ratepayers, allowing for maximum citizen participation.
 - C. Five-part process for a community to use when considering the sale of a municipal utility:
 1. Preliminary agreement with buyer;
 2. Agreement must be adopted at a regular meeting of the City Council/Village Board, with a prior on-week public notice;
 3. Review by the Wisconsin Public Service Commission for reasonableness;
 4. If approved by the PSC, a City/Village referendum (if referendum passes, transaction must be completed within one-year); and
 5. Special considerations with respect to protecting municipal bond holders in the case of a sale.
 - D. Has worked well over the years.
- III. There are two legislative proposals to essentially eliminate this statute:
 - A. Sections 2025-2026 in the State Budget Bill (Senate Bill 55).
 - B. Assembly Bill 233.
- IV. Municipal groups opposed to these changes:
 - A. League of Wisconsin Municipalities;
 - B. Municipal Electric Utilities of Wisconsin (MEUW);
 - C. American Water Works Association (AWWA)-Wisconsin Section;
 - D. Wisconsin Rural Water Association (WRWA); and
 - E. Municipal Environmental Group (MEG) - Water Division.
- V. While we typically support less onerous state restrictions, the current law establishes a deliberate process for a community and its citizens to consider the sale of their municipal utility, in many cases is the municipality's largest asset.
 - A. This is not a Kettl Commission Recommendation. It is vaguely based on Kettl Commission Recommendation #123. The bottom line is if Milwaukee wants to sell its utilities, changing an 84 year-old Statute with one line in the state budget which affects 600+ Wisconsin communities is not the way to go about it.
- VI. Please oppose any changes to State Statute 66.0817.

Aldermen object to 'end run' for utility

consin

Milwaukee Ballet postpones tour of China **6B**

www.jsonline.com/news

THURSDAY, MARCH 29, 2001

MILWAUKEE JOURNAL SENTINEL

Proposal that allows sale of Water Works angers some

By GREG J. BOROWSKI
of the Journal Sentinel staff

Fearing that Mayor John O. Norquist is covertly moving to sell the Water Works, opponents on the Common Council say they will fight a provision in the state budget that would make it easier for cities to sell off utilities.

If the little-known provision remains in the state budget, a city or town could sell a utility in "any manner that it considers appropriate." Under current law, any sale would have to be approved by voters in a referendum and OK'd by the state Public Service Commission, which would decide if the price is fair.

The proposed change, making up a single line in Gov. Scott McCallum's budget, was recommended last year by a special commission studying ways to improve the financial relationship between the state and its cities. The idea was advocated by David Riemer, a member of the commission and a top Norquist adviser.

That connection has raised suspicion among some aldermen, even though Norquist officials say the sale of the utility — which by one measure is worth nearly \$400 million — isn't being contemplated. What's more, they say, it could take years to do the needed studies and build enough support to even consider it.

The sale of the utility, which would be the city's largest privatization effort by far, has long been a touchy topic. Norquist and aides have toyed with the idea at various points but always decided the required public referendum on a sale made it a virtual impossibility.

"I think this is an end run," Ald. Mike D'Amato said of the provision in the budget. "I think this is an effort by the administration to get themselves one step closer to privatization."

He plans to ask the council's Ju-

Opponents vow to fight clause that allows sale of city utilities

WATER WORKS, From 1B

diciary and Legislation Committee, which he chairs, and then the full council, to direct the city's lobbyists to work to get state lawmakers to remove the item.

But with the city facing another tight budget, aldermen may not be as unified as in the past against privatization. The chairman of the Finance and Personnel Committee, Ald. Frederick Gordon, says the sale should be studied — and the provision in the state budget should remain.

"I'm not saying I'm in favor of selling," Gordon said. "But certainly I'm in favor of having as many options as possible and having more control over what happens to the utility."

More local control

Meanwhile, Norquist and his aides are content to let aldermen fight over the issue. Aides say the provision in the budget gives Milwaukee — and other municipalities — more local control, which they consider a good thing.

"It's not on our radar screen right now," Steve Jacquart, Norquist's policy adviser, said of a possible sale. "We have no plans to go ahead and pursue that."

Norquist was in Madison to speak to a class at the University of Wisconsin-Madison and

was unavailable for comment Wednesday afternoon.

Gordon said the issue is so controversial, few want to even publicly broach it. "It's kind of like walking on rice paper — you don't want to do it, because you might tear it."

In the past, the council has generally opposed privatization, which is the shifting of work to privately-owned companies or, in extreme cases, the sale of publicly-owned assets or enterprises.

Advocates say privatization, a growing trend nationally, saves money for taxpayers when private firms can do the same job for less. Critics say the changes erode the salaries of workers and often mean poorer service.

Aldermen have approved privatization in some minor situations in the past. But in 1999, angered that the administration was studying whether a private firm could perform customer service functions at the Water Works, aldermen voted unanimously to require council approval before any privatization studies are begun.

The largest privatization initiative in the area came in '98, when the Milwaukee Metropolitan Sewerage District hired New Jersey-based United Water Services to run its operations, a deal estimated to save \$140 million over 10 years. In that case, MMSD retained ownership of the plants and other assets.

The sale of the Water Works, if it ever moves ahead, would be a far different proposition.

Union opposes it

It would surely be fought by District Council 48 of the American Federation of State, County and Municipal Employees, which represents most of the 350 employees of the utility. It may also be opposed by some suburbs that buy their water from the city.

Determining a sale price would have its own challenges.

The 2000 "book value" of the Water Works, a number that represents the investment in treatment plants, underground water mains and other facilities, was \$383 million. That approach, though, does not consider the full profit potential of what would become, in many ways, a private monopoly over the water supply.

Another factor in evaluating a sale is the loss of large annual payments the Water Works, already a stand-alone operation, makes to the city. That payment last year was about \$8.3 million.

Critics say the sale of the utility could mean consumers are gouged, though rate increases still would be regulated by the Public Service Commission.

"It's a very important resource, our water," said Ald. Michael Murphy. "I'm not sure I'd want a private entity running it."

Mil. Journal Sentinel
Monday April 2, 2001
Section 3B

Groups take sides on utility sales

Some support, some
oppose easing cities'
ability to sell utilities

By GREG J. BOROWSKI
of the Journal Sentinel staff

A group representing hundreds of communities that own electric utilities has joined the criticism of a state budget provision that would make it easier to sell such operations.

The Municipal Electric Utilities of Wisconsin has asked the co-chairmen of the Legislature's Joint Finance Committee to remove the provision from Gov. Scott McCallum's proposed budget.

But another group, the Metropolitan Milwaukee Association of Commerce, is prepared to lobby for the item — and to advance the suddenly public debate about the potential sale of Milwaukee's city-owned Water Works.

The provision would allow any city or town to sell any utility in "any manner that it considers appropriate." Under current state law, such sales have to be approved by voters in a referendum and OK'd by the state Public Service Commission.

The utilities group says those

are important safeguards and questions why the matter appeared in the budget at all, since seemingly no one had been pushing for the change.

"From our experience," wrote David Benforado, executive director of the utilities group, "notions (often half-baked) to sell a municipal utility germinate and spread quickly, typically when a municipality is faced with short-term budget issues."

Benforado said more than 600 communities around the state own a water utility, electric utility or both.

The provision, when discovered, angered some Milwaukee aldermen who fear Mayor John O. Norquist is covertly trying to sell the Water Works.

"The idea of a referendum is there because we treat utilities as so important," Ald. Don Richards said. "A municipal utility isn't owned by aldermen or the mayor. It's owned by the people of Milwaukee."

The Common Council's Judiciary and Legislation Committee is to vote today on whether the city should take a formal position against the budget item and direct its lobbyists to work against it.

State budget officials say the

provision was recommended last year by a special commission studying ways to improve the financial relationship between the state and its cities. The idea was advocated by David Riemer, a top adviser to Norquist and a member of the commission.

Norquist aides said last week there were no plans to sell the Water Works, which by one measure could be worth nearly \$400 million. They said the proposed change would give the city, including the Common Council, more say over how any such sale would take place.

Tim Sheehy, president of the association of commerce, said a referendum requirement would "highly complicate" any sale.

"I think it would be extremely shortsighted for the council to not keep this as an option," he said.

Don Kettl, the University of Wisconsin professor who chaired the special commission, said there was nothing sinister about the link between Riemer, the panel's recommendation and the item appearing in McCallum's budget.

"It doesn't say a utility ought to be sold off," Kettl said. "It was an effort to get the state out of it."

beverage licenses and cigarette and tobacco retailers license. The Commission believes that

122. Existing state caps on local fees ought to be removed.

Moreover, the Commission wishes to afford communities maximum financial flexibility in providing local public services:

123. All communities should be free, through the normal policy actions of its governing body, to sell or lease its assets if it determines that doing so is in the best interests of the community.

Financial data. More generally, the Commission has found its work hampered by the lack of good, up-to-date information about state and local finance. The data that do exist frequently are old and full of mistakes. That is no foundation on which to build a solid financial plan. Thus, the Commission recommends that

124. Wisconsin should create a specific chart of accounts for all municipalities, regardless of size. The expenditures and revenues should be commonly defined, and the system ought to have the goal of allocating all costs of providing each government function to the account for that function. The system ought to follow the system of accounts established by the Government Accounting Standards Board. Auditors of government accounts ought to certify compliance with these standards.

Streamlining county transactions. Sections 59.64(2), (3) and (4), 59.65 and 59.78 set forth procedures for the processing and approval of bills and payments by counties. These provisions apply in particular to counties with populations over 300,000. Created when transactions were fewer and internal controls required involvement of the board in processing, these statutes have far outlived their usefulness and only create inefficiencies. These statutory sections require county finance staff to submit bills and payments to the county board or its standing committee for approval. This requirement creates delays in processing payments for vendors and posting transactions to the county's financial records. It multiplies paperwork for both staff and the board. The process does very little or nothing to ensure proper and effective internal controls. The Commission believes that streamlining the financial transaction process, for counties and municipal governments alike, would enhance local governments' efficiency. Hence, the Commission recommends that

125. All local governments should direct the adoption of internal control policies and procedures to safeguard and ensure the proper use of the county's financial resources. Local governments should ensure that there are annual financial statements prepared in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board. In addition, local governments

ARCW

AIDS RESOURCE CENTER OF WISCONSIN

LEADING WISCONSIN'S RESPONSE TO AIDS

NEW AIDS, HIV CASES GROW IN WISCONSIN

Numbers alarm health experts who fear epidemic rebounding

– Milwaukee Journal Sentinel, 1/28/01

After years of decline, AIDS is on the rise again in Wisconsin.

New figures show a **4 percent increase in HIV infections**, a **10 percent increase in AIDS cases** and an **11 percent increase in AIDS deaths** in 2000 – the **first time in three years** that HIV infections have increased, the **first time in five years** that AIDS deaths have increased, and the **first time in eight years** that AIDS cases have increased.

- Time is running out on the first generation of effective treatments for AIDS.
- “AIDS complacency” has weakened prevention efforts.
- HIV is mutating into more deadly, infectious strains that are resistant to drugs.

In response to the renewed threat of HIV/AIDS, the AIDS Resource Center of Wisconsin recommends a \$1.7 million **AIDS ACTION PACKAGE** emphasizing **HIV prevention, care and treatment** to regain the upper hand in the fight against AIDS.

Full funding for prevention (\$1.1 million)

Under federal law, a statewide community planning council establishes an HIV prevention plan for high-risk populations in each state. *Wisconsin's effective plan has never been fully funded.* A comprehensive response to AIDS can't wait any longer. Impact:

- 15 new full-time prevention professionals
- 100,000 additional contacts each year with persons at high risk of AIDS
- one-on-one testing, counseling, education, and referrals to anti-drug programs
- rapid access to care and treatment
- 50-50 funding split between AIDS service organizations and minority community-based organizations

(over)

820 NORTH PLANKINTON AVENUE 53203 PO BOX 510498 53203-0092 MILWAUKEE WISCONSIN
414-273-1991 800-359-9272 FAX 414-273-2357 www.arcw.org

APPLETON EAU CLAIRE GREEN BAY KENOSHA LA CROSSE MADISON MILWAUKEE SUPERIOR WAUSAU

Enhanced care for people with AIDS (\$200,000)

AIDS becomes exponentially more difficult and costly to treat as the disease progresses. The new growth in HIV/AIDS populations will require an enhanced investment in services to keep people with AIDS healthy as science formulates increasingly effective treatments.

Impact:

- 5 percent increase in community-based HIV care and treatment services
- access to health, legal, social and housing assistance for 2,000 people with HIV/AIDS
- critical support services for AIDS-impacted families

Statewide information campaign (\$250,000)

The renewed AIDS threat is a direct result of complacency. Each new generation must understand the grave threat posed by HIV. ARCW proposes a multimedia campaign to send a clear message via TV, radio, newspapers and billboards across the state. Impact:

- public awareness that AIDS is still incurable and fatal
- youth awareness that age is no shield against AIDS
- awareness among high-risk groups that testing and counseling are imperative
- awareness of information, referrals and other services via the Wisconsin AIDSline

Youth education program (\$150,000)

Youth under 25 account for more than half of new HIV infections. Too many teens and young adults think their age protects them from a "disease of the '80s." ARCW's youth education program aims to change their minds. Impact:

- HIV education seminars at 250 Wisconsin high schools
- technical assistance for school teachers, counselors and administrators
- outreach to churches, clubs, youth organizations
- reach 200,000 young people across the state

The public saves up to \$150,000 for each AIDS case the state prevents.

Preventing just 6 HIV infections per year pays the cost of AIDS ACTION 2001 in full.

**The battle against AIDS is far from over.
Your support is critical.**

ARCW

AIDS RESOURCE CENTER
OF WISCONSIN

LEADING WISCONSIN'S RESPONSE TO AIDS

Wisconsin 1999 to 2000 HIV and AIDS Increases

	1999	2000	
Cumulative HIV and AIDS cases	6,856	7,242	
Cumulative AIDS Cases	4,326	4,662	
	1999	2000	% change
AIDS Deaths	88	98	+ 11 %
Diagnosed AIDS Cases	157	172	+ 9.5 %
New HIV Infections	374	389	+ 4 %
New HIV Infections among African Americans	157	168	+ 7 %
New HIV Infections among Hispanics	31	42	+ 35 %
New HIV Infections among Women	78	97	+ 24 %

Source, *Wisconsin HIV/AIDS Quarterly Surveillance Summary, Cases Reported 1982 through December 31, 2000*

###

The AIDS Resource Center of Wisconsin is a private, non-profit health and social service agency that works to confront and alleviate the effects of HIV disease in Wisconsin. ARCW provides aggressive HIV education and prevention; access to comprehensive services for people living with HIV and AIDS; clinical research on HIV treatment; and HIV advocacy.

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April 4, 2001

Honorable Rodney Moen, Chair
Senate Committee on Health, Utilities, Veterans and Military Affairs
8 South, State Capitol
Madison, WI 53707-7882

Dear Senator Moen and Committee Members:

My name is William Jollie, and I am here to testify today regarding the proposed ban on HMO management contracts, contained in Sections 3742-3748, 3752-3753 and 9427(1) of the Budget Bill.

I am currently the Chief Operating Officer of Physicians Plus Insurance Corp (PPIC). I have worked in the healthcare industry for over 24 years, and worked in the HMO industry for 20 years.

PPIC insures about 110,000 Wisconsin residents in Dane County and the surrounding counties. We are locally owned by a Madison hospital and Madison doctors. Our mission is to improve the health of our members and the community we serve. This is an intensely local goal, for we are a local company. Our goals and mission say nothing about increasing shareholder values, growth into new markets, going public, increasing our price to earnings ratios, acquiring strategically adjacent businesses, or the other business plans of large, publicly traded companies. These things aren't bad; they just aren't the mission of our company.

I think we perform the mission of our company reasonably well. We are four star accredited – the highest ranking you can get -- by the National Committee for Quality Assurance in every product line we sell. We compete with many other Wisconsin and national health plans, most much larger than we are, that have different missions and customer priorities. I'm here today to ask you not to unfairly disadvantage my company in our marketplace.

We are small and we intend to stay so. We can only acquire the technology, the economies of scale in mass transactions such as claims processing, and the business consulting and product design skills these larger HMOs maintain in house by contracting out administrative services. And PPIC is not alone in this situation. Prevea in Green Bay, MercyCare in Janesville, Gundersen Lutheran in La Crosse, Touchpoint of the Fox River Valley, and many other Wisconsin HMOs all take a local approach to care, but must compete with giants.

Honorable Rodney Moen
April 4, 2001
Page 2

We all contract out some or most administrative services, and I reckon the majority of HMOs in Wisconsin do.

PPIC recently signed a ten-year contract with Perot Systems of Dallas Texas to provide comprehensive claims, enrollment, billing, and technology services. By offering a long term contract PPIC could show enough value to Perot to justify very good fees. Perot can bundle the kinds of development and management services it provides for over eighteen other health plans around the country to show PPIC -- and other small plans like it -- economies of scale that we could never achieve on our own. The contract length allows PPIC to make long term investments of our own limited resources knowing that our resources are deployed on an administrative platform that will be around two, four, six years in the future.

We worked closely with OCI staff in drafting our RFP for these services, in summarizing the criteria that were important to us, and in providing feedback as the responses came in. We provided an early draft of the administrative services contract, a list of key provisions, and the final draft. The contract itself was contingent upon OCI's written approval.

PPIC was required to do this: provisions for this OCI oversight exist and are operational now. Any significant change or addition to our business plan receives OCI input in its formation, draft and final stages. The Ban on Management Contracts language contemplated in this year's budget bill adds nothing to OCI's oversight or regulatory role, but offers yet another set of hurdles small, local health plans must overcome in order to compete with large plans. Larger plans -- whether domiciled in Wisconsin or another state -- don't have to contract out for these services. Please let us compete fairly in the market place under OCI oversight, and do not disadvantage us with regulations, which, while well meaning, add costs but no benefits.

Sincerely,



William Jollie
Executive VP & Chief Operating Officer

cc: Committee Members
PPIC Board of Directors



STATE OF WISCONSIN

Department of Employee Trust Funds

Eric O. Stanchfield
Secretary
801 West Badger Road
P.O. Box 7931
Madison, WI 53707-7931

April 11, 2001

The Honorable Rodney Moen
Chair, Senate Committee on Health, Utilities, Veterans and Military Affairs
8 South, State Capitol
P.O. Box 7882
Madison, WI 53707-7882

Re: Private Employer Health Care Coverage Program Budget Amendment

Dear Senator Moen:

On behalf of the Department of Employee Trust Funds and the Office of Private Employer Health Care Coverage, I would like to extend our appreciation for the support you and the members of the Senate Committee on Health, Utilities, Veterans and Military Affairs have provided in pursuing beneficial changes to the Private Employer Health Care Coverage Program.

As you are aware, in addition to the necessary structural changes included in Senate Bill 81, we are also requesting resources under s. 13.101 to enable the Department to contract for legal and actuarial-related services for the program for the remainder of the 2001 fiscal year. The resources represent a short-term approach to keep the program moving forward toward implementation and continue our efforts to secure a third-party administrator.

As indicated in our agency briefing on the biennial budget to the Joint Committee on Finance, additional funding is necessary for 2001-2003 to continue staff operations and to allow the program to become operational. Therefore, we will be seeking an amendment to our biennial budget to provide salaries and supplies and services for the 3.5 FTE positions authorized in the last biennial budget, legal and actuarial-related consulting services, and contractual resources for marketing development and promotion of the program. Total estimated costs for fiscal year 2002 are \$1,097,600 GPR, of which \$257,100 is for internal Department operations and \$840,500 GPR is to contract with private vendors for legal, actuarial-related and marketing services.¹ Total estimated costs for fiscal year 2003 are \$794,500, of which \$537,100 is to continue contractual services and the remainder is for internal program operating costs.

The Department will be requesting the full resources of \$1,097,600 GPR for fiscal year 2002, as the program will not yet be operational. However, for fiscal year 2003, the Department anticipates it will require only \$397,300 GPR due to the offset of premiums collected and the level of participation projected for the program. This assumes the program will be able to attain a projected enrollment of 21,000 employees by the end of

Private Employer Health Care Coverage Program
Administrative and Marketing Costs
For 2001-2003 Biennium

<u>Internal Department Operating Costs</u>	<u>FY02</u>	<u>FY03</u>
Current Staff Salary and Fringe	156,300	156,300
Program Assistant 2* Salary and Fringe	30,800	30,800
PA 2 Supplies and Services (\$100/mth x 12)	1,200	1,200
Rent (\$1086/mth x 12)	13,100	13,100
Messenger Service	1,100	1,100
Supplies and Services	26,400	26,400
Toll-free telephone charges and usage	300	600
Board Expenses (\$120/mtg x 11 mbrs x 6 mtgs)	7,900	7,900
Non-PEHCCP staff time	20,000	20,000
Sub-total:	257,100	257,400
<u>Contractual Services</u>		
Legal consulting services	31,000	3,900
Actuarial consulting services	375,000	150,000
Marketing	434,500	383,200
(Includes promotion material development, printing, postage, TV and radio ads and Internet development)		
Sub-total:	840,500	537,100
<u>Grand Total:</u>	<u>1,097,600</u>	<u>794,500</u>
ETF Requested Resources for 01-03 Budget	\$1,097,600	\$397,300

* Authorized under Act 9 - but did not fill due to budget constraints

The Honorable Senator Moen
Private Employer Health Care Program
April 11, 2001
Page 2


fiscal year 2003 and will make progress towards full self-sufficiency by the beginning of fiscal year 2004. A substantially lower enrollment would require additional GPR in fiscal year 2004. A detailed summary of the 2001-2003 administrative and marketing costs of the program is attached.

We all recognize that small employers and farmers face unique barriers in the health insurance market. The Private Employer Health Care Coverage Program, while it will not be able to remove these barriers for everyone, does represent an innovative public/private approach to addressing these issues. The structural changes contained in SB 81 combined with full funding of the program's budget request represent key elements necessary to implement this program.

We appreciate the support of the Senate Committee on Health, Utilities, Veterans and Military Affairs as our request for funding of the program in the 2001-2003 biennium proceeds. Members of my staff are available to answer any questions and provide more detailed information about the budget proposal at your convenience.

Thank you for your continued support of the Private Employer Health Care Program.

Sincerely,


Eric O. Stanchfield
Secretary

Attachment

cc: Members, Senate Committee on Health, Utilities, Veterans and Military Affairs
Private Employer Health Care Coverage Board

¹ Actuarial service costs were based on the low end of the range estimated by Deloitte-Touche actuaries for this type of consulting. Marketing costs were based on actual expenditures from the Strategic Marketing Plan for BadgerCare.

Revised 5/14/01

Date: May 14, 2001
To: Joint Finance Committee
From: Sam Gieryn, Wisconsin Citizen Action
Gerry Jaeger, Wisconsin Farmers Union
Ed Minihan, American Farmland Trust
Caryl Terrell, Sierra Club – John Muir Chapter
Sue Moline Larson, Evangelical Lutheran Office of Public Policy
Keith Reopelle, Wisconsin's Environmental Decade
Kerry Schumann, WISPERG
Dave Cieslewicz, 1000 Friends of Wisconsin
Todd Ambs, River Alliance of Wisconsin
Todd Hanson, Wisconsin Stewardship Network
Will Allen, Growing Power

RE: DATCP, DNR and COMMERCE items of Family Farm Protection Act
Budget Amendment--Supporting Family Farms and a Clean Environment

Our coalition of farm, religious, environmental and consumer groups urges your support for Sen. Burke's budget amendment. Family farms are the majority of farms in Wisconsin and are being lost at a rate of 3-4 farms every single day. This budget amendment seeks to:

- Prevent unfair trade practices and level the playing for family farmers.
- Ensure adequate environmental protection and healthy rural communities.
- Invest in a future for Wisconsin family-farms through fully funding ADD, managed grazing and organic systems of production a low interest loan program, an aggressive marketing effort for Wisconsin grown farm products.

We are writing to urge your support of a \$1.93 million budget amendment, sponsored by Senator Burke. In addition to this budget amendment, we give strong support to Sen. Decker's budget amendment on managed grazing as well as the full funding of the Private Employer Health Care Coverage Program. This health insurance pool would enable farmers as small business persons to participate. A summary of the budget amendment includes:

DATCP – Resource Management. Provide \$500,000 GPR annually and 1.0 program and planning analyst position in a new, annual appropriation and create a cost-share program to assist farmers interested in, or transitioning to, managed intensive grazing or organic systems of agricultural production. Allow cost-shares to be used for educational and technical assistance or for eligible management practices and require DATCP to determine eligible practices and cost-share rates (up to a maximum 70%) by rule.

Further, provide \$1,000,000 GPR annually for: (a) cost-share funding for state or federally required nutrient management plans; (b) a certification program for those who develop nutrient management plans; and (c) state and federal cost crop insurance programs. Require DATCP to direct funding to farms with fewer than 300 animal units when providing cost-share funding under this program.

DATCP – Agricultural Marketing. Provide \$400,000 GPR annually to increase the Agricultural Development and Diversification (ADD) program grant funding. The ADD program provides grants to farmers or other entrepreneurs to develop agricultural crops and livestock products, value added and other new uses for existing products and new business ventures. The ADD program base budget for grants is \$400,000 GPR annually.

Further, provide \$250,000 GPR annually with 1.0 marketing consultants and create a “Buy Wisconsin” market development program that would: (a) promote a Wisconsin identity for diverse farm-raised foods through producer directories, marketing materials, media and trade promotion for Wisconsin producers, producer organizations and specialty food companies; and (b) encourage school districts and local and state governments to purchase products directly from Wisconsin farmers, producer organizations and specialty food companies.

DATCP – Price and Market Reform. Provide \$75,000 GPR annually and 1.0 trade practices analyst position to review price reports, disseminate information about farm prices to farmers and develop criteria for agricultural production contracts to prevent unfair trade practices between producers and buyers of milk and/or “market livestock” (any animal raised for food or fiber purchased from producers for slaughter, processing or resale). Require market livestock buyers to submit these contracts to DATCP for review. Further, require milk and market livestock buyers to submit daily price reports to DATCP.

Commerce – Farm Entrepreneur Micro-Loan Program. Establish a low-interest loan program under Rural Economic Development (RED) program that provides low-interest loans to family farmers for : (a) farm operating costs; (b) costs of implementing new farm enterprises; and (c) costs of developing agricultural businesses that add value and build markets. Require Commerce staff to administer the program. Provide \$500,000 in SEG (Wisconsin Development Fund) in each year for loans.

DNR – Water Pollution Discharge Elimination System Fees. Require that applicants for water pollution discharge elimination system (WPDES) permits pay an application fee that generates revenue equal to the Department's annual appropriation for processing WPDES applications and performing compliance monitoring of the permit holder. Create a program revenue annual appropriation for deposit of the application fees. Direct DNR to promulgate administrative rules to establish the fee structure. Provide \$380,700 PR in 2002-03 with 2.0 PR positions to be funded from the fees to increase departmental activities related to WPDES permit application processing and compliance monitoring.

DNR – Animal Waste Management. Require DNR to prepare and submit to the appropriate standing committee in each house of the Legislature no later than the 13th month after the effective date of the bill, a report outlining options to the handling of liquid animal waste through manure storage lagoons and aerial irrigation systems, including the use of wastewater treatment systems. Require that the report include all of the following: (a) best available control technology; (b) maximum available control technology; (c) lowest achievable emission reduction; and (d) a plan to phase out non-conforming lagoons.

WISCONSIN ASSOCIATION OF
WALHI
LIFE AND HEALTH INSURERS

MEMORANDUM

DATE: April 4, 2001
TO: Senate Health, Utilities and Veterans and Military Affairs Committee
FROM: Pat Osborne (WALHI)
RE: SB 55 - HIRSP

The Wisconsin Association of Life and Health Insurers (WALHI) requests that the Senate Health Committee make a recommendation to restore \$3.8 million in GPR support for the Health Insurance Risk-Sharing Plan (HIRSP). Under the Governor's proposed budget, GPR support for HIRSP would be reduced by \$1.9 million per year from its current base level of \$11.9 million per year.

WALHI is opposed to the proposed reduction in GPR support and concerned that the cut back is being advanced at a time when HIRSP enrollment and HIRSP costs are rising significantly.

In 1997, the Legislature adopted a major restructuring of HIRSP funding, which included GPR support, to drive down the cost of premiums in the program. At the time, HIRSP premiums were at 192% of a standard risk rate. Since then, the GPR support has helped maintain premiums at the lowest level allowable under the program at 150% of standard risk.

HIRSP funding is shared among HIRSP policyholders, private health insurers, providers and the general taxpayer through GPR support. Total program costs are reduced by the amount of GPR provided and the balance is funded 60% through premium charges, 20% in insurance assessments and 20% in reduced payments to providers. Subsequently, a reduction in GPR support affects all funding parties in proportion to their share of the overall funding. A reduction of \$3.8 million in GPR support would translate into \$2.28 million in higher premium charges to policyholders, \$760,000 in increased assessments on insurers and \$760,000 in reduced payments to providers.

GPR support for HIRSP is needed more than ever this biennium. The HIRSP population has grown from 7,900 in December of 1999 to roughly 10,500 in February of 2001. (32% increase over the last 14 months). HIRSP benefits and administration are proposed at \$79 million in FY02 and \$82 million in FY 03 --- compared to \$50 million per year contained in ACT 9 (the biennial budget bill) from last session. As indicated in the Fiscal Bureau Budget Summary (page 371) "... The reestimate primarily reflects projected increases in enrollment, as well as increases in the average costs per enrollee ..."

WALHI urges the Senate Health Committee to recognize the need for maintaining GPR support for HIRSP and to recommend accordingly to the Joint Committee on Finance.

**Senate Health Committee
Budget Hearing
April 4, 2001
State Capitol / Room 411 South
1:30 PM**

Good afternoon Senator Moen and ladies and gentlemen on the Committee. My name is Brynna Smith and I am the Public & Governmental Affairs Specialist and a newly registered lobbyist for Dean Health System. Thank you for your time. I would like to emphasize the four issues in the State Budget that apply to Dean:

HIRSP Funding

Dean Health System is concerned that State support for HIRSP is being cut back at a time when HIRSP enrollment and HIRSP costs are rising significantly. We respectfully request that you help keep HIRSP premiums as affordable as possible by maintaining the premium and deductible subsidy at \$780,800 per year and restoring GPR support for HIRSP to at least its current level of \$11.9 million per year.

The Budget reduces State support for HIRSP by \$3.8 million over the biennium. That reduction will raise premiums for HIRSP policyholders by almost \$2.3 million, because policyholders pay 60% of the program costs after State support is deducted. It will also add nearly \$800,000 to the premiums small businesses must pay for commercial health insurance. Small employers do not always have the financial flexibility nor the financial resources to absorb an increase in premiums. To cope with increased premiums, small businesses will most likely offer reduced services in other coverage areas, reduce employer contributions to the cost of the plan or cease to

offer coverage altogether. The remainder amounts to a health care tax imposed on all Wisconsin health care consumers and their insurers, because doctors and hospitals pay their share of HIRSP costs through reduced reimbursement and shift the cost to their other patients.

Medicaid / BadgerCare Funding

We would like to see the Budget Bill provide some sort of linkage to allow Medicaid reimbursement increases, such as the proposed 37% increase for hospital outpatient services, to pass through HMOs in recognition that nearly a quarter-million Medicaid and BadgerCare recipients are covered through the Managed Care Program. The structure and the size of the proposed increase for outpatient hospital services may unintentionally create an incentive for hospitals to terminate their contracts with HMOs. Hospitals may make an economic decision to opt out of the Managed Care Program to take advantage of reimbursement rates that would greatly exceed what HMOs could pay. If HMOs are unable to contract with hospitals or other medical providers, overall State costs will rise because Medicaid and BadgerCare recipients will return to the fee-for-service system.

In the absence of a pass-through mechanism to allow Medicaid reimbursement increases to pass through HMOs, Wisconsin health plans are concerned that the large increase in reimbursement for hospital outpatient services may compromise the State's interest in maintaining a viable Medicaid Managed Care Program. HMOs save the State millions of dollars every year through the Medicaid Managed Care Program because the State requires HMOs to provide a discount from Medicaid's fee-for-service equivalent costs.

Ban on HMO Management Contracts

Dean Health System respectfully requests that the ban on HMO Management Contracts be removed from the State Budget Bill. The ban on management contracts would significantly alter current law by restricting or eliminating an HMO's ability to contract with a separate entity to perform administrative and management functions on behalf of the HMO. This could significantly drive up administrative costs for managed care plans in order to meet compliance with the new law and consequently, force dollars away from patient care.

The proposed restriction is completely unnecessary. Under current law, the delegation of management functions is only allowed if the Office of the Commissioner of Insurance (OCI) approves the terms and conditions specified in the written contract of delegation. Thus, OCI currently maintains strict oversight of all such contracts and has the ability to prohibit any contracts that it finds to be unsatisfactory. OCI can and does request changes if there are regulatory concerns about contract provisions.

Furthermore, at this point, OCI has given no indication of what criteria will be used to determine which current contracts would be restricted or prohibited under the provisions proposed.

Therefore, HMOs are uncertain what fate awaits them if this provision were to pass.

Unfortunately, with limited opportunity for full discussion of provisions contained in a State Budget, it is quite certain that Dean Health Plan and other HMOs will have little ability to share their thoughts and concerns on this controversial policy change that poses such significant ramifications.

Sales Tax on Custom Computer Software & Related Services

Dean Health System respectfully requests the removal of the proposed sales tax on custom computer software and related services in the State Budget. With our progression into a patient-focused technological age, we would be heavily burdened by the passage of a broad tax that would apply to the purchase of customized software and related services such as maintenance, training, installation, consulting services and temporary help services. We recently signed a multi-year agreement with Epic Systems Corporation that will drastically reconstruct our current management system with the technology needed to move us toward an electronic medical record system. The Epic System is a family of applications that will improve patient care by allowing physicians to share a common database, enhance patient access and improve workflow.

By our calculations, a 5.5% sales tax on the purchase, licensing, maintenance, subscription and implementation of the \$12 million dollar Epic System, would require us to pay over \$650,000 in taxes that could be used to more efficiently serve our patients.

In addition to our Epic purchase, we spend a few hundred thousand dollars annually on departmental systems, databases and work group applications. We feel that the passage of a tax on custom computer software and related services will only discourage investments in technology necessary for advancements in health care. Please remove this burdensome tax from the Biennial Budget Bill.

Thank you very much for your consideration.

**Senate Committee on Health,
Utilities, Veterans and Military Affairs**

Public Hearing

2001 Senate Bill 55, the Executive Budget Bill

Place: State Capitol, Room 411 South

Date & Time: April 4, 2001, 1:30 p.m.

Testimony of: Robert T. Wood
Corporate Vice President, Government Relations
Wisconsin Physicians Service Insurance Corporation (WPS)

Member, HIRSP Board of Governors

Relating to:

Health Insurance Risk Sharing Plan (HIRSP)

20.435 (4) (af) - p. 389

20.435 (4) (ah) - p. 389

20.435 (4) (u) - p. 391

20.435 (4) (v) - p. 391

Chairman Moen, Members of the Committee:

My name is Robert Wood. I am Corporate Vice President of Government Relations for Wisconsin Physicians Service Insurance Corporation (WPS).

I have served on the Health Insurance Risk Sharing Plan (HIRSP) Board of Governors since December 1987.

I appear before you today to request that you restore \$3.8 million (\$1.9 million in each fiscal year) in general purpose revenue (GPR) that the Governor's proposed budget cuts from Department of Health and Family Services funding under 20.435 (4) (af).

This GRP appropriation, which is at \$11.9 million in the current fiscal year (and which would be reduced by the Governor to \$10 million in each of the next fiscal years) is used to partially fund operating and administrative costs of the Health Insurance Risk Sharing Plan (HIRSP).

This funding was originally provided by the State beginning in calendar year 1998 for reasons relating to federal law requirements under HIPAA. Its main purpose is to help keep full premium costs paid by individuals enrolled in HIRSP as low as possible. For each dollar that this GPR appropriation is cut, full premium collections from individuals enrolled in the plan must be increased 60 cents.

For purposes of brevity, additional information is provided in attachments, herewith.

Health Insurance Risk Sharing Plan

— Funding of HIRSP in the FY 2002-03 Budget —

1. HIRSP Is A Proven Safety Net For Uninsurable Individuals In Wisconsin with High-Risk Medical Conditions

- A. Since 1981, the program has provided health insurance coverage for uninsurable individuals with high-risk medical conditions in Wisconsin.
- B. The program was administered by the Office of the Commissioner of Insurance during 1981-1997.
- C. Since January 1, 1998, HIRSP has been administered by the Department of Health and Family Services.

2. GPR Funding of HIRSP Was The Most Critical Component Of Restructured HIRSP Funding In 1997-1998

- A. As part of a major restructuring of HIRSP funding, the 1997-1998 Legislature provided partial GPR funding for HIRSP benefits and administration.
- B. Authorization of GPR for HIRSP was set at \$6 million for the first six months of the 1998 transition of the program to the Department of Health and Family Services, and at \$11 million of GPR in the next budget year [July 1998- June 1999].
- C. The Legislature's clear intent was to provide GPR funding to significantly reduce the cost of HIRSP premiums to policyholders, consistent with provisions of new federal law [HIPAA].

(1) Prior to GPR funding, HIRSP full premium rates were at 192% of a standard risk rate.

(2) The provision of \$11 million GPR made it possible to reduce HIRSP full premium rates to 150% of a standard risk rate.

3. The reduction in GPR Affects All Funding Parties, But Affects Individuals Covered By HIRSP And The Costs They Pay For HIRSP The Most

(1) In the 2001-2003 biennial budget, the Governor proposes cutting \$1.9 million in each fiscal year, for a total cut of \$3.8 million.

(2) The reduction in GPR for HIRSP will immediately require \$1.14 million of additional full premium revenue in each fiscal year, which is \$2.3 million in additional full premium revenue in budget years 2001-2002 and 2002-2003. These higher full premium costs will be paid by the individuals enrolled in HIRSP, except that low-income individuals enrolled in HIRSP will only have to pay the higher premium costs not associated with subsidies.

(3) The reduction in GPR for HIRSP will also immediately increase assessments on insurers by \$380,000 in each fiscal year (a total of \$720,000 in additional insurer assessments in budget years 2001-2002 and 2002-2003). The costs of these additional assessments will be reflected in

higher costs of health insurance in the private sector, and will affect small business insurers more than most other purchasers of health insurance.

- (4) These cuts will also require equal additional provider funding of \$380,000 in claim payment cutbacks in each fiscal year (a total of \$720,000 in additional provider revenues in budget years 2001-2002 and 2002-2003). The costs of this additional provider funding will be reflected in higher provider billings to other payors.

4. The Proposed Cuts in GPR For HIRSP Come At A Time When The HIRSP Safety Net Is Needed More Than Ever

- A. For the past 18 months or more the HIRSP population has been growing at rates not seen since the late 1980s. For individuals newly enrolled or already enrolled in HIRSP and who need HIRSP most, these cuts could not come at a worse time.
- B. With a 37% increase in the HIRSP population over the past 14 months alone, combined program costs for HIRSP benefits and administration are projected by the Department of Health and Family Services to increase from roughly \$60 million in this fiscal year to \$80 million or more in the next fiscal year.
- C. Additionally, the Legislative Audit Bureau has recommended that HIRSP transition from a cash to an accrual system of funding HIRSP, and this change, if implemented, will have huge effects on all funding parties, but cost burden of this change will fall most heavily on policyholders.

Attachments

Charts and data showing changes in the HIRSP population, January 1989 - February 2001.

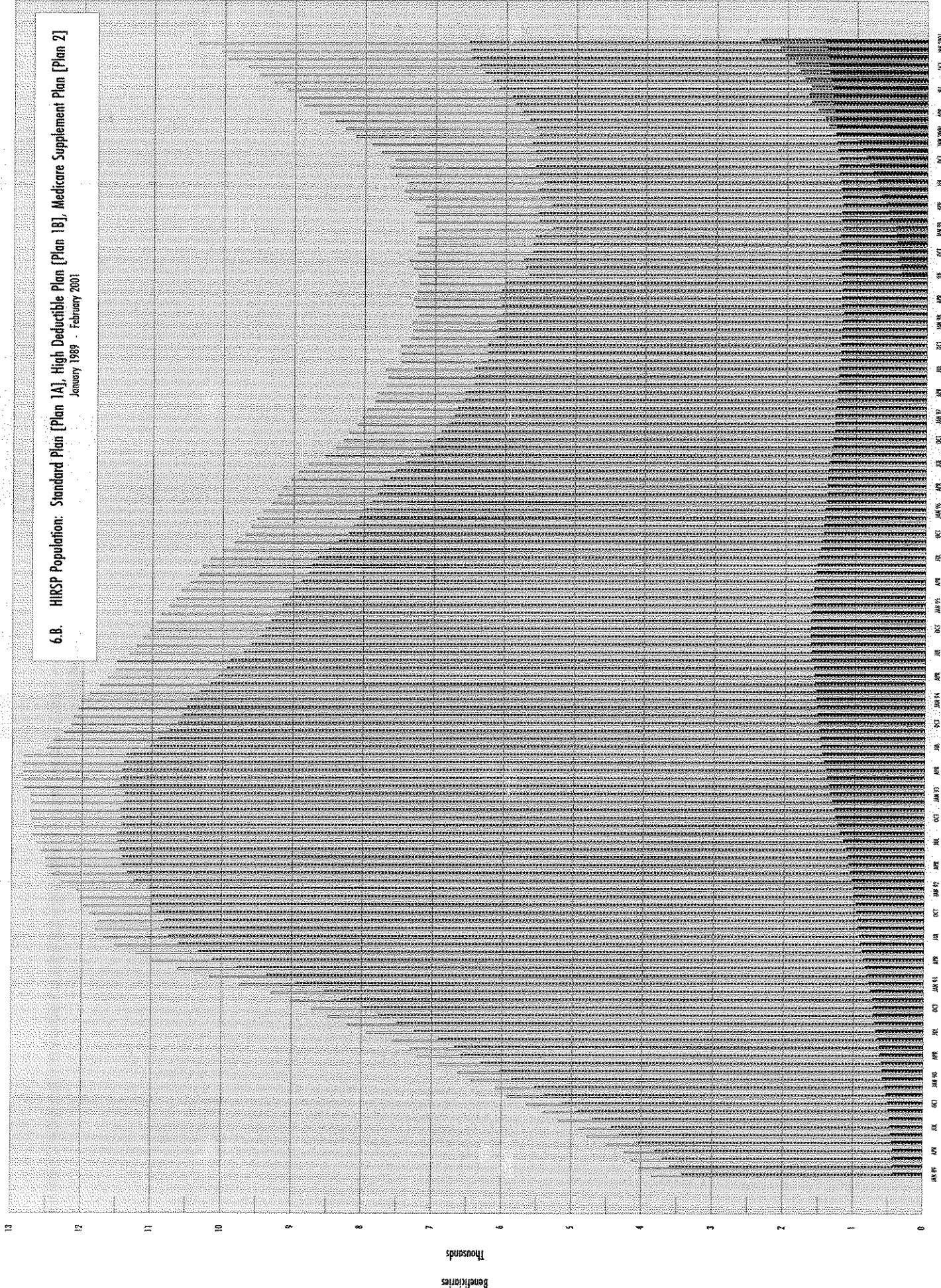
Charts and data showing total HIRSP program expenditures (excluding subsidies) and HIRSP administrative expenses, FY 1993 - FY 2000 (actual), FY 2001 (estimated) and FY 2002-2003 (Governor's budget) compared to average HIRSP population in those same years.

Chart showing;

The Governor's proposed budgets for FY 2002 and 2003 for HIRSP GPR, Administration, and Benefit Costs compared to those same amounts in the 1997-1999 and the 1999-2001 budget bills.

The net change in the Governor's proposed budgets for FY 2002 and 2003 for HIRSP GPR, Administration, and Benefit Costs compared to the amounts in the current fiscal year provided for in the 1999-2001 budget bill.

6.B. HRSP Population: Standard Plan [Plan 1A], High Deductible Plan [Plan 1B], Medicare Supplement Plan [Plan 2]
 January 1989 - February 2001



Legend:
 □ Total Policies in Force, Plans 1A and 1B, & Plan 2
 ■ Plan 1A Population [Standard Plan]
 ■ Plan 2 Population [Medicare Supplement Plan]
 ■ Plan 1B Population [High Deductible Plan]

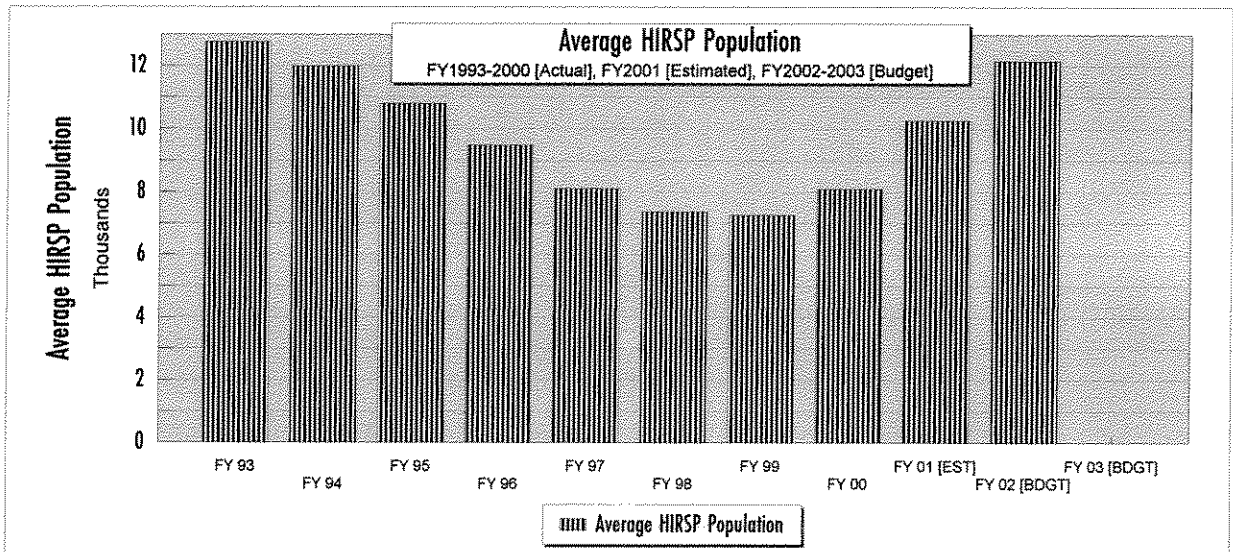
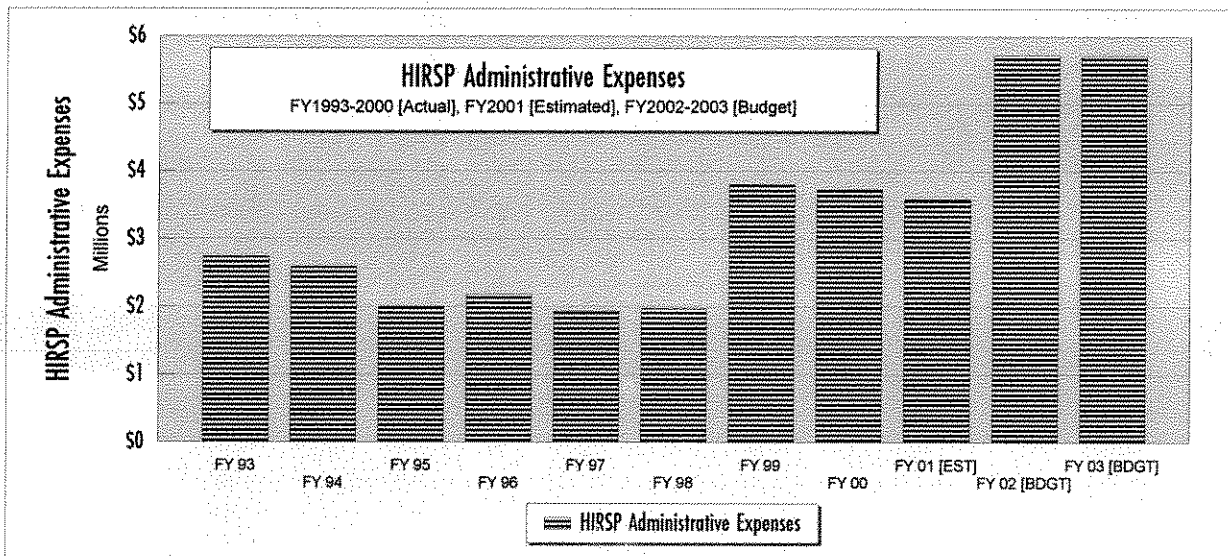
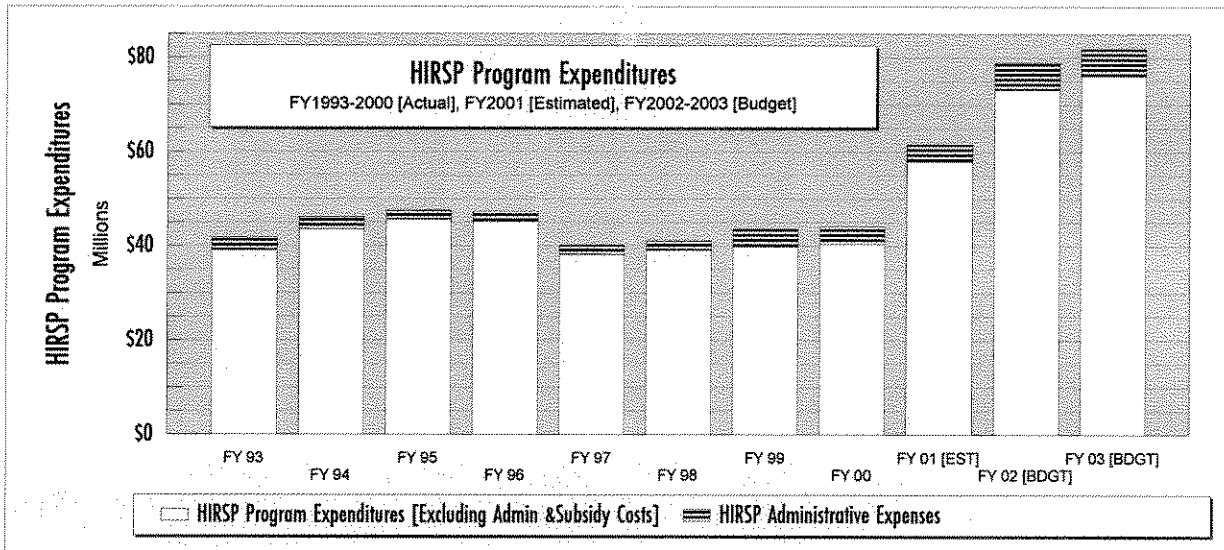
DECEMBER 31, 1999			
PLAN 1A	PLAN 1B	PLAN 2	TOTAL
5,625	987	1,292	7,904

FEBRUARY 28, 2001			
PLAN 1A	PLAN 1B	PLAN 2	TOTAL
6,561	2,460	1,450	10,471

NET CHANGE DEC.31.99-FEB.28.01 [14 MONTHS]			
PLAN 1A	PLAN 1B	PLAN 2	TOTAL
936	1,473	158	2,567
% CHANGE IN PLAN GROWTH DEC.31.99-FEB.28.01			
17%	149%	12%	32%
% OF TOTAL PLAN GROWTH DEC.31.99-FEB.28.01			
36%	57%	6%	100%

**HIRSP Program Expenditures (Including Administrative Expenses)
and Administrative Expenses
Compared to Average HIRSP Population**

FY1993-2000 (Actual), FY2001 (Estimated), FY2002-2003 (Budget)



**HIRSP Program Expenditures (Including Administrative Expenses)
and Administrative Expenses
Compared to Average HIRSP Population**

FY1993-2000 (Actual), FY2001 (Estimated), FY2002-2003 (Budget)

	PROGRAM COSTS	SUBSIDY COSTS	PROGRAM COST (EXCLUDING SUBSIDIES)	PROGRAM COST (EXCLUDING ADMIN)	ADMINISTRATIVE EXPENSES	ADMIN % OF PROG	AVERAGE POPULATION
FY 93	\$41,771,376.88		\$41,771,376.88	\$39,034,624.57	\$2,736,752.31	6.6%	12,755
FY 94	\$46,126,837.00		\$46,126,837.00	\$43,543,219.62	\$2,583,617.38	5.6%	11,981
FY 95	\$47,611,384.08		\$47,611,384.08	\$45,615,042.15	\$1,996,341.93	4.2%	10,797
FY 96	\$47,299,855.04		\$47,299,855.04	\$45,120,371.47	\$2,179,483.57	4.6%	9,487
FY 97	\$40,157,792.45		\$40,157,792.45	\$38,220,404.31	\$1,937,388.14	4.8%	8,112
FY 98	\$42,444,283.50	\$1,386,154.67	\$41,058,128.83	\$39,089,659.90	\$1,968,468.93	4.8%	7,367
FY 99	\$45,707,158.46	\$2,100,059.38	\$43,607,099.08	\$39,807,212.03	\$3,799,887.05	8.7%	7,263
FY 00	\$46,326,453.40	\$2,158,600.27	\$44,167,853.13	\$40,439,411.20	\$3,728,441.93	8.4%	8,099
FY 01 [EST]	\$64,339,121.70	\$2,818,836.74	\$61,520,284.97	\$57,932,880.54	\$3,587,404.43	5.8%	10,270
FY 02 [BDGT]	\$78,939,000.00		\$78,939,000.00	\$73,212,300.00	\$5,726,700.00	7.3%	12,154
FY 03 [BDGT]	\$81,820,100.00		\$81,820,100.00	\$76,104,200.00	\$5,715,900.00	7.0%	

HIRSP Funding
2001-2003 Budget Bill vs. 1999-2001 Budget Bill (1999 Wisconsin Act 9)

	1997 Wisconsin Act 27		1999 Wisconsin Act 9		2001 SB-55 / 2001 AB-144		Projected Net Change Compared to 2000-2001
	1997 - 1998	1998 - 1999	1999 - 2000	2000 - 2001	2001 - 2002	2002 - 2003	
20.435(4)(af) HIRSP: transfer to fund for costs	\$6,000,000	\$11,900,000	\$9,900,000	\$11,900,000	\$10,000,000	\$10,000,000	
20.435(4)(ah) HIRSP: transfer to fund for premium and deductible reduction cost	\$435,600	\$780,800	\$780,800	\$780,800	\$780,800	\$780,800	\$0
20.435(4)(u) HIRSP: Administration			\$3,805,000	\$3,805,000	\$5,726,700	\$5,715,900	\$1,921,700
20.435(4)(v) HIRSP: Program benefits			\$46,668,500	\$46,668,500	\$73,212,300	\$76,104,200	\$26,543,800
							\$29,435,700
							\$3,832,600
							\$55,979,500

1997 Wisconsin Act 27
 20.435 (5) (af) p. 45
 20.435 (5) (ah) p. 45

1999 Wisconsin Act 9
 20.435 (4) (af) p. 82
 20.435 (4) (ah) p. 82
 20.435 (4) (u) p. 391
 20.435 (4) (v) p. 391

2001 SB 55
 20.435 (4) (af) p. 389
 20.435 (4) (ah) p. 389
 20.435 (4) (u) p. 391
 20.435 (4) (v) p. 391

April 4, 2001

Honorable Rodney Moen, Chair
Senate Committee on Health, Utilities, Veterans and Military Affairs
8 South, State Capitol
Madison, WI 53707-7882

Dear Senator Moen and Committee Members:

My name is William Jollie, and I am here to testify today regarding HIRSP (Sections 20.435 (4) (af), (ah), (u) and (v) on pages 389 and 391 of the Budget Bill.

I am currently the Chief Operating Officer of Physicians Plus Insurance Corp (PPIC). I have worked in the healthcare industry for over 24 years, including stints with the Wisconsin Medicaid program and with the American Enterprise Institute transferring knowledge on innovative state responses to health policy challenges. HIRSP is one such response: Wisconsin should be proud of its pioneering work and long term support for this program, and for the private/public partnership that supports it.

This partnership and the program's success may be jeopardized by overly stringent budget cutbacks. The budget bill cuts State support for HIRSP at a time when HIRSP enrollment and HIRSP costs are rising significantly.

The budget reduces State support for HIRSP by \$3.8 million over the biennium. That reduction will raise premiums for HIRSP policyholders by about \$2.3 million, because policyholders pay 60 percent of program costs after State support is deducted.

It will also directly add nearly \$800,000 to the premiums that small businesses must pay for commercial health insurance. Note that larger businesses, which can self-insure, have the means to avoid this levy. This financial stress shouldn't be born solely by Wisconsin's small businesses.

I ask the Committee to help keep HIRSP premiums as affordable as possible by maintaining the premium and deductible subsidy at \$780,800 per year and restoring GPR support for HIRSP to at least its current level of \$11.9 million per year.

Sincerely,



William Jollie
Executive VP and Chief Operating Officer

cc: Committee Members
PPIC Board of Directors



WISCONSIN PHYSICIANS SERVICE • 1717 W. BROADWAY • BOX 8190 • MADISON, WISCONSIN 53708 • (608) 221-4711

April 18, 2001

Senator Rodney Moen
Chair, Senate Committee on Health, Utilities, Veterans and Military Affairs
State Capitol, 8-South
P.O. Box 7882
Madison, WI 53707-7782

Dear Senator Moen:

Recommendation to Restore \$3.8 Million in GPR Funding for HIRSP

I am writing as a member of the HIRSP Board of Governors to urge that you request or support recommendation by the Senate Committee on Health, Utilities, Veterans and Military Affairs to the Joint Committee on Finance to:

Restore \$3.8 million (\$1.9 million in each fiscal year) in general purpose revenue (GPR) funding under s. 20.435 (4) (af) for the Health Insurance Risk Sharing Plan (HIRSP) in 2001 Senate Bill 55, the executive budget bill.

Background

GRP funding for HIRSP under s. 20.435 (4) (af) is \$11.9 million in the current fiscal year. The Governor proposes to reduce GRP funding for HIRSP to \$10 million under s. 20.435 (4) (af) in the 2001-2002 and 2002-2003 budget years.

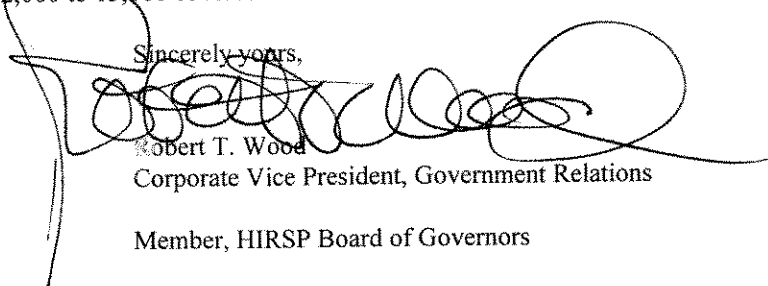
Full fiscal year funding of HIRSP at \$11.9 million in GPR was originally provided by the State beginning in calendar year 1998 for reasons relating to federal law requirements under HIPAA. Its main purpose is to help keep full premium costs paid by individuals enrolled in HIRSP as low as possible.

Any reduction in GPR funding of HIRSP must be offset by increased funding from other revenue sources. If the \$3.8 million cut from GPR funding for HIRSP is not restored, statutes will require offsetting increases of \$2.28 million (\$1.14 million in each budget year) in full premiums charged to individuals enrolled in the plan. At the same time, combined offsetting increases of \$1.52 million (\$760,000 in each budget year) will be required in insurer and provider funding shares in addition to the much larger increases in insurer and provider funding shares associated with recent growth in the HIRSP population and the related growth in program costs.

HIRSP expenditures in calendar year 1998 were just over \$40 million. HIRSP expenditures are now in excess of \$60 million per calendar year. If current growth in the HIRSP population continues, expenditures for HIRSP are expected to increase to \$75 or \$80 million per calendar year over the next biennium.

If the original level of \$11.9 million in GPR funding of HIRSP was justified when HIRSP was a \$40 million program for approximately 7,000 individuals with high-risk medical conditions, I respectfully recommend that the same level of \$11.9 million in GPR can be justified when HIRSP program costs are projected at nearly \$80 million for a high-risk medical population expected soon to exceed 12,000 to 13,000 covered individuals.

Sincerely yours,



Robert T. Wood
Corporate Vice President, Government Relations

Member, HIRSP Board of Governors



Thomas L. Frazier, *Executive Director*

Coalition of Wisconsin Aging Groups

Testimony Before the Senate Committee on Health, Utilities, Veterans and Military Affairs

**By Thomas L. Frazier
April 5, 2001**

The Governor's budget proposal on providing assistance to seniors with the high cost of prescription drugs is a "virtual" plan, not a real plan. It says to older people that assistance with the cost of prescription drugs is not a priority of this administration. The proposal is woefully inaccurate for the following reasons.

- There is no money proposed to implement a program.
- There is no program if there is not a Medicaid waiver approved by the federal government.
- There is no program unless savings can be found elsewhere in the MA budget.
- There is no program if Congress passes a prescription drug plan.
- There is still no program unless it is approved again by DHFS, DOA and the Joint Finance Committee.

The Governor calls his plan "Seniors First." I call it "Seniors Missing" because there is not really a program to help seniors pay for prescription drugs in this budget. I recommend that some of the good concepts be incorporated as amendments to SB1. For example, requesting a federal waiver and developing multiple state purchasing pools are good ideas if they are a part of a real program and, so far, the only real program is SB1.

I urge Committee members to do everything possible to negotiate with the Assembly that will result in a real program for seniors.

Field Pharmacy

135 W. HURON BERLIN, WI 54923
(414) 361-1565

PLEASE NOTE:

High DRUG PRICES ARE NOT
CAUSED BY THE PHARMACIST.

The PHARMACIST AND THE CONSUMER
ARE BOTH AT THE MERCY OF DRUG
MANUFACTURERS' PRICING POLICIES.

Roy M. Field RPh

Field Pharmacy

135 W. HURON BERLIN, WI 54923
(414) 361-1565

1. PHARMACISTS SUPPORT THE CONCEPT OF SENATE BILL 1 AND ASSEMBLY BILL 120. WE HOPE A COMPROMISE CAN BE FOUND SO ELDERLY PEOPLE WILL GET SOME RELIEF. WE DO NOT SUPPORT THE PROPOSAL OF GOV. MCCALLUM!

2. THE PRESENT WIS. MEDICAID PROGRAMS ARE SOUND. DO NOT DESTROY THE PHARMACY/MEDICATION DISTRIBUTION SYSTEM BY ENACTING GOV. MCCALLUM'S "FAULTY" COST SAVINGS PROGRAMS.

WE ASK YOU TO SUPPORT SEN. KEVIN SHIBILSKI'S MOTION TO REMOVE THE PRESCRIPTION REIMBURSEMENT REDUCTION AS PROPOSED BY GOV. MCCALLUM.

Sincerely

Ron M. Field, RPh
4-2-01

TRON
WISCONSIN PHARMACIST SOCIETY
AND RURAL FIELD PHARMACISTS OF BEALIN, WI

Assembly # 144
Sen Bill # 55

Points of Emphasis re budget proposals

* 1. Oppose the recommendation to reduce pharmacy reimbursement for Medicaid.

- would create the lowest rate in the country
- does not slow growth of Rx spending
- will cause some providers to discontinue
- would dramatically impact RPh services
- impacts other programs tied to MA rates (HIRSP, senior Rx proposals)

hearing.
April 11th CAPITAL

* 2. Oppose Governor's recommendations for the creation of a senior Rx program.

- unfunded
- poorly structured (complex deductibles, inadequate coverage)
- places price controls on WI pharmacies
- fragments care by encouraging mailorder

3. Support the creation of a Senior Rx plan

- must provide adequate funding
 - must be properly structured
 - must be efficiently administered
- (SB 1 & AB 120 are workable plans)

4. Advocate the use of RPh services

- expand pharmacy service payment system in Medicaid
- include pharmacy service payment system with senior rx

5. Personalize - Sen Moon - We CAN work together to help Wisconsin Citizens!

6. Ask for their commitment to resolve budget issues ASAP.

* This Approach will absolutely limit access in RURAL AREAS, BECAUSE it would be economic suicide in PHARMACY

Rosen Field
RPh
Bealin, WI
4-2-01

Pharmacists ARE ^{not} NOT ASKING ^{for} ~~reduction~~ ^{reduction}!

They just DO NOT WANT to be Reduced!

COST/PATIENT is higher for Wis WMAF

BECAUSE healthier people have moved to
AMD, W-2, or BADSCARE programs. LEAVING
Sicker, OLDER people (ie: MENTAL PATIENTS)
in the PROGRAM.

HARM from CUTS will OUTWAY ANY
SHORT TERM SAVINGS.

To help Wisconsin Citizens!
We can work together

Wisconsin
Pharmacists
Association