



State of Wisconsin  
2007 - 2008 LEGISLATURE

#DAK  
LRB-0892/1  
JK:wj:nva  
↑  
stays

D-NOTE

and tobacco products

DOA:.....Easton, BB0175 - Increase excise tax rate on cigarette/sales

FOR 2007-09 BUDGET -- NOT READY FOR INTRODUCTION

in 12-6-06

LPS: Please fix Request Sheet.

INSERT A 2

DO NOT GEN

1 AN ACT ...; relating to: the budget.

INSERT A 1  
No ff

Analysis by the Legislative Reference Bureau

TAXATION

OTHER TAXATION

\$1025

This bill increases the rate of the excise tax imposed on the sale of cigarettes from 77 cents per pack to ~~\$2100~~ per pack.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

INSERT 1-2

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

2 SECTION 1. 139.31 (1) (a) of the statutes is amended to read:

3 139.31 (1) (a) On cigarettes weighing not more than 3 pounds per thousand,  
4 38.5 ~~100~~ mills on each cigarette. 6305

5 SECTION 2. 139.31 (1) (b) of the statutes is amended to read:

6 139.31 (1) (b) On cigarettes weighing more than 3 pounds per thousand, 77 ~~200~~ 127  
7 mills on each cigarette.

INSERT 1-7

<sup>(S)</sup> AND TOBACCO PRODUCTS

1 SECTION 9441. Effective dates; Revenue.

*sections*

<sup>^</sup> 139.455<sup>^</sup> 139.76(1)<sup>^</sup>  
<sub>Δ</sub> <sub>Δ</sub>

2 (1) CIGARETTE TAX RATE. The treatment of <sup>(S)</sup> ~~section~~ 139.31 (1) (a) and (b) of the  
3 statutes takes effect on July 1, 2007, or on the day after publication, whichever is  
4 later.

*add*  
139.78(1)  
and  
139.865

(END)

(D-NOTE ✓)

INSERT A2

HEALTH AND HUMAN SERVICES

MEDICAL ASSISTANCE

administers

Under current federal and state law, medical assistance (MA) is a jointly funded, federal-state program that is administered by DHFS to provide health care services to eligible individuals with very low incomes and few assets; the state share of MA is paid from a combination of general purpose revenues, program revenues from hospital assessments, and segregated funds under the MA trust fund.

\* Under a waiver of federal medicaid laws from the federal department of health and human services, DHFS also administers under MA the Badger Care Health Care Program (Badger Care). Badger Care provides health care coverage to certain low-income families and to certain low-income children who do not reside with a parent.

\* This bill establishes a health care quality trust fund, from moneys obtained from an increase in cigarette and other tobacco products taxes. Under the bill, moneys from the health care quality trust fund are used as another source of funding for MA and for Badger Care.

PUBLIC ASSISTANCE

\* Currently, DHFS reimburses pharmacists and pharmacies for prescription drugs purchased by elderly persons <sup>who are</sup> enrolled in a program of prescription drug assistance (Senior Care). Senior Care provides payments under the program from general purpose revenues, rebate payments made by prescription drug manufacturers, and federal funds.

This bill establishes a health care quality trust fund, from moneys obtained from an increase in cigarette and other tobacco products taxes. Under the bill, moneys from the health care quality trust fund are used as another source of funding for payments made under Senior Care.

INSERT 1-2

- 1 SECTION ~~20.435~~ (4) (bc) of the statutes is amended to read:  
2 20.435 (4) (bc) *Badger Care health care program; general purpose revenue.* As  
3 a continuing appropriation, the amounts in the schedule for a portion of the Badger  
4 Care health care program under s. 49.665.

**History:** 1971 c. 125 ss. 138 to 155, 522 (1); 1971 c. 211, 215, 302, 307, 322; 1973 c. 90, 198, 243; 1973 c. 284 s. 32; 1973 c. 308, 321, 322, 333, 336; 1975 c. 39 ss. 13 to 173, 732 (1), (2); 1975 c. 41 s. 52; 1975 c. 82, 224, 292; 1975 c. 413 s. 18; 1975 c. 422, 423; 1975 c. 430 ss. 1, 2, 80; 1977 c. 29 ss. 236 to 273, 1657 (18); 1977 c. 112; 1977 c. 203 s. 106; 1977 c. 213, 233, 327; 1977 c. 354 s. 101; 1977 c. 359; 1977 c. 418 ss. 129 to 137, 924 (18) (d), 929 (55); 1977 c. 428 s. 115; 1977 c. 447; 1979 c. 32 s. 92 (11); 1979 c. 34, 48; 1979 c. 102 s. 237; 1979 c. 111, 175, 177; 1979 c. 221 ss. 118g to 133, 2202 (20); 1979 c. 238, 300, 331, 361; 1981 c. 20 ss. 301 to 356b, 2202 (20) (b), (d), (g); 1981 c. 93 ss. 3 to 8, 186; 1981 c. 298, 314, 317, 359, 390; 1983 a. 27 ss. 318 to 410, 2202 (20); 1983 a. 192, 199, 245; 1983 a. 333 s. 6; 1983 a. 363, 398, 410, 427; 1983 a. 435 ss. 2, 3, 7; 1983 a. 538; 1985 a. 24, 29, 56, 73, 120, 154, 176, 255, 281, 285, 332; 1987 a. 27, 339, 368, 398, 399, 402; 1987 a. 403 ss. 25, 256; 1987 a. 413; 1989 a. 31, 53; 1989 a. 56 ss. 13, 259; 1989 a. 102; 1989 a. 107 ss. 11, 13, 17 to 37; 1989 a. 120, 122, 173, 199, 202, 318, 336, 359; 1991 a. 6, 39, 189, 269, 275, 290, 315, 322; 1993 a. 16, 27, 76, 98, 99, 168, 183, 377, 437, 445, 446, 450, 469, 479, 490, 491; 1995 a. 27 ss. 806 to 961r, 9126 (19); 1995 a. 77, 98; 1995 a. 216 ss. 26, 27; 1995 a. 266, 276, 289, 303, 404, 417, 440, 448, 464, 468; 1997 a. 27 ss. 211, 214, 216, 217, 527 to 609; 1997 a. 35, 105, 231, 237, 280, 293; 1999 a. 5, 9, 32, 52, 84, 103, 109, 113, 133, 185, 186; 2001 a. 16, 69, 103, 105; 2003 a. 33, 139, 186, 318, 320, 326, 327; 2005 a. 15, 22; 2005 a. 25 ss. 299 to 331, 2498 to 2500, 2510; 2005 a. 74, 107, 199, 228, 264, 388, 406, 434.

\*\*\*\*NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

SECTION ~~2~~ 20.435 (4) (bm) of the statutes is amended to read:

20.435 (4) (bm) *Medical Assistance, food stamps, and Badger Care administration; contract costs, insurer reports, and resource centers.* Biennially, the amounts in the schedule to provide a portion of the state share of administrative contract costs for the Medical Assistance program under s. 49.45, the food stamp program under s. 49.79, and the Badger Care health care program under s. 49.665 and to provide the state share of administrative contract costs for the food stamp program under s. 49.79, other than payments to counties and tribal governing bodies under s. 49.78 (8), to develop and implement a registry of recipient immunizations, to reimburse insurers for their costs under s. 49.475, for costs associated with outreach activities, and for services of resource centers under s. 46.283. No state positions may be funded in the department of health and family services from this appropriation, except positions for the performance of duties under a contract in effect before January 1, 1987, related to the administration of the Medical Assistance program between the subunit of the department primarily responsible for administering the Medical Assistance program and another subunit of the department. Total administrative funding authorized for the program under s. 49.665 may not exceed 10% of the amounts budgeted under pars. (bc), (p), and (x).

**History:** 1971 c. 125 ss. 138 to 155, 522 (1); 1971 c. 211, 215, 302, 307, 322; 1973 c. 90, 198, 243; 1973 c. 284 s. 32; 1973 c. 308, 321, 322, 333, 336; 1975 c. 39 ss. 153 to 173, 732 (1), (2); 1975 c. 41 s. 52; 1975 c. 82, 224, 292; 1975 c. 413 s. 18; 1975 c. 422, 423; 1975 c. 430 ss. 1, 2, 80; 1977 c. 29 ss. 236 to 273, 1657 (18); 1977 c. 112; 1977 c. 203 s. 106; 1977 c. 213, 233, 327; 1977 c. 354 s. 101; 1977 c. 359; 1977 c. 418 ss. 129 to 137, 924 (18) (d), 929 (55); 1977 c. 428 s. 115; 1977 c. 447; 1979 c. 32 s. 92 (11); 1979 c. 34, 48; 1979 c. 102 s. 237; 1979 c. 111, 175, 177; 1979 c. 221 ss. 118g to 133, 2202 (20); 1979 c. 238, 300, 331, 361; 1981 c. 20 ss. 301 to 356b, 2202 (20) (b), (d), (g); 1981 c. 93 ss. 3 to 8, 186; 1981 c. 298, 314, 317, 359, 390; 1983 a. 27 ss. 318 to 410, 2202 (20); 1983 a. 192, 199, 245; 1983 a. 333 s. 6; 1983 a. 363, 398, 410, 427; 1983 a. 435 ss. 2, 3, 7; 1983 a. 538; 1985 a. 24, 29, 56, 73, 120, 154, 176, 255, 281, 285, 332; 1987 a. 27, 339, 368, 398, 399, 402; 1987 a. 403 ss. 25, 256; 1987 a. 413; 1989 a. 31, 53; 1989 a. 56 ss. 13, 259; 1989 a. 102; 1989 a. 107 ss. 11, 13, 17 to 37; 1989 a. 120, 122, 173, 199, 202, 318, 336, 359; 1991 a. 6, 39, 189, 269, 275, 290, 315, 322; 1993 a. 16, 27, 76, 98, 99, 168, 183, 377, 437, 445, 446, 450, 469, 479, 490, 491; 1995 a. 27 ss. 806 to 961r, 9126 (19); 1995 a. 77, 98; 1995 a. 216 ss. 26, 27; 1995 a. 266, 276, 289, 303, 404, 417, 440, 448, 464, 468; 1997 a. 27 ss. 211, 214, 216, 217, 527 to 609; 1997 a. 35, 105, 231, 237, 280, 293; 1999 a. 5, 9, 32, 52, 84, 103, 109, 113, 133, 185, 186; 2001 a. 16, 69, 103, 105; 2003 a. 33, 139, 186, 318, 320, 326, 327; 2005 a. 15, 22; 2005 a. 25 ss. 299 to 331, 2498 to 2500, 2510; 2005 a. 74, 107, 199, 228, 264, 388, 406, 434.

SECTION ~~3~~ 20.435 (4) (xd) of the statutes is created to read:

20.435 (4) (xd) *Health care quality fund; Medical Assistance and Badger Care benefits.* From the health care quality fund, as a continuing appropriation, the amounts in the schedule to provide a portion of the state share of Medical Assistance

1 program benefits administered under s. 49.45 and to provide a portion of the costs  
2 of benefits under the Badger Care healthcare program under s. 49.665.

\*\*\*NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

3 SECTION 4. 20.435 (4) (xe) of the statutes is created to read:

4 20.435 (4) (xe) *Health care quality fund; administration.* From the health care  
5 quality fund, as a continuing appropriation, the amounts in the schedule to provide  
6 a portion of the state share of administrative contract costs for the Medical  
7 Assistance program under s. 49.45.

\*\*\*NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

8 SECTION 5. 20.435 (4) (xh) of the statutes is created to read:

9 20.435 (4) (xh) *Health care quality fund; prescription drug assistance; benefits.*  
10 From the health care quality fund, as a continuing appropriation, the amounts in the  
11 schedule for payment to pharmacies and pharmacists under s. 49.688 (7) for  
12 prescription drug assistance for elderly persons.

\*\*\*NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

13 SECTION 6. 20.435 (4) (xi) of the statutes is created to read:

14 20.435 (4) (xi) *Health care quality fund; prescription drug assistance;*  
15 *administration.* From the health care quality fund, as a continuing appropriation,  
16 the amounts in the schedule for administration of the program for prescription drug  
17 assistance for elderly persons under s. 49.688 (7).

\*\*\*NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

18 SECTION 7. 25.17 (1) (gd) of the statutes is created to read:

19 25.17 (1) (gd) *Health care quality fund (s. 25.772);*

20 SECTION 8. 25.772 of the statutes is created to read:

*as determined under 550  
1390455 and 1390865*

1           **25.772 Health care quality fund.** There is established a separate  
2 nonlapsible trust fund designated as the health care quality fund, to consist of  
3 ~~the amount of the~~ *the amount of the* ~~taxes collected under subchs. II and III of ch. 139.~~ *taxes collected under subchs. II and III of ch. 139.*

4           **SECTION 9.** 46.27 (9) (a) of the statutes is amended to read:

5           46.27 (9) (a) The department may select up to 5 counties that volunteer to  
6 participate in a pilot project under which they will receive certain funds allocated for  
7 long-term care. The department shall allocate a level of funds to these counties  
8 equal to the amount that would otherwise be paid under s. 20.435 (4) (b), (gp), ~~or~~ ~~(w)~~,  
9 or (xd) to nursing homes for providing care because of increased utilization of nursing  
10 home services, as estimated by the department. In estimating these levels, the  
11 department shall exclude any increased utilization of services provided by state  
12 centers for the developmentally disabled. The department shall calculate these  
13 amounts on a calendar year basis under sub. (10).

History: 1981 c. 20; 1983 a. 27; 1983 a. 189 s. 329 (5); 1983 a. 192, 239; 1985 a. 29 ss. 876s to 896am, 3200 (56); 1985 a. 120, 176; 1987 a. 27, 399; 1989 a. 31, 77, 336, 359; 1991 a. 32, 39, 235, 274; 1993 a. 16, 27, 437; 1995 a. 27; 1997 a. 13, 27, 39, 79, 237; 1999 a. 9, 63; 2001 a. 16, 103; 2003 a. 33; 2005 a. 22, 25, 264, 386, 387.

14

15           **SECTION 10.** 46.27 (10) (a) 1. of the statutes is amended to read:

16           46.27 (10) (a) 1. The department shall determine for each county participating  
17 in the pilot project under sub. (9) a funding level of state medical assistance  
18 expenditures to be received by the county. This level shall equal the amount that the  
19 department determines would otherwise be paid under s. 20.435 (4) (b), (gp), ~~or~~ ~~(w)~~,  
20 or (xd), or because of increased utilization of nursing home services, as estimated by  
21 the department.

History: 1981 c. 20; 1983 a. 27; 1983 a. 189 s. 329 (5); 1983 a. 192, 239; 1985 a. 29 ss. 876s to 896am, 3200 (56); 1985 a. 120, 176; 1987 a. 27, 399; 1989 a. 31, 77, 336, 359; 1991 a. 32, 39, 235, 274; 1993 a. 16, 27, 437; 1995 a. 27; 1997 a. 13, 27, 39, 79, 237; 1999 a. 9, 63; 2001 a. 16, 103; 2003 a. 33; 2005 a. 22, 25, 264, 386, 387.

22

**SECTION 11.** 46.275 (5) (a) of the statutes is amended to read:

1           46.275 (5) (a) Medical Assistance reimbursement for services a county, or the  
 2           department under sub. (3r), provides under this program is available from the  
 3           appropriation accounts under s. 20.435 (4) (b), (gp), (o), and (w), and (xd). If 2 or more  
 4           counties jointly contract to provide services under this program and the department  
 5           approves the contract, Medical Assistance reimbursement is also available for  
 6           services provided jointly by these counties.

History: 1983 a. 27; 1985 a. 29 ss. 896b to 896L, 3202 (23); 1985 a. 120, 176; 1987 a. 27; 1987 a. 161 s. 13m; 1987 a. 186; 1989 a. 31; 1993 a. 16; 1995 a. 27, 77; 1997 a. 27, 114; 1999 a. 9; 2001 a. 16; 2003 a. 33, 318; 2005 a. 25, 264.

7           **SECTION 12.** 46.275 (5) (c) of the statutes is amended to read:

8           46.275 (5) (c) The total allocation under s. 20.435 (4) (b), (gp), (o), and (w), and  
 9           (xd) to counties and to the department under sub. (3r) for services provided under  
 10          this section may not exceed the amount approved by the federal department of health  
 11          and human services. A county may use funds received under this section only to  
 12          provide services to persons who meet the requirements under sub. (4) and may not  
 13          use unexpended funds received under this section to serve other developmentally  
 14          disabled persons residing in the county.

History: 1983 a. 27; 1985 a. 29 ss. 896b to 896L, 3202 (23); 1985 a. 120, 176; 1987 a. 27; 1987 a. 161 s. 13m; 1987 a. 186; 1989 a. 31; 1993 a. 16; 1995 a. 27, 77; 1997 a. 27, 114; 1999 a. 9; 2001 a. 16; 2003 a. 33, 318; 2005 a. 25, 264.

15          **SECTION 13.** 46.278 (6) (d) of the statutes is amended to read:

16          46.278 (6) (d) If a county makes available nonfederal funds equal to the state  
 17          share of service costs under a waiver received under sub. (3), the department may,  
 18          from the appropriation under s. 20.435 (4) (o), provide reimbursement for services  
 19          that the county provides under this section to persons who are in addition to those  
 20          who may be served under this section with funds from the appropriation account  
 21          under s. 20.435 (4) (b) ~~or~~, (w), or (xd).

History: 1987 a. 27, 186; 1989 a. 31; 1991 a. 269; 1993 a. 16; 1995 a. 27; 1997 a. 27; 1999 a. 9; 2001 a. 16; 2003 a. 33.

22          **SECTION 14.** 46.2785 (5) (a) of the statutes is amended to read:

1 46.2785 (5) (a) Medical assistance reimbursement for services a county or  
2 private agency contracts for or provides under the waiver program shall be made  
3 from the appropriation accounts under s. 20.435 (4) (b) and, (o), and (xd).

4 History: 2005 a. 25.

**SECTION 15.** 46.283 (5) of the statutes is amended to read:

5 46.283 (5) FUNDING. From the appropriation accounts under s. 20.435 (4) (b),  
6 (bm), (gp), (pa), and (w), and (xd) and (7) (b), (bd), and (md), the department may  
7 contract with organizations that meet standards under sub. (3) for performance of  
8 the duties under sub. (4) and shall distribute funds for services provided by resource  
9 centers.

10 History: 1999 a. 9; 2001 a. 16, 103; 2003 a. 33; 2005 a. 25, 254, 264, 386, 388.

**SECTION 16.** 46.284 (5) (a) of the statutes is amended to read:

11 46.284 (5) (a) From the appropriation accounts under s. 20.435 (4) (b), (g), (gp),  
12 (im), (o), and (w), and (xd) and (7) (b) and (bd), the department shall provide funding  
13 on a capitated payment basis for the provision of services under this section.  
14 Notwithstanding s. 46.036 (3) and (5m), a care management organization that is  
15 under contract with the department may expend the funds, consistent with this  
16 section, including providing payment, on a capitated basis, to providers of services  
17 under the family care benefit.

18 History: 1999 a. 9; 2001 a. 16, 103; 2003 a. 33; 2005 a. 264, 386.

**SECTION 17.** 49.45 (2) (a) 17. of the statutes is amended to read:

19 49.45 (2) (a) 17. Notify the governor, the joint committee on legislative  
20 organization, the joint committee on finance and appropriate standing committees,  
21 as determined by the presiding officer of each house, if the appropriation accounts  
22 under s. 20.435 (4) (b) and, (gp), and (xd) are insufficient to provide the state share  
23 of medical assistance.

History: 1971 c. 40 s. 93; 1971 c. 42, 125; 1971 c. 213 s. 5; 1971 c. 215, 217, 307; 1973 c. 62, 90, 147; 1973 c. 333 ss. 106g, 106h, 106j, 201w; 1975 c. 39; 1975 c. 223 s. 28; 1975 c. 224 ss. 54h, 56 to 59m; 1975 c. 383 s. 4; 1975 c. 411; 1977 c. 29, 418; 1979 c. 34 ss. 837f to 838, 2102 (20) (a); 1979 c. 102, 177, 221, 355; 1981 c. 20 ss. 839 to



854, 2202 (20) (r); 1981 c. 93, 317; 1983 a. 27 ss. 1046 to 1062m, 2200 (42); 1983 a. 245, 447, 527; 1985 a. 29 ss. 1026m to 1031d, 3200 (23), (56), 3202 (27); 1985 a. 120, 176, 269; 1985 a. 332 ss. 91, 251 (5), 253; 1985 a. 340; 1987 a. 27 ss. 989r to 1000s, 2247, 3202 (24); 1987 a. 186, 307, 339, 399; 1987 a. 403 s. 256; 1987 a. 413; 1989 a. 6; 1989 a. 31 ss. 1402 to 1452g, 2909g, 2909i; 1989 a. 107, 173, 310, 336, 351, 359; 1991 a. 22, 39, 80, 250, 269, 315, 316; 1993 a. 16 ss. 1362g to 1403, 3883; 1993 a. 27, 107, 112, 183, 212, 246, 269, 335, 356, 437, 446, 469; 1995 a. 20; 1995 a. 27 ss. 2947 to 3002r, 7299, 9126 (19), 9130 (4), 9145 (1); 1995 a. 191, 216, 225, 289, 303, 398, 417, 457; 1997 a. 3, 13, 27, 114, 175, 191, 237, 252, 293; 1999 a. 9, 63, 103, 180, 185; 2001 a. 13, 16, 35, 38, 57, 67, 104, 109; 2003 a. 33, 318, 321; 2005 a. 22; 2005 a. 25 ss. 1120 to 1149f, 2503 to 2510; 2005 a. 107, 165, 253, 254, 264, 301, 340, 386, 441.

1           **SECTION 18.** 49.45 (5m) (am) of the statutes is amended to read:  
2           49.45 (5m) (am) Notwithstanding sub. (3) (e), from the appropriation accounts  
3           under s. 20.435 (4) (b), (gp), (o), ~~and (w)~~, and (xd), the department shall distribute not  
4           more than \$2,256,000 in each fiscal year, to provide supplemental funds to rural  
5           hospitals that, as determined by the department, have high utilization of inpatient  
6           services by patients whose care is provided from governmental sources, and to  
7           provide supplemental funds to critical access hospitals, except that the department  
8           may not distribute funds to a rural hospital or to a critical access hospital to the  
9           extent that the distribution would exceed any limitation under 42 USC 1396b (i) (3).

**History:** 1971 c. 40 s. 93; 1971 c. 42, 125; 1971 c. 213 s. 5; 1971 c. 215, 217, 307; 1973 c. 62, 90, 147; 1973 c. 333 ss. 106g, 106h, 106j, 201w; 1975 c. 39; 1975 c. 223 s. 28; 1975 c. 224 ss. 54h, 56 to 59m; 1975 c. 383 s. 4; 1975 c. 411; 1977 c. 29, 418; 1979 c. 34 ss. 837f to 838, 2102 (20) (a); 1979 c. 102, 177, 221, 355; 1981 c. 20 ss. 839 to 854, 2202 (20) (r); 1981 c. 93, 317; 1983 a. 27 ss. 1046 to 1062m, 2200 (42); 1983 a. 245, 447, 527; 1985 a. 29 ss. 1026m to 1031d, 3200 (23), (56), 3202 (27); 1985 a. 120, 176, 269; 1985 a. 332 ss. 91, 251 (5), 253; 1985 a. 340; 1987 a. 27 ss. 989r to 1000s, 2247, 3202 (24); 1987 a. 186, 307, 339, 399; 1987 a. 403 s. 256; 1987 a. 413; 1989 a. 6; 1989 a. 31 ss. 1402 to 1452g, 2909g, 2909i; 1989 a. 107, 173, 310, 336, 351, 359; 1991 a. 22, 39, 80, 250, 269, 315, 316; 1993 a. 16 ss. 1362g to 1403, 3883; 1993 a. 27, 107, 112, 183, 212, 246, 269, 335, 356, 437, 446, 469; 1995 a. 20; 1995 a. 27 ss. 2947 to 3002r, 7299, 9126 (19), 9130 (4), 9145 (1); 1995 a. 191, 216, 225, 289, 303, 398, 417, 457; 1997 a. 3, 13, 27, 114, 175, 191, 237, 252, 293; 1999 a. 9, 63, 103, 180, 185; 2001 a. 13, 16, 35, 38, 57, 67, 104, 109; 2003 a. 33, 318, 321; 2005 a. 22; 2005 a. 25 ss. 1120 to 1149f, 2503 to 2510; 2005 a. 107, 165, 253, 254, 264, 301, 340, 386, 441.

10           **SECTION 19.** 49.45 (6m) (ag) (intro.) of the statutes is amended to read:  
11           49.45 (6m) (ag) (intro.) Payment for care provided in a facility under this  
12           subsection made under s. 20.435 (4) (b), (gp), (o), (pa), ~~or (w)~~, or (xd) shall, except as  
13           provided in pars. (bg), (bm), and (br), be determined according to a prospective  
14           payment system updated annually by the department. The payment system shall  
15           implement standards that are necessary and proper for providing patient care and  
16           that meet quality and safety standards established under subch. II of ch. 50 and ch.  
17           150. The payment system shall reflect all of the following:

**NOTE: NOTE:** Par. (ag) is shown as affected by 2 acts of the 2005 Wisconsin legislature and as merged by the revisor under s. 13.93 (2) (c).NOTE:

**History:** 1971 c. 40 s. 93; 1971 c. 42, 125; 1971 c. 213 s. 5; 1971 c. 215, 217, 307; 1973 c. 62, 90, 147; 1973 c. 333 ss. 106g, 106h, 106j, 201w; 1975 c. 39; 1975 c. 223 s. 28; 1975 c. 224 ss. 54h, 56 to 59m; 1975 c. 383 s. 4; 1975 c. 411; 1977 c. 29, 418; 1979 c. 34 ss. 837f to 838, 2102 (20) (a); 1979 c. 102, 177, 221, 355; 1981 c. 20 ss. 839 to 854, 2202 (20) (r); 1981 c. 93, 317; 1983 a. 27 ss. 1046 to 1062m, 2200 (42); 1983 a. 245, 447, 527; 1985 a. 29 ss. 1026m to 1031d, 3200 (23), (56), 3202 (27); 1985 a. 120, 176, 269; 1985 a. 332 ss. 91, 251 (5), 253; 1985 a. 340; 1987 a. 27 ss. 989r to 1000s, 2247, 3202 (24); 1987 a. 186, 307, 339, 399; 1987 a. 403 s. 256; 1987 a. 413; 1989 a. 6; 1989 a. 31 ss. 1402 to 1452g, 2909g, 2909i; 1989 a. 107, 173, 310, 336, 351, 359; 1991 a. 22, 39, 80, 250, 269, 315, 316; 1993 a. 16 ss. 1362g to 1403, 3883; 1993 a. 27, 107, 112, 183, 212, 246, 269, 335, 356, 437, 446, 469; 1995 a. 20; 1995 a. 27 ss. 2947 to 3002r, 7299, 9126 (19), 9130 (4), 9145 (1); 1995 a. 191, 216, 225, 289, 303, 398, 417, 457; 1997 a. 3, 13, 27, 114, 175, 191, 237, 252, 293; 1999 a. 9, 63, 103, 180, 185; 2001 a. 13, 16, 35, 38, 57, 67, 104, 109; 2003 a. 33, 318, 321; 2005 a. 22; 2005 a. 25 ss. 1120 to 1149f, 2503 to 2510; 2005 a. 107, 165, 253, 254, 264, 301, 340, 386, 441.

18           **SECTION 20.** 49.45 (6v) (b) of the statutes is amended to read:

1           49.45 (6v) (b) The department shall, each year, submit to the joint committee  
 2           on finance a report for the previous fiscal year, except for the 1997-98 fiscal year, that  
 3           provides information on the utilization of beds by recipients of medical assistance in  
 4           facilities and a discussion and detailed projection of the likely balances,  
 5           expenditures, encumbrances and carry over of currently appropriated amounts in  
 6           the appropriation accounts under s. 20.435 (4) (b), (gp), ~~and (o), and (xd)~~.

**History:** 1971 c. 40 s. 93; 1971 c. 42, 125; 1971 c. 213 s. 5; 1971 c. 215, 217, 307; 1973 c. 62, 90, 147; 1973 c. 333 ss. 106g, 106h, 106j, 201w; 1975 c. 39; 1975 c. 223 s. 28; 1975 c. 224 ss. 54h, 56 to 59m; 1975 c. 383 s. 4; 1975 c. 411; 1977 c. 29, 418; 1979 c. 34 ss. 837f to 838, 2102 (20) (a); 1979 c. 102, 177, 221, 355; 1981 c. 20 ss. 839 to 854, 2202 (20) (r); 1981 c. 93, 317; 1983 a. 27 ss. 1046 to 1062m, 2200 (42); 1983 a. 245, 447, 527; 1985 a. 29 ss. 1026m to 1031d, 3200 (23), (56), 3202 (27); 1985 a. 120, 176, 269; 1985 a. 332 ss. 91, 251 (5), 253; 1985 a. 340; 1987 a. 27 ss. 989r to 1000s, 2247, 3202 (24); 1987 a. 186, 307, 339, 399; 1987 a. 403 s. 256; 1987 a. 413; 1989 a. 6; 1989 a. 31 ss. 1402 to 1452g, 2909g, 2909i; 1989 a. 107, 173, 310, 336, 351, 359; 1991 a. 22, 39, 80, 250, 269, 315, 316; 1993 a. 16 ss. 1362g to 1403, 3883; 1993 a. 27, 107, 112, 183, 212, 246, 269, 335, 356, 437, 446, 469; 1995 a. 20; 1995 a. 27 ss. 2947 to 3002r, 7299, 9126 (19), 9130 (4), 9145 (1); 1995 a. 191, 216, 225, 289, 303, 398, 417, 457; 1997 a. 3, 13, 27, 114, 175, 191, 237, 252, 293; 1999 a. 9, 63, 103, 180, 185; 2001 a. 13, 16, 35, 38, 57, 67, 104, 109; 2003 a. 33, 318, 321; 2005 a. 22; 2005 a. 25 ss. 1120 to 1149f, 2503 to 2510; 2005 a. 107, 165, 253, 254, 264, 301, 340, 386, 441.

7           **SECTION 21.** 49.45 (6x) (a) of the statutes is amended to read:

8           49.45 (6x) (a) Notwithstanding sub. (3) (e), from the appropriation accounts  
 9           under s. 20.435 (4) (b), (gp), (o), ~~and (w), and (xd)~~, the department shall distribute not  
 10          more than \$4,748,000 in each fiscal year, to provide funds to an essential access city  
 11          hospital, except that the department may not allocate funds to an essential access  
 12          city hospital to the extent that the allocation would exceed any limitation under 42  
 13          USC 1396b (i) (3).

**History:** 1971 c. 40 s. 93; 1971 c. 42, 125; 1971 c. 213 s. 5; 1971 c. 215, 217, 307; 1973 c. 62, 90, 147; 1973 c. 333 ss. 106g, 106h, 106j, 201w; 1975 c. 39; 1975 c. 223 s. 28; 1975 c. 224 ss. 54h, 56 to 59m; 1975 c. 383 s. 4; 1975 c. 411; 1977 c. 29, 418; 1979 c. 34 ss. 837f to 838, 2102 (20) (a); 1979 c. 102, 177, 221, 355; 1981 c. 20 ss. 839 to 854, 2202 (20) (r); 1981 c. 93, 317; 1983 a. 27 ss. 1046 to 1062m, 2200 (42); 1983 a. 245, 447, 527; 1985 a. 29 ss. 1026m to 1031d, 3200 (23), (56), 3202 (27); 1985 a. 120, 176, 269; 1985 a. 332 ss. 91, 251 (5), 253; 1985 a. 340; 1987 a. 27 ss. 989r to 1000s, 2247, 3202 (24); 1987 a. 186, 307, 339, 399; 1987 a. 403 s. 256; 1987 a. 413; 1989 a. 6; 1989 a. 31 ss. 1402 to 1452g, 2909g, 2909i; 1989 a. 107, 173, 310, 336, 351, 359; 1991 a. 22, 39, 80, 250, 269, 315, 316; 1993 a. 16 ss. 1362g to 1403, 3883; 1993 a. 27, 107, 112, 183, 212, 246, 269, 335, 356, 437, 446, 469; 1995 a. 20; 1995 a. 27 ss. 2947 to 3002r, 7299, 9126 (19), 9130 (4), 9145 (1); 1995 a. 191, 216, 225, 289, 303, 398, 417, 457; 1997 a. 3, 13, 27, 114, 175, 191, 237, 252, 293; 1999 a. 9, 63, 103, 180, 185; 2001 a. 13, 16, 35, 38, 57, 67, 104, 109; 2003 a. 33, 318, 321; 2005 a. 22; 2005 a. 25 ss. 1120 to 1149f, 2503 to 2510; 2005 a. 107, 165, 253, 254, 264, 301, 340, 386, 441.

14          **SECTION 22.** 49.45 (6y) (a) of the statutes is amended to read:

15          49.45 (6y) (a) Notwithstanding sub. (3) (e), from the appropriation accounts  
 16          under s. 20.435 (4) (b), (gp), (o), ~~and (w), and (xd)~~, the department shall distribute  
 17          funding in each fiscal year to provide supplemental payment to hospitals that enter  
 18          into a contract under s. 49.02 (2) to provide health care services funded by a relief  
 19          block grant, as determined by the department, for hospital services that are not in  
 20          excess of the hospitals' customary charges for the services, as limited under 42 USC

1 1396b (i) (3). If no relief block grant is awarded under this chapter or if the allocation  
 2 of funds to such hospitals would exceed any limitation under 42 USC 1396b (i) (3),  
 3 the department may distribute funds to hospitals that have not entered into a  
 4 contract under s. 49.02 (2).

**History:** 1971 c. 40 s. 93; 1971 c. 42, 125; 1971 c. 213 s. 5; 1971 c. 215, 217, 307; 1973 c. 62, 90, 147; 1973 c. 333 ss. 106g, 106h, 106j, 201w; 1975 c. 39; 1975 c. 223 s. 28; 1975 c. 224 ss. 54h, 56 to 59m; 1975 c. 383 s. 4; 1975 c. 411; 1977 c. 29, 418; 1979 c. 34 ss. 837f to 838, 2102 (20) (a); 1979 c. 102, 177, 221, 355; 1981 c. 20 ss. 839 to 854, 2202 (20) (r); 1981 c. 93, 317; 1983 a. 27 ss. 1046 to 1062m, 2200 (42); 1983 a. 245, 447, 527; 1985 a. 29 ss. 1026m to 1031d, 3200 (23), (56), 3202 (27); 1985 a. 120, 176, 269; 1985 a. 332 ss. 91, 251 (5), 253; 1985 a. 340; 1987 a. 27 ss. 989r to 1000s, 2247, 3202 (24); 1987 a. 186, 307, 339, 399; 1987 a. 403 s. 256; 1987 a. 413; 1989 a. 6; 1989 a. 31 ss. 1402 to 1452g, 2909g, 2909i; 1989 a. 107, 173, 310, 336, 351, 359; 1991 a. 22, 39, 80, 250, 269, 315, 316; 1993 a. 16 ss. 1362g to 1403, 3883; 1993 a. 27, 107, 112, 183, 212, 246, 269, 335, 356, 437, 446, 469; 1995 a. 20; 1995 a. 27 ss. 2947 to 3002r, 7299, 9126 (19), 9130 (4), 9145 (1); 1995 a. 191, 216, 225, 289, 303, 398, 417, 457; 1997 a. 3, 13, 27, 114, 175, 191, 237, 252, 293; 1999 a. 9, 63, 103, 180, 185; 2001 a. 13, 16, 35, 38, 57, 67, 104, 109; 2003 a. 33, 318, 321; 2005 a. 22; 2005 a. 25 ss. 1120 to 1149f, 2503 to 2510; 2005 a. 107, 165, 253, 254, 264, 301, 340, 386, 441.

5 **SECTION 23. 49.45 (6y) (am)** of the statutes is amended to read:

6 49.45 (6y) (am) Notwithstanding sub. (3) (e), from the appropriation accounts  
 7 under s. 20.435 (4) (b), (h), (gp), (o), and (w), and (xd), the department shall distribute  
 8 funding in each fiscal year to provide supplemental payments to hospitals that enter  
 9 into contracts under s. 49.02 (2) with a county having a population of 500,000 or more  
 10 to provide health care services funded by a relief block grant, as determined by the  
 11 department, for hospital services that are not in excess of the hospitals' customary  
 12 charges for the services, as limited under 42 USC 1396b (i) (3).

**History:** 1971 c. 40 s. 93; 1971 c. 42, 125; 1971 c. 213 s. 5; 1971 c. 215, 217, 307; 1973 c. 62, 90, 147; 1973 c. 333 ss. 106g, 106h, 106j, 201w; 1975 c. 39; 1975 c. 223 s. 28; 1975 c. 224 ss. 54h, 56 to 59m; 1975 c. 383 s. 4; 1975 c. 411; 1977 c. 29, 418; 1979 c. 34 ss. 837f to 838, 2102 (20) (a); 1979 c. 102, 177, 221, 355; 1981 c. 20 ss. 839 to 854, 2202 (20) (r); 1981 c. 93, 317; 1983 a. 27 ss. 1046 to 1062m, 2200 (42); 1983 a. 245, 447, 527; 1985 a. 29 ss. 1026m to 1031d, 3200 (23), (56), 3202 (27); 1985 a. 120, 176, 269; 1985 a. 332 ss. 91, 251 (5), 253; 1985 a. 340; 1987 a. 27 ss. 989r to 1000s, 2247, 3202 (24); 1987 a. 186, 307, 339, 399; 1987 a. 403 s. 256; 1987 a. 413; 1989 a. 6; 1989 a. 31 ss. 1402 to 1452g, 2909g, 2909i; 1989 a. 107, 173, 310, 336, 351, 359; 1991 a. 22, 39, 80, 250, 269, 315, 316; 1993 a. 16 ss. 1362g to 1403, 3883; 1993 a. 27, 107, 112, 183, 212, 246, 269, 335, 356, 437, 446, 469; 1995 a. 20; 1995 a. 27 ss. 2947 to 3002r, 7299, 9126 (19), 9130 (4), 9145 (1); 1995 a. 191, 216, 225, 289, 303, 398, 417, 457; 1997 a. 3, 13, 27, 114, 175, 191, 237, 252, 293; 1999 a. 9, 63, 103, 180, 185; 2001 a. 13, 16, 35, 38, 57, 67, 104, 109; 2003 a. 33, 318, 321; 2005 a. 22; 2005 a. 25 ss. 1120 to 1149f, 2503 to 2510; 2005 a. 107, 165, 253, 254, 264, 301, 340, 386, 441.

13 **SECTION 24. 49.45 (6z) (a) (intro.)** of the statutes is amended to read:

14 49.45 (6z) (a) (intro.) Notwithstanding sub. (3) (e), from the appropriation  
 15 accounts under s. 20.435 (4) (b), (gp), (o), and (w), and (xd), the department shall  
 16 distribute funding in each fiscal year to supplement payment for services to hospitals  
 17 that enter into a contract under s. 49.02 (2) to provide health care services funded  
 18 by a relief block grant under this chapter, if the department determines that the  
 19 hospitals serve a disproportionate number of low-income patients with special  
 20 needs. If no medical relief block grant under this chapter is awarded or if the

1 allocation of funds to such hospitals would exceed any limitation under 42 USC  
2 1396b (i) (3), the department may distribute funds to hospitals that have not entered  
3 into a contract under s. 49.02 (2). The department may not distribute funds under  
4 this subsection to the extent that the distribution would do any of the following:

**History:** 1971 c. 40 s. 93; 1971 c. 42, 125; 1971 c. 213 s. 5; 1971 c. 215, 217, 307; 1973 c. 62, 90, 147; 1973 c. 333 ss. 106g, 106h, 106j, 201w; 1975 c. 39; 1975 c. 223 s. 28; 1975 c. 224 ss. 54h, 56 to 59m; 1975 c. 383 s. 4; 1975 c. 411; 1977 c. 29, 418; 1979 c. 34 ss. 837f to 838, 2102 (20) (a); 1979 c. 102, 177, 221, 355; 1981 c. 20 ss. 839 to 854, 2202 (20) (r); 1981 c. 93, 317; 1983 a. 27 ss. 1046 to 1062m, 2200 (42); 1983 a. 245, 447, 527; 1985 a. 29 ss. 1026m to 1031d, 3200 (23), (56), 3202 (27); 1985 a. 120, 176, 269; 1985 a. 332 ss. 91, 251 (5), 253; 1985 a. 340; 1987 a. 27 ss. 989r to 1000s, 2247, 3202 (24); 1987 a. 186, 307, 339, 399; 1987 a. 403 s. 256; 1987 a. 413; 1989 a. 6; 1989 a. 31 ss. 1402 to 1452g, 2909g, 2909i; 1989 a. 107, 173, 310, 336, 351, 359; 1991 a. 22, 39, 80, 250, 269, 315, 316; 1993 a. 16 ss. 1362g to 1403, 3883; 1993 a. 27, 107, 112, 183, 212, 246, 269, 335, 356, 437, 446, 469; 1995 a. 20; 1995 a. 27 ss. 2947 to 3002r, 7299, 9126 (19), 9130 (4), 9145 (1); 1995 a. 191, 216, 225, 289, 303, 398, 417, 457; 1997 a. 3, 13, 27, 114, 175, 191, 237, 252, 293; 1999 a. 9, 63, 103, 180, 185; 2001 a. 13, 16, 35, 38, 57, 67, 104, 109; 2003 a. 33, 318, 321; 2005 a. 22; 2005 a. 25 ss. 1120 to 1149f, 2503 to 2510; 2005 a. 107, 165, 253, 254, 264, 301, 340, 386, 441.

5 **SECTION 25.** 49.45 (8) (b) of the statutes is amended to read:

6 49.45 (8) (b) Reimbursement under s. 20.435 (4) (b), (gp), (o), and (w), and (xd)  
7 for home health services provided by a certified home health agency or independent  
8 nurse shall be made at the home health agency's or nurse's usual and customary fee  
9 per patient care visit, subject to a maximum allowable fee per patient care visit that  
10 is established under par. (c).

**History:** 1971 c. 40 s. 93; 1971 c. 42, 125; 1971 c. 213 s. 5; 1971 c. 215, 217, 307; 1973 c. 62, 90, 147; 1973 c. 333 ss. 106g, 106h, 106j, 201w; 1975 c. 39; 1975 c. 223 s. 28; 1975 c. 224 ss. 54h, 56 to 59m; 1975 c. 383 s. 4; 1975 c. 411; 1977 c. 29, 418; 1979 c. 34 ss. 837f to 838, 2102 (20) (a); 1979 c. 102, 177, 221, 355; 1981 c. 20 ss. 839 to 854, 2202 (20) (r); 1981 c. 93, 317; 1983 a. 27 ss. 1046 to 1062m, 2200 (42); 1983 a. 245, 447, 527; 1985 a. 29 ss. 1026m to 1031d, 3200 (23), (56), 3202 (27); 1985 a. 120, 176, 269; 1985 a. 332 ss. 91, 251 (5), 253; 1985 a. 340; 1987 a. 27 ss. 989r to 1000s, 2247, 3202 (24); 1987 a. 186, 307, 339, 399; 1987 a. 403 s. 256; 1987 a. 413; 1989 a. 6; 1989 a. 31 ss. 1402 to 1452g, 2909g, 2909i; 1989 a. 107, 173, 310, 336, 351, 359; 1991 a. 22, 39, 80, 250, 269, 315, 316; 1993 a. 16 ss. 1362g to 1403, 3883; 1993 a. 27, 107, 112, 183, 212, 246, 269, 335, 356, 437, 446, 469; 1995 a. 20; 1995 a. 27 ss. 2947 to 3002r, 7299, 9126 (19), 9130 (4), 9145 (1); 1995 a. 191, 216, 225, 289, 303, 398, 417, 457; 1997 a. 3, 13, 27, 114, 175, 191, 237, 252, 293; 1999 a. 9, 63, 103, 180, 185; 2001 a. 13, 16, 35, 38, 57, 67, 104, 109; 2003 a. 33, 318, 321; 2005 a. 22; 2005 a. 25 ss. 1120 to 1149f, 2503 to 2510; 2005 a. 107, 165, 253, 254, 264, 301, 340, 386, 441.

11 **SECTION 26.** 49.45 (24m) (intro.) of the statutes is amended to read:

12 49.45 (24m) (intro.) From the appropriation accounts under s. 20.435 (4) (b),  
13 (gp), (o), and (w), and (xd), in order to test the feasibility of instituting a system of  
14 reimbursement for providers of home health care and personal care services for  
15 medical assistance recipients that is based on competitive bidding, the department  
16 shall:

**History:** 1971 c. 40 s. 93; 1971 c. 42, 125; 1971 c. 213 s. 5; 1971 c. 215, 217, 307; 1973 c. 62, 90, 147; 1973 c. 333 ss. 106g, 106h, 106j, 201w; 1975 c. 39; 1975 c. 223 s. 28; 1975 c. 224 ss. 54h, 56 to 59m; 1975 c. 383 s. 4; 1975 c. 411; 1977 c. 29, 418; 1979 c. 34 ss. 837f to 838, 2102 (20) (a); 1979 c. 102, 177, 221, 355; 1981 c. 20 ss. 839 to 854, 2202 (20) (r); 1981 c. 93, 317; 1983 a. 27 ss. 1046 to 1062m, 2200 (42); 1983 a. 245, 447, 527; 1985 a. 29 ss. 1026m to 1031d, 3200 (23), (56), 3202 (27); 1985 a. 120, 176, 269; 1985 a. 332 ss. 91, 251 (5), 253; 1985 a. 340; 1987 a. 27 ss. 989r to 1000s, 2247, 3202 (24); 1987 a. 186, 307, 339, 399; 1987 a. 403 s. 256; 1987 a. 413; 1989 a. 6; 1989 a. 31 ss. 1402 to 1452g, 2909g, 2909i; 1989 a. 107, 173, 310, 336, 351, 359; 1991 a. 22, 39, 80, 250, 269, 315, 316; 1993 a. 16 ss. 1362g to 1403, 3883; 1993 a. 27, 107, 112, 183, 212, 246, 269, 335, 356, 437, 446, 469; 1995 a. 20; 1995 a. 27 ss. 2947 to 3002r, 7299, 9126 (19), 9130 (4), 9145 (1); 1995 a. 191, 216, 225, 289, 303, 398, 417, 457; 1997 a. 3, 13, 27, 114, 175, 191, 237, 252, 293; 1999 a. 9, 63, 103, 180, 185; 2001 a. 13, 16, 35, 38, 57, 67, 104, 109; 2003 a. 33, 318, 321; 2005 a. 22; 2005 a. 25 ss. 1120 to 1149f, 2503 to 2510; 2005 a. 107, 165, 253, 254, 264, 301, 340, 386, 441.

17 **SECTION 27.** 49.45 (52) of the statutes is amended to read:

1           49.45 (52) PAYMENT ADJUSTMENTS. Beginning on January 1, 2003, the  
 2 department may, from the appropriation account under s. 20.435 (7) (b), make  
 3 Medical Assistance payment adjustments to county departments under s. 46.215,  
 4 46.22, 46.23, or 51.42, or 51.437 or to local health departments, as defined in s. 250.01  
 5 (4), as appropriate, for covered services under s. 49.46 (2) (a) 2. and 4. d. and f. and  
 6 (b) 6. b., c., f., fm., g., j., k., L., Lm., and m., 9., 12., 12m., 13., 15., and 16. Payment  
 7 adjustments under this subsection shall include the state share of the payments.  
 8 The total of any payment adjustments under this subsection and Medical Assistance  
 9 payments made from appropriation accounts under s. 20.435 (4) (b), (gp), (o), and (w),  
 10 and (xd) may not exceed applicable limitations on payments under 42 USC 1396a (a)  
 11 (30) (A).

History: 1971 c. 40 s. 93; 1971 c. 42, 125; 1971 c. 213 s. 5; 1971 c. 215, 217, 307; 1973 c. 62, 90, 147; 1973 c. 333 ss. 106g, 106h, 106j, 201w; 1975 c. 39; 1975 c. 223 s. 28; 1975 c. 224 ss. 54h, 56 to 59m; 1975 c. 383 s. 4; 1975 c. 411; 1977 c. 29, 418; 1979 c. 34 ss. 837f to 838, 2102 (20) (a); 1979 c. 102, 177, 221, 355; 1981 c. 20 ss. 839 to 854, 2202 (20) (r); 1981 c. 93, 317; 1983 a. 27 ss. 1046 to 1062m, 2200 (42); 1983 a. 245, 447, 527; 1985 a. 29 ss. 1026m to 1031d, 3200 (23), (56), 3202 (27); 1985 a. 120, 176, 269; 1985 a. 332 ss. 91, 251 (5), 253; 1985 a. 340; 1987 a. 27 ss. 989r to 1000s, 2247, 3202 (24); 1987 a. 186, 307, 339, 399; 1987 a. 403 s. 256; 1987 a. 413; 1989 a. 6; 1989 a. 31 ss. 1402 to 1452g, 2909g, 2909i; 1989 a. 107, 173, 310, 336, 351, 359; 1991 a. 22, 39, 80, 250, 269, 315, 316; 1993 a. 16 ss. 1362g to 1403, 3883; 1993 a. 27, 107, 112, 183, 212, 246, 269, 335, 356, 437, 446, 469; 1995 a. 20; 1995 a. 27 ss. 2947 to 3002r, 7299, 9126 (19), 9130 (4), 9145 (1); 1995 a. 191, 216, 225, 289, 303, 398, 417, 457; 1997 a. 3, 13, 27, 114, 175, 191, 237, 252, 293; 1999 a. 9, 63, 103, 180, 185; 2001 a. 13, 16, 35, 38, 57, 67, 104, 109; 2003 a. 33, 318, 321; 2005 a. 22; 2005 a. 25 ss. 1120 to 1149f, 2503 to 2510; 2005 a. 107, 165, 253, 254, 264, 301, 340, 386, 441.

12           **SECTION 28.** 49.472 (6) (a) of the statutes is amended to read:

13           49.472 (6) (a) Notwithstanding sub. (4) (a) 3., from the appropriation account  
 14 under s. 20.435 (4) (b), (gp), ~~or (w)~~, or (xd), the department shall, on the part of an  
 15 individual who is eligible for medical assistance under sub. (3), pay premiums for or  
 16 purchase individual coverage offered by the individual's employer if the department  
 17 determines that paying the premiums for or purchasing the coverage will not be more  
 18 costly than providing medical assistance.

History: 1999 a. 9, 185; 2001 a. 16; 2003 a. 33.

19           **SECTION 29.** 49.472 (6) (b) of the statutes is amended to read:

20           49.472 (6) (b) If federal financial participation is available, from the  
 21 appropriation account under s. 20.435 (4) (b), (gp), ~~or (w)~~, or (xd), the department may

1 pay medicare Part A and Part B premiums for individuals who are eligible for  
2 medicare and for medical assistance under sub. (3).

3 History: 1999 a. 9, 185; 2001 a. 16; 2003 a. 33.

3 **SECTION 30.** 49.473 (5) of the statutes is amended to read:

4 49.473 (5) The department shall audit and pay, from the appropriation  
5 accounts under s. 20.435 (4) (b), (gp), and (o), and (xd), allowable charges to a provider  
6 who is certified under s. 49.45 (2) (a) 11. for medical assistance on behalf of a woman  
7 who meets the requirements under sub. (2) for all benefits and services specified  
8 under s. 49.46 (2).

9 History: 2001 a. 16, 104; 2003 a. 33.

9 **SECTION 31.** 49.665 (4) (at) 1. a. of the statutes is amended to read:

10 49.665 (4) (at) 1. a. Except as provided in subd. 1. b., the department shall  
11 establish a lower maximum income level for the initial eligibility determination if  
12 funding under s. 20.435 (4) (bc), (jz), (p), and (x), and (xd) is insufficient to  
13 accommodate the projected enrollment levels for the health care program under this  
14 section. The adjustment may not be greater than necessary to ensure sufficient  
15 funding.

16 History: 1997 a. 27, 237; 1999 a. 9; 2001 a. 16, 109; 2003 a. 33; 2005 a. 25.

16 **SECTION 32.** 49.665 (4) (at) 1. cm. of the statutes is amended to read:

17 49.665 (4) (at) 1. cm. Notwithstanding s. 20.001 (3) (b), if, after reviewing the  
18 plan submitted under subd. 1. b., the joint committee on finance determines that the  
19 amounts appropriated under s. 20.435 (4) (bc), (jz), (p), and (x), and (xd) are  
20 insufficient to accommodate the projected enrollment levels, the committee may  
21 transfer appropriated moneys from the general purpose revenue appropriation  
22 account of any state agency, as defined in s. 20.001 (1), other than a sum sufficient  
23 appropriation account, to the appropriation account under s. 20.435 (4) (bc) to  
24 supplement the health care program under this section if the committee finds that

1 the transfer will eliminate unnecessary duplication of functions, result in more  
2 efficient and effective methods for performing programs, or more effectively carry out  
3 legislative intent, and that legislative intent will not be changed by the transfer.

4 History: 1997 a. 27, 237; 1999 a. 9; 2001 a. 16, 109; 2003 a. 33; 2005 a. 25

**SECTION 33.** 49.665 (4) (at) 2. of the statutes is amended to read:

5 49.665 (4) (at) 2. If, after the department has established a lower maximum  
6 income level under subd. 1., projections indicate that funding under s. 20.435 (4) (bc),  
7 (jz), (p), ~~and (x), and (xd)~~ is sufficient to raise the level, the department shall, by state  
8 plan amendment, raise the maximum income level for initial eligibility, but not to  
9 exceed 185% of the poverty line.

10 History: 1997 a. 27, 237; 1999 a. 9; 2001 a. 16, 109; 2003 a. 33; 2005 a. 25

**SECTION 34.** 49.688 (7) (a) of the statutes is amended to read:

11 49.688 (7) (a) Except as provided in par. (b), from the appropriation accounts  
12 under s. 20.435 (4) (bv), (j), ~~and (pg), and (xh)~~, beginning on September 1, 2002, the  
13 department shall, under a schedule that is identical to that used by the department  
14 for payment of pharmacy provider claims under medical assistance, provide to  
15 pharmacies and pharmacists payments for prescription drugs sold by the  
16 pharmacies or pharmacists to persons eligible under sub. (2) who have paid the  
17 deductible specified under sub. (3) (b) 1. or 2. or who, under sub. (3) (b) 1., are not  
18 required to pay a deductible. The payment for each prescription drug under this  
19 paragraph shall be at the program payment rate, minus any copayment paid by the  
20 person under sub. (5) (a) 2. or 4., and plus, if applicable, incentive payments that are  
21 similar to those provided under s. 49.45 (8v). The department shall devise and  
22 distribute a claim form for use by pharmacies and pharmacists under this paragraph  
23 and may limit payment under this paragraph to those prescription drugs for which  
24 payment claims are submitted by pharmacists or pharmacies directly to the

1 department. The department may apply to the program under this section the same  
2 utilization and cost control procedures that apply under rules promulgated by the  
3 department to medical assistance under subch. IV of ch. 49.

4 History: 2001 a. 16, 109; 2003 a. 33.

**SECTION 35.** 49.688 (7) (b) of the statutes is amended to read:

5 49.688 (7) (b) During any period in which funding under s. 20.435 (4) (bv) and,  
6 (pg), and (xh) is completely expended for the payments specified in par. (a), the  
7 requirements of par. (a) and subs. (3) (c), (5), and (6) (a) and (b) do not apply to drugs  
8 purchased during that period, but the department shall continue to accept  
9 applications and determine eligibility under sub. (4) and shall indicate to applicants  
10 that the eligibility of program participants to purchase prescription drugs as  
11 specified in sub. (3), under the requirements of sub. (5), is conditioned on the  
12 availability of funding under s. 20.435 (4) (bv) and, (pg), and (xh).

History: 2001 a. 16, 109; 2003 a. 33.



Insert A1

10 ff

The bill also increases the rate of the excise tax imposed on the sale of tobacco products from 25 percent of the manufacturer's list price to distributors to 65 percent of the manufacturer's list price to distributors.

Insert 1-7

1           SECTION ~~#~~ 139.455 of the statutes is created to read:

2           **139.455 Revenue distribution.** From the taxes collected under this  
3 subchapter, the department shall deposit an amount equal to 25 mills on cigarettes  
4 weighing not more than 3 pounds per thousand and 50 mills on cigarettes weighing  
5 more than 3 pounds per thousand into the health care quality fund.

6           SECTION ~~#~~ 139.76 (1) of the statutes is amended to read:

7           139.76 (1) An excise tax is imposed upon the sale, offering or exposing for sale,  
8 possession with intent to sell or removal for consumption or sale or other disposition  
9 for any purpose of tobacco products by any person engaged as a distributor of them  
10 at the rate of ~~25%~~ 42 percent of the manufacturer's established list price to  
11 distributors without diminution by volume or other discounts on domestic products.  
12 On products imported from another country the rate of tax is ~~25%~~ 42 percent of the  
13 amount obtained by adding the manufacturer's list price to the federal tax, duties  
14 and transportation costs to the United States. The tax attaches at the time the  
15 tobacco products are received by the distributor in this state. The tax shall be passed  
16 on to the ultimate consumer of the tobacco products. All tobacco products received  
17 in this state for sale or distribution within this state, except tobacco products actually  
18 sold as provided in sub. (2), shall be subject to such tax.

History: 1981 c. 20; 1983 a. 27; 1989 a. 56; 1999 a. 9; 2001 a. 16; 2005 a. 22.

19           SECTION ~~#~~ 139.78 (1) of the statutes is amended to read:

1           139.78 (1) A tax is imposed upon the use or storage by consumers of tobacco  
 2 products in this state at the rate of ~~25%~~ 42 percent of the cost of the tobacco products.  
 3 The tax does not apply if the tax imposed by s. 139.76 (1) on the tobacco products has  
 4 been paid or if the tobacco products are exempt from the tobacco products tax under

5           s. 139.76 (2).

→ ~~#~~ CR; 139.865

No B

History: 1981 c. 20; 1985 a. 332; 1987 a. 312 s. 17; 1991 a. 39; 1997 a. 27; 2001 a. 16.

6

**139.865 Revenue distribution.** The department shall deposit 40.5 percent

7 of the amount of the taxes collected under this subchapter into the health care  
 8 quality fund.

**DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB 40892/2dn  
JK&DAK:wlj:nwn  
↑  
stays

To Jim Johnston and Michelle Pink:

1. Please review my inclusion of reference to s. 20.435 (4) (xd) as a funding source for MA and Badger Care benefits in numerous statutes in this draft; is this your intent? \*  
Note that I did not include this reference in ss. 46.279 (4n), 46.485 (2g) (intro.) and (3r), \*  
49.45 (51) (a), or 79.02 (3) (c) 3. or (e), stats.; is this your intent?
2. Do you want to include Badger Care administrative costs in s. 20.435 (4) (xe)?
3. Please review my inclusion of reference to s. 20.435 (4) (xh) as a funding source for Senior Care benefits in s. 49.688 (7) (a) and (b), stats.; is this your intent?

Debora A. Kennedy  
Managing Attorney  
Phone: (608) 266-0137  
E-mail: debora.kennedy@legis.wisconsin.gov

**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRB-0892/2dn  
DAK:wlj:rs

December 13, 2006

To Jim Johnston and Michelle Pink:

1. Please review my inclusion of reference to s. 20.435 (4) (xd) as a funding source for MA and Badger Care benefits in numerous statutes in this draft; is this your intent? Note that I did not include this reference in s. 46.279 (4n), 46.485 (2g) (intro.) and (3r), 49.45 (51) (a), or 79.02 (3) (c) 3. or (e), stats.; is this your intent?
2. Do you want to include Badger Care administrative costs in s. 20.435 (4) (xe)?
3. Please review my inclusion of reference to s. 20.435 (4) (xh) as a funding source for Senior Care benefits in s. 49.688 (7) (a) and (b), stats.; is this your intent?

Debora A. Kennedy  
Managing Attorney  
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**Kreye, Joseph**

---

**From:** Easton, Darren - DOA  
**Sent:** Tuesday, January 09, 2007 12:09 PM  
**To:** Kreye, Joseph  
**Subject:** FW: LRB Draft: 07-0892/1 Increase excise tax rate on cigarette sales  
**Attachments:** 07-0892/1

Hello again Joe,

Please set the tax on cigarettes to 88.5 mills per cigarette and to 177 mills on cigarettes more than 3 pounds per thousand.

Also, increase the tax on tobacco other products to [139.76(1)] 57.5%.

Darren

---

**From:** Natzke, Noah [mailto:Noah.Natzke@legis.wisconsin.gov]  
**Sent:** Monday, November 27, 2006 4:57 PM  
**To:** Easton, Darren - DOA  
**Cc:** Koskinen, John - DOA; Hanaman, Cathlene; Palchik, Laurie A - DOA  
**Subject:** LRB Draft: 07-0892/1 Increase excise tax rate on cigarette sales

Following is the PDF version of draft 07-0892/1.



State of Wisconsin  
2007 - 2008 LEGISLATURE

LRB-0892/2  
JK&DAK:wlj:rs

stays *[signature]* 3

DOA:.....Easton, BB0175 - Increase excise tax rate on cigarette and tobacco products sales

FOR 2007-09 BUDGET -- NOT READY FOR INTRODUCTION

*in 1-9-07*

*DO NOT GEN*

1 AN ACT ...; relating to: the budget.

*Analysis by the Legislative Reference Bureau*

**TAXATION**

**OTHER TAXATION**

This bill increases the rate of the excise tax imposed on the sale of cigarettes from 77 cents per pack to ~~\$1.25~~ *\$1.077* per pack. The bill also increases the rate of the excise tax imposed on the sale of tobacco products from 25 percent of the manufacturer's list price to distributors to 65 percent of the manufacturer's list price to distributors.

**HEALTH AND HUMAN SERVICES**

**MEDICAL ASSISTANCE**

Under current federal and state law, Medical Assistance (MA) is a jointly funded, federal-state program that DHFS administers to provide health care services to eligible individuals with very low incomes and few assets; the state share of MA is paid from a combination of general purpose revenues, program revenues from hospital assessments, and segregated funds under the MA trust fund. Under a waiver of federal Medicaid laws from the federal Department of Health and Human Services, DHFS also administers under MA the Badger Care Health Care Program (BadgerCare). BadgerCare provides health care coverage to certain low-income families and to certain low-income children who do not reside with a parent.

This bill establishes a health care quality trust fund, from moneys obtained from an increase in cigarette and other tobacco products taxes. Under the bill,

moneys from the health care quality trust fund are used as another source of funding for MA and for Badger Care.

#### PUBLIC ASSISTANCE

Currently, DHFS reimburses pharmacists and pharmacies for prescription drugs purchased by elderly persons who are enrolled in a program of prescription drug assistance (Senior Care). Senior Care provides payments under the program from general purpose revenues, rebate payments made by prescription drug manufacturers, and federal funds.

This bill establishes a health care quality trust fund, from moneys obtained from an increase in cigarette and other tobacco products taxes. Under the bill, moneys from the health care quality trust fund are used as another source of funding for payments made under Senior Care.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

1           **SECTION 1.** 20.435 (4) (bc) of the statutes is amended to read:

2           20.435 (4) (bc) *Badger Care health care program; general purpose revenue.* As  
3 a continuing appropriation, the amounts in the schedule for a portion of the Badger  
4 Care health care program under s. 49.665.

      \*\*\*\*NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

5           **SECTION 2.** 20.435 (4) (bm) of the statutes is amended to read:

6           20.435 (4) (bm) *Medical Assistance, food stamps, and Badger Care*  
7 *administration; contract costs, insurer reports, and resource centers.* Biennially, the  
8 amounts in the schedule to provide a portion of the state share of administrative  
9 contract costs for the Medical Assistance program under s. 49.45, the food stamp  
10 program under s. 49.79, and the Badger Care health care program under s. 49.665  
11 and to provide the state share of administrative contract costs for the food stamp  
12 program under s. 49.79, other than payments to counties and tribal governing bodies  
13 under s. 49.78 (8), to develop and implement a registry of recipient immunizations,

1 to reimburse insurers for their costs under s. 49.475, for costs associated with  
2 outreach activities, and for services of resource centers under s. 46.283. No state  
3 positions may be funded in the department of health and family services from this  
4 appropriation, except positions for the performance of duties under a contract in  
5 effect before January 1, 1987, related to the administration of the Medical  
6 Assistance program between the subunit of the department primarily responsible for  
7 administering the Medical Assistance program and another subunit of the  
8 department. Total administrative funding authorized for the program under s.  
9 49.665 may not exceed 10% of the amounts budgeted under pars. (bc), (p), and (x).

10 **SECTION 3.** 20.435 (4) (xd) of the statutes is created to read:

11 20.435 (4) (xd) *Health care quality fund; Medical Assistance and Badger Care*  
12 *benefits.* From the health care quality fund, as a continuing appropriation, the  
13 amounts in the schedule to provide a portion of the state share of Medical Assistance  
14 program benefits administered under s. 49.45 and to provide a portion of the costs  
15 of benefits under the Badger Care health care program under s. 49.665.

\*\*\*\*NOTE: This SECTION involves a change in an appropriation that must be  
reflected in the revised schedule in s. 20.005, stats.

16 **SECTION 4.** 20.435 (4) (xe) of the statutes is created to read:

17 20.435 (4) (xe) *Health care quality fund; administration.* From the health care  
18 quality fund, as a continuing appropriation, the amounts in the schedule to provide  
19 a portion of the state share of administrative contract costs for the Medical  
20 Assistance program under s. 49.45.

\*\*\*\*NOTE: This SECTION involves a change in an appropriation that must be  
reflected in the revised schedule in s. 20.005, stats.

21 **SECTION 5.** 20.435 (4) (xh) of the statutes is created to read:



1           20.435 (4) (xh) *Health care quality fund; prescription drug assistance; benefits.*  
2 From the health care quality fund, as a continuing appropriation, the amounts in the  
3 schedule for payment to pharmacies and pharmacists under s. 49.688 (7) for  
4 prescription drug assistance for elderly persons.

      \*\*\*NOTE: This SECTION involves a change in an appropriation that must be  
reflected in the revised schedule in s. 20.005, stats.

5           **SECTION 6.** 20.435 (4) (xi) of the statutes is created to read:

6           20.435 (4) (xi) *Health care quality fund; prescription drug assistance;*  
7 *administration.* From the health care quality fund, as a continuing appropriation,  
8 the amounts in the schedule for administration of the program for prescription drug  
9 assistance for elderly persons under s. 49.688 (7).

      \*\*\*NOTE: This SECTION involves a change in an appropriation that must be  
reflected in the revised schedule in s. 20.005, stats.

10          **SECTION 7.** 25.17 (1) (gd) of the statutes is created to read:

11          25.17 (1) (gd) Health care quality fund (s. 25.772);

12          **SECTION 8.** 25.772 of the statutes is created to read:

13          **25.772 Health care quality fund.** There is established a separate  
14 nonlapsible trust fund designated as the health care quality fund, to consist of the  
15 amount of the taxes collected under subchs. II and III of ch. 139 as determined under  
16 ss. 139.455 and 139.865.

17          **SECTION 9.** 46.27 (9) (a) of the statutes is amended to read:

18          46.27 (9) (a) The department may select up to 5 counties that volunteer to  
19 participate in a pilot project under which they will receive certain funds allocated for  
20 long-term care. The department shall allocate a level of funds to these counties  
21 equal to the amount that would otherwise be paid under s. 20.435 (4) (b), (gp), or (w),  
22 or (xd) to nursing homes for providing care because of increased utilization of nursing

1 home services, as estimated by the department. In estimating these levels, the  
2 department shall exclude any increased utilization of services provided by state  
3 centers for the developmentally disabled. The department shall calculate these  
4 amounts on a calendar year basis under sub. (10).

5 **SECTION 10.** 46.27 (10) (a) 1. of the statutes is amended to read:

6 46.27 (10) (a) 1. The department shall determine for each county participating  
7 in the pilot project under sub. (9) a funding level of state medical assistance  
8 expenditures to be received by the county. This level shall equal the amount that the  
9 department determines would otherwise be paid under s. 20.435 (4) (b), (gp), ~~or~~ (w),  
10 or (xd), or because of increased utilization of nursing home services, as estimated by  
11 the department.

12 **SECTION 11.** 46.275 (5) (a) of the statutes is amended to read:

13 46.275 (5) (a) Medical Assistance reimbursement for services a county, or the  
14 department under sub. (3r), provides under this program is available from the  
15 appropriation accounts under s. 20.435 (4) (b), (gp), (o), ~~and~~ (w), and (xd). If 2 or more  
16 counties jointly contract to provide services under this program and the department  
17 approves the contract, Medical Assistance reimbursement is also available for  
18 services provided jointly by these counties.

19 **SECTION 12.** 46.275 (5) (c) of the statutes is amended to read:

20 46.275 (5) (c) The total allocation under s. 20.435 (4) (b), (gp), (o), and (w), and  
21 (xd) to counties and to the department under sub. (3r) for services provided under  
22 this section may not exceed the amount approved by the federal department of health  
23 and human services. A county may use funds received under this section only to  
24 provide services to persons who meet the requirements under sub. (4) and may not

1 use unexpended funds received under this section to serve other developmentally  
2 disabled persons residing in the county.

3 **SECTION 13.** 46.278 (6) (d) of the statutes is amended to read:

4 46.278 (6) (d) If a county makes available nonfederal funds equal to the state  
5 share of service costs under a waiver received under sub. (3), the department may,  
6 from the appropriation under s. 20.435 (4) (o), provide reimbursement for services  
7 that the county provides under this section to persons who are in addition to those  
8 who may be served under this section with funds from the appropriation account  
9 under s. 20.435 (4) (b) ~~or~~, (w), or (xd).

10 **SECTION 14.** 46.2785 (5) (a) of the statutes is amended to read:

11 46.2785 (5) (a) Medical assistance reimbursement for services a county or  
12 private agency contracts for or provides under the waiver program shall be made  
13 from the appropriation accounts under s. 20.435 (4) (b) ~~and~~, (o), and (xd).

14 **SECTION 15.** 46.283 (5) of the statutes is amended to read:

15 46.283 (5) FUNDING. From the appropriation accounts under s. 20.435 (4) (b),  
16 (bm), (gp), (pa), ~~and~~ (w), and (xd) and (7) (b), (bd), and (md), the department may  
17 contract with organizations that meet standards under sub. (3) for performance of  
18 the duties under sub. (4) and shall distribute funds for services provided by resource  
19 centers.

20 **SECTION 16.** 46.284 (5) (a) of the statutes is amended to read:

21 46.284 (5) (a) From the appropriation accounts under s. 20.435 (4) (b), (g), (gp),  
22 (im), (o), ~~and~~ (w), and (xd) and (7) (b) and (bd), the department shall provide funding  
23 on a capitated payment basis for the provision of services under this section.  
24 Notwithstanding s. 46.036 (3) and (5m), a care management organization that is  
25 under contract with the department may expend the funds, consistent with this

1 section, including providing payment, on a capitated basis, to providers of services  
2 under the family care benefit.

3 **SECTION 17.** 49.45 (2) (a) 17. of the statutes is amended to read:

4 49.45 (2) (a) 17. Notify the governor, the joint committee on legislative  
5 organization, the joint committee on finance and appropriate standing committees,  
6 as determined by the presiding officer of each house, if the appropriation accounts  
7 under s. 20.435 (4) (b) ~~and, (gp), and (xd)~~ are insufficient to provide the state share  
8 of medical assistance.

9 **SECTION 18.** 49.45 (5m) (am) of the statutes is amended to read:

10 49.45 (5m) (am) Notwithstanding sub. (3) (e), from the appropriation accounts  
11 under s. 20.435 (4) (b), (gp), (o), ~~and (w), and (xd)~~, the department shall distribute not  
12 more than \$2,256,000 in each fiscal year, to provide supplemental funds to rural  
13 hospitals that, as determined by the department, have high utilization of inpatient  
14 services by patients whose care is provided from governmental sources, and to  
15 provide supplemental funds to critical access hospitals, except that the department  
16 may not distribute funds to a rural hospital or to a critical access hospital to the  
17 extent that the distribution would exceed any limitation under 42 USC 1396b (i) (3).

18 **SECTION 19.** 49.45 (6m) (ag) (intro.) of the statutes is amended to read:

19 49.45 (6m) (ag) (intro.) Payment for care provided in a facility under this  
20 subsection made under s. 20.435 (4) (b), (gp), (o), (pa), ~~or (w), or (xd)~~ shall, except as  
21 provided in pars. (bg), (bm), and (br), be determined according to a prospective  
22 payment system updated annually by the department. The payment system shall  
23 implement standards that are necessary and proper for providing patient care and  
24 that meet quality and safety standards established under subch. II of ch. 50 and ch.  
25 150. The payment system shall reflect all of the following:

1           **SECTION 20.** 49.45 (6v) (b) of the statutes is amended to read:

2           49.45 (6v) (b) The department shall, each year, submit to the joint committee  
3 on finance a report for the previous fiscal year, except for the 1997-98 fiscal year, that  
4 provides information on the utilization of beds by recipients of medical assistance in  
5 facilities and a discussion and detailed projection of the likely balances,  
6 expenditures, encumbrances and carry over of currently appropriated amounts in  
7 the appropriation accounts under s. 20.435 (4) (b), (gp), ~~and (o)~~, and (xd).

8           **SECTION 21.** 49.45 (6x) (a) of the statutes is amended to read:

9           49.45 (6x) (a) Notwithstanding sub. (3) (e), from the appropriation accounts  
10 under s. 20.435 (4) (b), (gp), (o), ~~and (w)~~, and (xd), the department shall distribute not  
11 more than \$4,748,000 in each fiscal year, to provide funds to an essential access city  
12 hospital, except that the department may not allocate funds to an essential access  
13 city hospital to the extent that the allocation would exceed any limitation under 42  
14 USC 1396b (i) (3).

15           **SECTION 22.** 49.45 (6y) (a) of the statutes is amended to read:

16           49.45 (6y) (a) Notwithstanding sub. (3) (e), from the appropriation accounts  
17 under s. 20.435 (4) (b), (gp), (o), ~~and (w)~~, and (xd), the department shall distribute  
18 funding in each fiscal year to provide supplemental payment to hospitals that enter  
19 into a contract under s. 49.02 (2) to provide health care services funded by a relief  
20 block grant, as determined by the department, for hospital services that are not in  
21 excess of the hospitals' customary charges for the services, as limited under 42 USC  
22 1396b (i) (3). If no relief block grant is awarded under this chapter or if the allocation  
23 of funds to such hospitals would exceed any limitation under 42 USC 1396b (i) (3),  
24 the department may distribute funds to hospitals that have not entered into a  
25 contract under s. 49.02 (2).

1           **SECTION 23.** 49.45 (6y) (am) of the statutes is amended to read:

2           49.45 **(6y)** (am) Notwithstanding sub. (3) (e), from the appropriation accounts  
3           under s. 20.435 (4) (b), (h), (gp), (o), ~~and (w)~~, and (xd), the department shall distribute  
4           funding in each fiscal year to provide supplemental payments to hospitals that enter  
5           into contracts under s. 49.02 (2) with a county having a population of 500,000 or more  
6           to provide health care services funded by a relief block grant, as determined by the  
7           department, for hospital services that are not in excess of the hospitals' customary  
8           charges for the services, as limited under 42 USC 1396b (i) (3).

9           **SECTION 24.** 49.45 (6z) (a) (intro.) of the statutes is amended to read:

10          49.45 **(6z)** (a) (intro.) Notwithstanding sub. (3) (e), from the appropriation  
11          accounts under s. 20.435 (4) (b), (gp), (o), ~~and (w)~~, and (xd), the department shall  
12          distribute funding in each fiscal year to supplement payment for services to hospitals  
13          that enter into a contract under s. 49.02 (2) to provide health care services funded  
14          by a relief block grant under this chapter, if the department determines that the  
15          hospitals serve a disproportionate number of low-income patients with special  
16          needs. If no medical relief block grant under this chapter is awarded or if the  
17          allocation of funds to such hospitals would exceed any limitation under 42 USC  
18          1396b (i) (3), the department may distribute funds to hospitals that have not entered  
19          into a contract under s. 49.02 (2). The department may not distribute funds under  
20          this subsection to the extent that the distribution would do any of the following:

21          **SECTION 25.** 49.45 (8) (b) of the statutes is amended to read:

22          49.45 **(8)** (b) Reimbursement under s. 20.435 (4) (b), (gp), (o), ~~and (w)~~, and (xd)  
23          for home health services provided by a certified home health agency or independent  
24          nurse shall be made at the home health agency's or nurse's usual and customary fee

1 per patient care visit, subject to a maximum allowable fee per patient care visit that  
2 is established under par. (c).

3 **SECTION 26.** 49.45 (24m) (intro.) of the statutes is amended to read:

4 49.45 **(24m)** (intro.) From the appropriation accounts under s. 20.435 (4) (b),  
5 (gp), (o), ~~and (w)~~, and (xd), in order to test the feasibility of instituting a system of  
6 reimbursement for providers of home health care and personal care services for  
7 medical assistance recipients that is based on competitive bidding, the department  
8 shall:

9 **SECTION 27.** 49.45 (52) of the statutes is amended to read:

10 49.45 **(52)** PAYMENT ADJUSTMENTS. Beginning on January 1, 2003, the  
11 department may, from the appropriation account under s. 20.435 (7) (b), make  
12 Medical Assistance payment adjustments to county departments under s. 46.215,  
13 46.22, 46.23, or 51.42, or 51.437 or to local health departments, as defined in s. 250.01  
14 (4), as appropriate, for covered services under s. 49.46 (2) (a) 2. and 4. d. and f. and  
15 (b) 6. b., c., f., fm., g., j., k., L., Lm., and m., 9., 12., 12m., 13., 15., and 16. Payment  
16 adjustments under this subsection shall include the state share of the payments.  
17 The total of any payment adjustments under this subsection and Medical Assistance  
18 payments made from appropriation accounts under s. 20.435 (4) (b), (gp), (o), ~~and (w)~~,  
19 and (xd) may not exceed applicable limitations on payments under 42 USC 1396a (a)  
20 (30) (A).

21 **SECTION 28.** 49.472 (6) (a) of the statutes is amended to read:

22 49.472 **(6)** (a) Notwithstanding sub. (4) (a) 3., from the appropriation account  
23 under s. 20.435 (4) (b), (gp), ~~or (w)~~, or (xd), the department shall, on the part of an  
24 individual who is eligible for medical assistance under sub. (3), pay premiums for or  
25 purchase individual coverage offered by the individual's employer if the department

1 determines that paying the premiums for or purchasing the coverage will not be more  
2 costly than providing medical assistance.

3 **SECTION 29.** 49.472 (6) (b) of the statutes is amended to read:

4 49.472 (6) (b) If federal financial participation is available, from the  
5 appropriation account under s. 20.435 (4) (b), ~~(gp), or (w), or (xd)~~, the department may  
6 pay medicare Part A and Part B premiums for individuals who are eligible for  
7 medicare and for medical assistance under sub. (3).

8 **SECTION 30.** 49.473 (5) of the statutes is amended to read:

9 49.473 (5) The department shall audit and pay, from the appropriation  
10 accounts under s. 20.435 (4) (b), ~~(gp), and (o), and (xd)~~, allowable charges to a provider  
11 who is certified under s. 49.45 (2) (a) 11. for medical assistance on behalf of a woman  
12 who meets the requirements under sub. (2) for all benefits and services specified  
13 under s. 49.46 (2).

14 **SECTION 31.** 49.665 (4) (at) 1. a. of the statutes is amended to read:

15 49.665 (4) (at) 1. a. Except as provided in subd. 1. b., the department shall  
16 establish a lower maximum income level for the initial eligibility determination if  
17 funding under s. 20.435 (4) (bc), (jz), (p), ~~and (x), and (xd)~~ is insufficient to  
18 accommodate the projected enrollment levels for the health care program under this  
19 section. The adjustment may not be greater than necessary to ensure sufficient  
20 funding.

21 **SECTION 32.** 49.665 (4) (at) 1. cm. of the statutes is amended to read:

22 49.665 (4) (at) 1. cm. Notwithstanding s. 20.001 (3) (b), if, after reviewing the  
23 plan submitted under subd. 1. b., the joint committee on finance determines that the  
24 amounts appropriated under s. 20.435 (4) (bc), (jz), (p), ~~and (x), and (xd)~~ are  
25 insufficient to accommodate the projected enrollment levels, the committee may



1 transfer appropriated moneys from the general purpose revenue appropriation  
2 account of any state agency, as defined in s. 20.001 (1), other than a sum sufficient  
3 appropriation account, to the appropriation account under s. 20.435 (4) (bc) to  
4 supplement the health care program under this section if the committee finds that  
5 the transfer will eliminate unnecessary duplication of functions, result in more  
6 efficient and effective methods for performing programs, or more effectively carry out  
7 legislative intent, and that legislative intent will not be changed by the transfer.

8 **SECTION 33.** 49.665 (4) (at) 2. of the statutes is amended to read:

9 49.665 (4) (at) 2. If, after the department has established a lower maximum  
10 income level under subd. 1., projections indicate that funding under s. 20.435 (4) (bc),  
11 (jz), (p), and (x), and (xd) is sufficient to raise the level, the department shall, by state  
12 plan amendment, raise the maximum income level for initial eligibility, but not to  
13 exceed 185% of the poverty line.

14 **SECTION 34.** 49.688 (7) (a) of the statutes is amended to read:

15 49.688 (7) (a) Except as provided in par. (b), from the appropriation accounts  
16 under s. 20.435 (4) (bv), (j), and (pg), and (xh), beginning on September 1, 2002, the  
17 department shall, under a schedule that is identical to that used by the department  
18 for payment of pharmacy provider claims under medical assistance, provide to  
19 pharmacies and pharmacists payments for prescription drugs sold by the  
20 pharmacies or pharmacists to persons eligible under sub. (2) who have paid the  
21 deductible specified under sub. (3) (b) 1. or 2. or who, under sub. (3) (b) 1., are not  
22 required to pay a deductible. The payment for each prescription drug under this  
23 paragraph shall be at the program payment rate, minus any copayment paid by the  
24 person under sub. (5) (a) 2. or 4., and plus, if applicable, incentive payments that are  
25 similar to those provided under s. 49.45 (8v). The department shall devise and

1 distribute a claim form for use by pharmacies and pharmacists under this paragraph  
2 and may limit payment under this paragraph to those prescription drugs for which  
3 payment claims are submitted by pharmacists or pharmacies directly to the  
4 department. The department may apply to the program under this section the same  
5 utilization and cost control procedures that apply under rules promulgated by the  
6 department to medical assistance under subch. IV of ch. 49.

7 **SECTION 35.** 49.688 (7) (b) of the statutes is amended to read:

8 49.688 (7) (b) During any period in which funding under s. 20.435 (4) (bv) and,  
9 (pg), and (xh) is completely expended for the payments specified in par. (a), the  
10 requirements of par. (a) and subs. (3) (c), (5), and (6) (a) and (b) do not apply to drugs  
11 purchased during that period, but the department shall continue to accept  
12 applications and determine eligibility under sub. (4) and shall indicate to applicants  
13 that the eligibility of program participants to purchase prescription drugs as  
14 specified in sub. (3), under the requirements of sub. (5), is conditioned on the  
15 availability of funding under s. 20.435 (4) (bv) and, (pg), and (xh).

16 **SECTION 36.** 139.31 (1) (a) of the statutes is amended to read:

17 139.31 (1) (a) On cigarettes weighing not more than 3 pounds per thousand,  
18 ~~38.5~~ <sup>38.5</sup> mills on each cigarette.

19 **SECTION 37.** 139.31 (1) (b) of the statutes is amended to read:

20 139.31 (1) (b) On cigarettes weighing more than 3 pounds per thousand, ~~77~~ <sup>177</sup>  
21 mills on each cigarette.

22 **SECTION 38.** 139.455 of the statutes is created to read:

23 **139.455 Revenue distribution.** From the taxes collected under this  
24 subchapter, the department shall deposit an amount equal to 25 mills on cigarettes

1 weighing not more than 3 pounds per thousand and 50 mills on cigarettes weighing  
2 more than 3 pounds per thousand into the health care quality fund.

3 **SECTION 39.** 139.76 (1) of the statutes is amended to read:

4 139.76 (1) An excise tax is imposed upon the sale, offering or exposing for sale,  
5 possession with intent to sell or removal for consumption or sale or other disposition  
6 for any purpose of tobacco products by any person engaged as a distributor of them  
7 at the rate of ~~25%~~ 42 percent of the manufacturer's established list price to  
8 distributors without diminution by volume or other discounts on domestic products.  
9 On products imported from another country the rate of tax is ~~25%~~ 42 percent of the  
10 amount obtained by adding the manufacturer's list price to the federal tax, duties  
11 and transportation costs to the United States. The tax attaches at the time the  
12 tobacco products are received by the distributor in this state. The tax shall be passed  
13 on to the ultimate consumer of the tobacco products. All tobacco products received  
14 in this state for sale or distribution within this state, except tobacco products actually  
15 sold as provided in sub. (2), shall be subject to such tax.

16 **SECTION 40.** 139.78 (1) of the statutes is amended to read:

17 139.78 (1) A tax is imposed upon the use or storage by consumers of tobacco  
18 products in this state at the rate of ~~25%~~ 42 percent of the cost of the tobacco products.  
19 The tax does not apply if the tax imposed by s. 139.76 (1) on the tobacco products has  
20 been paid or if the tobacco products are exempt from the tobacco products tax under  
21 s. 139.76 (2).

22 **SECTION 41.** 139.865 of the statutes is created to read:

23 **139.865 Revenue distribution.** The department shall deposit 40.5 percent  
24 of the amount of the taxes collected under this subchapter into the health care  
25 quality fund.

