



JIM DOYLE
GOVERNOR
STATE OF WISCONSIN

April 21, 2004

TO THE HONORABLE MEMBERS OF THE SENATE:

I am vetoing Senate Bill 484. This bill requires any contract under Medical Assistance for prepaid health benefits be made on an actuarially sound basis consistent with federal law. The bill specifies that this requirement is applicable to contracts issued or renewed on the effective date of the bill. I object to this bill because it is unnecessary and duplicative.

Prepaid health benefits, often provided by health maintenance organizations (HMOs), are a critical component of the effort to ensure high quality health care for Medical Assistance and BadgerCare recipients. HMOs, through prepaid health benefit plans, provide service to Medical Assistance recipients at a discount compared to service purchased on a fee-for-service basis. Current federal law requires the state to propose rates to the HMOs that are actuarially sound. This is a condition the state must meet to qualify for federal Medicaid funding. It is unlikely that the state would ever enter into contracts with prepaid health plans if those contracts did not qualify for federal Medicaid funds. Furthermore, the provisions could create confusion in the future regarding contract negotiations between the state and prepaid health plan providers if federal laws were to change, but corresponding changes to state law were not enacted.

Respectfully submitted,

A handwritten signature in cursive script that reads "Jim Doyle".

JIM DOYLE
Governor