



State of Wisconsin
2007 - 2008 LEGISLATURE

LRB-0892/3
JK&DAK:wlj:rs

RM not R

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

FOR 2007-09 BUDGET -- NOT READY FOR INTRODUCTION

in 1-12-07
D-N

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 \$1.77 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 25 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,

5705

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.

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~~ 88.5 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~~ 177
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~~ 50 mills on cigarettes

100

1 weighing not more than 3 pounds per thousand and ~~80~~ 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% ~~100~~ percent of the manufacturer's established list price to
8 distributors without diminution by volume or other discounts on domestic products.

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9 On products imported from another country the rate of tax is 25% ~~100~~ 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% ~~100~~ 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 ~~100~~ percent
24 of the amount of the taxes collected under this subchapter into the health care
25 quality fund.

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jkDarren:

④ You may want to check my math with regard to the percentage of tobacco products tax revenue that is deposited into the health care quality trust fund. If the tax rate is increased from 25 percent to 50.5 percent, then I think we can capture the incremental increase by depositing 56.5 percent of all the revenue into the fund.

jk

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-0892/4dn

JK:wlj:nwn

January 12, 2007

Darren:

You may want to check my math with regard to the percentage of tobacco products tax revenue that is deposited into the health care quality trust fund. If the tax rate is increased from 25 percent to 57.5 percent, then I think we can capture the incremental increase by depositing 56.5 percent of all the revenue into the fund.

Joseph T. Kreye
Legislative Attorney
Phone: (608) 266-2263
E-mail: joseph.kreye@legis.wisconsin.gov

Kahler, Pam

From: Johnston, James - DOA
Sent: Monday, January 15, 2007 3:30 PM
To: Kennedy, Debora; Kreye, Joseph; Kahler, Pam
Cc: Easton, Darren - DOA; Koskinen, John - DOA; Pink, Michelle C - DOA; Schmiedicke, David P - DOA
Subject: Modifications to Increase in excise tax rate on cigarette and tobacco sales (LRB# 0892/3).

I have a few clarification and additions for the Increase in excise tax rate on cigarette and tobacco sales (LRB# 0892/3).

✓ **Additional Revenue Sources for the Health Care Quality Trust Fund –**

- ✓ • Transfer \$50 million per fiscal year from the Permanent Endowment Fund under s. 25.69 to the Health Care Quality Fund *per Jim Johnston: each year*
- ✓ • Revenue from the new Hospital Assessment – (see drafting instructions sent today from Michelle Pink)
per Sue J. → \$175 million FY08
- ✓ • ~~\$150 million in FY06~~ from the Injured Patients and Families Compensation Fund under, 655.27

✓ **Additional Uses for Revenue from the Health Care Quality Fund –**

✓ **Tobacco Control**

- ✓ Create a new SEG continuing local assistance appropriation in s.20.435, program 5, for Tobacco prevention and education program, and
- ✓ Create a new SEG continuing aids appropriation in s.20.435, program 5, for Tobacco use control grants
- ✓ Under chapter 255.15 add the new SEG appropriations as partial funding sources for the tobacco control grants

✓ **E-Health**

Create a new SEG continuing aids appropriation in s. 20.435, program 4, for the e-health Quality and Patient Safety Program ; gifts and grants. The appropriation will receive money from the Health care Quality trust fund for purposes of promoting the adoption of e-health technology and developing health information exchanges.

Thanks,
 Jim

Kahler, Pam

From: Jablonsky, Sue - DOA
Sent: Tuesday, January 16, 2007 12:59 PM
To: Kahler, Pam
Subject: RE: Transfer from PCF

Probably use "notwithstanding" because the Gov can say-well I really want to maintain the integrity of the fund but we're in a fiscal crisis and I really need this money—a little cover for him

From: Kahler, Pam [<mailto:Pam.Kahler@legis.wisconsin.gov>]
Sent: Tuesday, January 16, 2007 12:25 PM
To: Jablonsky, Sue - DOA
Subject: Transfer from PCF

Sue:

I haven't seen the request for this so I don't know if it is exactly the same as we did last budget. Do you know if s. 655.27 (6) should just be "notwithstanding" or should I change the language to be the same as or similar to how s. 655.27 (6) was changed in the budget draft we did last session? See LRB-1649 from the last budget. Thanks!

Pam

Pamela J. Kahler

Legislative Attorney

Legislative Reference Bureau

608-266-2682

2007-09 Budget Bill Statutory Language Drafting Request

- Topic: Hospital Assessment
- Tracking Code:
- SBO team: Health
- SBO analyst: Michelle Pink, Jim Johnston
 - Phone: 267-7980 266-3420
 - Email: michelle.pink@wisconsin.gov
James.johnston@Wisconsin.gov
- Agency acronym:
- Agency number:

**Hospital Assessment
2007-09 Budget Bill Statutory Language Drafting Request**

Current Language

None.

Proposed Change

Authorize DHFS to collect an assessment on Wisconsin hospitals of up to 1% of gross revenues, excluding revenues from the state Medicaid programs, during the most recent fiscal year for which a final, audited cost report is available. Revenue from the assessment will be deposited into the Health Care Quality Fund defined in ss. 25.772 in LRB draft 07-0892/3.

A similar provision was drafted for, but not included, in the 2005-07 executive budget as LRB-0749/4.

Effect of the Change

Levies an assessment on Wisconsin hospitals of up to 1% of gross revenues, excluding revenues received from the state Medicaid programs. The revenue will be deposited into the Health Care Quality Fund defined in LRB draft 07-0892/3.

Rationale for the Change

This change increases the amount of revenue that can be used as the non-federal share of Medicaid expenses.

Desired Effective Date: Upon enactment
Agency: DOA
Agency Contact: Michelle Pink 267-7980



State of Wisconsin
 2007 - 2008 LEGISLATURE
 Request sheet fixed

LRB-0892/45
 JK&DAK:wlj:www
 PJK
 +jld

DOA:.....Easton, BB0175 - Increase excise tax rate on cigarette and tobacco products sales; health care quality trust fund

FOR 2007-09 BUDGET -- NOT READY FOR INTRODUCTION

don't 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 \$1.77 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 57.5 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.

no# 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,

trust fund designated as the

and from certain other sources

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

trust fund designated as the

✓ INSERT A1

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.

and from certain other sources ✓

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.

and local ✓

Fix component

✓ INSERT A2

✓ INSERT A3

X-spec

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:

SECTION 5

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.

INSERT 4-9

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);

INSERT 4-11

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.

INSERT 4-16

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

all of the following
 A (1) B

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.

INSERT 7-2

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) ^{plain} ~~and (gp)~~ ^{and} ~~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:

SECTION 20

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

SECTION 25

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

SECTION 32

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~~ 88.5 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~~ 177
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 50 mills on cigarettes

SECTION 38

1 weighing not more than 3 pounds per thousand and 100 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%~~ 57.5 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%~~ 57.5 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%~~ 57.5 percent of the cost of the tobacco
19 products. The tax does not apply if the tax imposed by s. 139.76 (1) on the tobacco
20 products has been paid or if the tobacco products are exempt from the tobacco
21 products tax under 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 56.5 percent
24 of the amount of the taxes collected under this subchapter into the health care
25 quality fund.

✓ INSERT 14-25 A
✓ INSERT 14-25 B
✓ INSERT 14-25 C

unless the health facility or hospital demonstrates to the Health Care Quality and Patient Safety Board (HCQPSB) that the health facility or hospital is making efforts to improve medical technology.

INSURANCE

Under current law, certain health care providers are ^{required} to carry health care liability insurance with liability limits of at least \$1,000,000 for each occurrence and at least \$3,000,000 for all occurrences in a policy year. Any portion of a medical malpractice claim against a health care provider subject to the health care liability insurance requirements that exceeds the policy limits of the health care provider's health care liability insurance is paid by the injured patients and families compensation fund. Moneys for the fund come from annual assessments paid by the health care providers who are subject to the health care liability insurance requirements. Current law provides that the fund is established to curb the rising costs of health care by financing part of the liability incurred by health care providers as a result of medical malpractice claims and that the fund is held in irrevocable trust for the sole benefit of providers and proper claimants and may not be used for any other purpose of the state.

^{no 91} This bill transfers ~~\$169,703,400~~ ^{\$175,000,000} in fiscal year ~~2005-06~~ ²⁰⁰⁷⁻⁰⁸ and ~~\$9,714,000~~ in fiscal year ~~2006-07~~ from the injured patients and families compensation fund to the health care quality ~~improvement~~ fund, as created in the bill. ~~The bill also adds to the stated purposes of the injured patients and families compensation fund the purposes of ensuring the availability of health care providers in Wisconsin and of enabling the deployment of health care information systems technology for health care quality, safety, and efficiency, by the Health Care Quality and Patient Safety Board (HCQPSB), as created in the bill.~~

STATE GOVERNMENT

STATE FINANCE

This bill creates a program to issue revenue obligations to fund costs of the Medical Assistance program. Under the bill, funds for the program may not exceed \$130,000,000. The bill provides that the principal and interest costs on the revenue obligations are to be paid from excise taxes that are currently imposed on the sale of liquor, fermented malt beverages, cigarettes, and tobacco products. These taxes are to be deposited into the excise tax fund, a fund under current law that can be used for any revenue obligations issued to pay the state's unfunded prior service liability under the Wisconsin Retirement System (WRS). To dedicate moneys in the excise tax fund for the payment of these grants, the bill eliminates the state's authority to issue revenue obligations secured by tax revenues derived from the sale of liquor, fermented malt beverages, cigarettes, and tobacco products for the payment of the state's unfunded prior liability under the WRS. Obligations for this purpose have already been issued under other current law authority.

End B
INSERT A 3

INSERT A ✓

2005 - 2006 LEGISLATURE ✓

LRB-0749/6
DAK&JK:jd:jf

LPS - INSERTS
OUT OF ORDER

DOA:.....Blaine, BB0235 - Hospital provider assessment

FOR 2005-07 BUDGET -- NOT READY FOR INTRODUCTION

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

Analysis by the Legislative Reference Bureau

other than
MA reimbursement ✓

HEALTH AND HUMAN SERVICES

MEDICAL ASSISTANCE

* * * Under current law, DHFS annually assesses hospitals a total of \$1,500,000, in proportion to each hospital's respective gross private-pay patient revenues during the hospital's most recent fiscal year. Moneys from the assessments are credited to a program revenue appropriation account, from which is paid a portion of ~~Medical Assistance~~ MA program benefits, certain long-term care pilot projects under the Long-term Support Community Options Program (COP), and services under the Family Care Program. ✓

NOTE This bill eliminates the current hospital assessment and, instead, authorizes DHFS to levy, enforce, and collect an annual assessment on hospitals, based on claims information collected by an entity from hospitals under the laws relating to health care information. Under the bill, the assessments are due before December 1 and are based on a rate not to exceed 1 percent of a hospital's gross revenues, as adjusted by DHFS. Total annual assessments may not exceed \$50,000,000. The assessments must be deposited into the ~~Medical Assistance (MA) trust~~ fund, and are first due before December 1, 2005. ✓

The

as created
in the bill,

health care
quality

(end ins A1)

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

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

INSERT 3-9

1 SECTION 1. 20.435^x (4) (gp) of the statutes is repealed.

*** NOTE: BUD ✓

2 ~~SECTION 2. 25.77 (5) of the statutes is created to read:~~

3 ~~25.77 (5) All moneys received under s. 50.375 from assessments on hospitals.~~

4 SECTION 3. 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) (r), or
9 (w) 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).

****NOTE: This is reconciled s. 46.27 (9) (a). This SECTION has been affected by drafts with the following LRB numbers: -0749/5 and -1649/3.

14 SECTION 4. 46.27 (10) (a) 1. of the statutes is amended to read:

15 46.27 (10) (a) 1. The department shall determine for each county participating
16 in the pilot project under sub. (9) a funding level of state medical assistance
17 expenditures to be received by the county. This level shall equal the amount that the
18 department determines would otherwise be paid under s. 20.435 (4) (b), (gp) (r), or
19 (w) because of increased utilization of nursing home services, as estimated by the
20 department.

****NOTE: This is reconciled s. 46.27 (10) (a) 1. This SECTION has been affected by drafts with the following LRB numbers: -0749/5 and -1649/3.

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

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

****NOTE: This is reconciled s. 46.275 (5) (a). This SECTION has been affected by drafts with the following LRB numbers: -0749/5 and -1649/3.

8 **SECTION 6.** 46.275 (5) (c) of the statutes is amended to read:

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

****NOTE: This is reconciled s. 46.275 (5) (c). This SECTION has been affected by drafts with the following LRB numbers: -0749/5 and -1649/3.

16 **SECTION 7.** 46.283 (5) of the statutes is amended to read:

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

****NOTE: This is reconciled s. 46.283 (5). This SECTION has been affected by drafts with the following LRB numbers: -0749/5 and -1649/3.

1 SECTION 8. 46.284 (5) (a) of the statutes is amended to read:

2 46.284 (5) (a) From the appropriation accounts under s. 20.435 (4) (b), (g), ~~(gp)~~,
3 (im), (o), (r), and (w) and (7) (b) and (bd), the department shall provide funding on a
4 capitated payment basis for the provision of services under this section.
5 Notwithstanding s. 46.036 (3) and (5m), a care management organization that is
6 under contract with the department may expend the funds, consistent with this
7 section, including providing payment, on a capitated basis, to providers of services
8 under the family care benefit.

****NOTE: This is reconciled s. 46.284 (5) (a). This SECTION has been affected by
drafts with the following LRB numbers: -0749/5 and -1649/3.

INSERT 7-2

9 SECTION 9. 46.485 (2g) (intro.) of the statutes is amended to read:

10 46.485 (2g) (intro.) From the appropriation accounts ^{account} under s. 20.435 (4) (b) and
11 ~~(gp)~~, the department may in each fiscal year transfer funds to the appropriation
12 under s. 20.435 (7) (kb) for distribution under this section and from the appropriation
13 under s. 20.435 (7) (mb) the department may not distribute more than \$1,330,500 in
14 each fiscal year to applying counties in this state that meet all of the following
15 requirements, as determined by the department:

RWF

16 SECTION 10. 49.45 (2) (a) 17. of the statutes is amended to read:

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

****NOTE: This is reconciled s. 49.45 (2) (a) 17. This SECTION has been affected by
drafts with the following LRB numbers: -0749/5 and -1649/3.

22 SECTION 11. 49.45 (6m) (ag) (intro.) of the statutes is amended to read:

1 49.45 ~~(6m)~~ (ag) (intro.) Payment for care provided in a facility under this
2 subsection made under s. 20.435 (4) (b), ~~(gp)~~, (pa), (o), (r), (w), or (wm) shall, except
3 as provided in pars. (bg), (bm), and (br), be determined according to a prospective
4 payment system updated annually by the department. The payment system shall
5 implement standards that are necessary and proper for providing patient care and
6 that meet quality and safety standards established under subch. II of ch. 50 and ch.
7 150. The payment system shall reflect all of the following:

 ****NOTE: This is reconciled s. 49.45 (6m) (ag) (intro.). This SECTION has been
affected by drafts with the following LRB numbers: -0749/5 and -1649/3.

8 **SECTION 12.** 49.45 (6v) (b) of the statutes is amended to read:

9 49.45 ~~(6v)~~ (b) The department shall, each year, submit to the joint committee
10 on finance a report for the previous fiscal year, except for the 1997–98 fiscal year, that
11 provides information on the utilization of beds by recipients of medical assistance in
12 facilities and a discussion and detailed projection of the likely balances,
13 expenditures, encumbrances and carry over of currently appropriated amounts in
14 the appropriation accounts under s. 20.435 (4) (b), ~~(gp)~~, and (o), and (r).

 ****NOTE: This is reconciled s. 49.45 (6v) (b). This SECTION has been affected by
drafts with the following LRB numbers: -0749/5 and -1649/3.

15 **SECTION 13.** 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), (r), and (w), the department shall distribute funding
18 in each fiscal year to provide supplemental payment to hospitals that enter into a
19 contract under s. 49.02 (2) to provide health care services funded by a relief block
20 grant, as determined by the department, for hospital services that are not in excess
21 of the hospitals' customary charges for the services, as limited under 42 USC 1396b
22 (i)(3). If no relief block grant is awarded under this chapter or if the allocation of

1 funds to such hospitals would exceed any limitation under 42 USC 1396b (i) (3), the
2 department may distribute funds to hospitals that have not entered into a contract
3 under s. 49.02 (2).

****NOTE: This is reconciled s. 49.45 (6y) (a). This SECTION has been affected by
drafts with the following LRB numbers: -0749/5 and -1649/3.

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

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

****NOTE: This is reconciled s. 49.45 (6y) (am). This SECTION has been affected by
drafts with the following LRB numbers: -0749/5 and -1649/3.

12 **SECTION 15.** 49.45 (6z) (a) (intro.) of the statutes is amended to read:

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

1 (2). The department may not distribute funds under this subsection to the extent
2 that the distribution would do any of the following:

****NOTE: This is reconciled s. 49.45 (6z) (a) (intro.). This SECTION has been affected
by drafts with the following LRB numbers: -0749/5 and -1649/3.

3 **SECTION 16.** 49.45 (8) (b) of the statutes is amended to read:

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

****NOTE: This is reconciled s. 49.45 (8) (b). This SECTION has been affected by drafts
with the following LRB numbers: -0749/5 and -1649/3.

9 **SECTION 17.** 49.45 (24m) (intro.) of the statutes is amended to read:

10 49.45 (24m) HOME HEALTH CARE AND PERSONAL CARE PILOT PROGRAM. (intro.)
11 From the appropriation accounts under s. 20.435 (4) (b), (~~gp~~), (o), (r), and (w), in order
12 to test the feasibility of instituting a system of reimbursement for providers of home
13 health care and personal care services for medical assistance recipients that is based
14 on competitive bidding, the department shall:

****NOTE: This is reconciled s. 49.45 (24m) (intro.). This SECTION has been affected
by drafts with the following LRB numbers: -0749/5 and -1649/3.

15 **SECTION 18.** 49.45 (52) of the statutes is amended to read:

16 49.45 (52) PAYMENT ADJUSTMENTS. Beginning on January 1, 2003, the
17 department may, from the appropriation account under s. 20.435 (7) (b), make
18 Medical Assistance payment adjustments to county departments under s. 46.215,
19 46.22, 46.23, or 51.42, or 51.437 or to local health departments, as defined in s. 250.01
20 (4), as appropriate, for covered services under s. 49.46 (2) (a) 2. and 4. d. and f. and
21 (b) 6. b., c., f., fm., g., j., k., L., Lm., and m., 9., 12., 12m., 13., 15., and 16. Payment

1 adjustments under this subsection shall include the state share of the payments.
2 The total of any payment adjustments under this subsection and Medical Assistance
3 payments made from appropriation accounts under s. 20.435 (4) (b), ~~(gp)~~, (o), and (w)
4 may not exceed applicable limitations on payments under 42 USC 1396a (a) (30) (A).

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

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

***NOTE: This is reconciled s. 49.472 (6) (a). This SECTION has been affected by
drafts with the following LRB numbers: -0749/5 and -1649/3.

12 **SECTION 20.** 49.472 (6) (b) of the statutes is amended to read:

13 49.472 (6) (b) If federal financial participation is available, from the
14 appropriation account under s. 20.435 (4) (b), ~~(gp)~~ (r), or (w), the department may pay
15 ~~medicare~~ Medicare Part A and Part B premiums for individuals who are eligible for
16 ~~medicare~~ Medicare and for medical assistance under sub. (3).

***NOTE: This is reconciled s. 49.472 (6) (b). This SECTION has been affected by
drafts with the following LRB numbers: -0749/5 and -1649/3.

17 **SECTION 21.** 49.473 (5) of the statutes is amended to read:

18 49.473 (5) The department shall audit and pay, from the appropriation
19 accounts under s. 20.435 (4) (b), ~~(gp)~~, and (o), and (r) allowable charges to a provider
20 who is certified under s. 49.45 (2) (a) 11. for medical assistance on behalf of a woman
21 who meets the requirements under sub. (2) for all benefits and services specified
22 under s. 49.46 (2).

received
- 9 -
reimbursement

other than revenue as reimbursement for services or items provided as benefits under subch. IV of ch. 49,

****NOTE: This is reconciled s. 49.473 (5). This SECTION has been affected by drafts with the following LRB numbers: - 0749/5 and -1649/3.

INSERT 13-15

2007

1 SECTION 22. 50.375 of the statutes is created to read:

2 50.375 Assessment. (1) Beginning in 2005, for the privilege of doing business
3 in this state, there is imposed on each hospital an annual assessment, based on the
4 hospital's gross revenue, that each hospital shall pay before December 1. The
5 assessments shall be deposited into the ~~Medical Assistance Trust~~ fund. health care quality

6 (2) The department shall verify the amount of each hospital's gross revenue
7 and determine the amount of each hospital's assessment, based on claims
8 information that shall be provided to the department under s. 153.46 (5).

9 (3) The department's determination under sub. (2) shall be based on a rate not
10 to exceed 1 percent of a hospital's gross revenue, as adjusted by the department.

11 Total annual assessments imposed may not exceed \$50,000,000. Sub. (1)

12 (4) Sections 77.59 (1) to (5), (6) (intro.), (a), and (c), and (7) to (10), 77.60 (1) to
13 (7), (9), and (10), 77.61 (9) and (12) to (14), and 77.62, as they apply to the taxes under
14 subch. III of ch. 77, apply to the assessment under this ~~subdivision~~ section, except that the

15 amount of any assessment collected under ~~sub. (1) a~~, shall be credited to the
16 ~~appropriation account under s. 20.435 (4) (gp).~~ deposited in

17 (5) The department shall levy, enforce, and collect the assessment under this
18 section and shall develop and distribute forms necessary for levying and collection.

19 (6) An affected hospital may contest an action by the department of health and
20 family services under this section by submitting a written request for a hearing to
21 the division of hearings and appeals in the department of administration within 30
22 days after the date of the department's action.

health care quality fund

INS 13-15
CONT

1 (7) Any order or determination made by the division of hearings and appeals
2 in the department of administration under a hearing as specified in sub. (6) is subject
3 to judicial review as prescribed under ch. 227.
4 SECTION 23. 146.99 of the statutes is repealed.

INSERT 14-25A

5 _____ (END) _____

INSERT 14.25 C ✓

1 administration, remain in effect and are transferred to the department of
2 administration. The department of administration shall carry out any obligations
3 under such a contract until the contract is modified or rescinded by the department
4 of administration to the extent allowed under the contract.

5 (f) *Rules and orders.* All rules promulgated by the board on health care
6 information that are in effect on the effective date of this subdivision remain in effect
7 until their specified expiration date or until amended or repealed by the health care
8 quality and patient safety board.

9 (g) *Pending matters.* Any matter pending with the board on health care
10 information on the effective date of this paragraph is transferred to the health care
11 quality and patient safety board and all materials submitted to or actions taken by
12 the board on health care information with respect to the pending matter are
13 considered as having been submitted to or taken by the health care quality and
14 patient safety board.

15 (2) HEALTH CARE INFORMATION; RULE MAKING. Notwithstanding the requirement
16 and authorization for the department of health and family services to promulgate
17 rules under section 153.75 of the statutes, as affected by this act, before July 1, 2007,
18 the department of health and family services may promulgate under section 153.75
19 of the statutes only rules that are first approved by the health care quality and
20 patient safety board.

21 SECTION 9225. Appropriation changes; insurance. Notwithstanding section 655.27(6) of the statutes,

22 (1) HEALTH CARE QUALITY IMPROVEMENT FUND. There is transferred from the
23 injured patients and families compensation fund to the health care quality
24 improvement fund \$169,703,400 in fiscal year 2005-06 and \$9,714,000 in fiscal year

25 2006-07
2007-08 ✓
\$ 175,000,000 ✓

End of
INSERT
14.25 C

trust fund designated as the

INSERT A2 ✓

OTHER HEALTH AND HUMAN SERVICES

Currently, DHFS ✓ administers a grant program for statewide tobacco use control that funds programs to prevent, reduce, or cease tobacco use. Also under current law, a trust fund designated as the permanent endowment fund exists that consists of proceeds from the sale of the state's right to receive payments under a master tobacco settlement agreement and investment earnings on the proceeds. ✓

STAT

This bill establishes a health care quality ~~trust~~ fund, ✓ from moneys obtained by increasing cigarette and other tobacco products taxes, by transferring funds from the permanent endowment fund, and from certain other sources. Under the bill, moneys from the health care quality ~~trust~~ fund are appropriated in part for aids and local assistance for the statewide grant program for tobacco use control and for health care quality and patient safety information.

INSERT 4-9 ✓

1 SECTION 1. 20.435 (4) (xk) ✓ of the statutes is created to read:

2 20.435 (4) (xk) *Health care quality ~~trust~~ fund; quality and patient safety*
3 *information technology.* From the health care quality ~~trust~~ fund, ✓ as a continuing
4 appropriation, ✓ the amounts in the schedule for promoting the adoption of health care
5 quality and patient safety information technology and developing exchanges of
6 health information.

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

7 SECTION 2. 20.435 (5) (q) ✓ of the statutes is created to read:

8 20.435 (5) (q) *Health care quality ~~trust~~ fund; tobacco prevention and education.*
9 From the health care quality ~~trust~~ fund, ✓ as a continuing appropriation, the amounts
10 in the schedule for local assistance under the grants under s. 255.15 (3). ✓

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

11 SECTION 3. 20.435 (5) (r) ✓ of the statutes is created to read:



1

20.435 (5) (r) *Health care quality ~~trust~~ fund; tobacco use control.* ✓ From the

2

health care quality ~~trust~~ fund, as a continuing appropriation, the amounts in the

3

schedule for aids under the grants under s. 255.15 (3). ✓

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

INSERT 4-11 ✓

4

SECTION 4. 25.69^x of the statutes is amended to read:

5

25.69 Permanent endowment fund. There is established a separate

6

nonlapsible trust fund designated as the permanent endowment fund, consisting of

7

all of the proceeds from the sale of the state's right to receive payments under the

8

Attorneys General Master Tobacco Settlement Agreement of November 23, 1998,

9

and all investment earnings on the proceeds. There is transferred from the

10

permanent endowment fund to the health care quality ~~trust~~ fund \$50,000,000 in

11

each fiscal year.

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

INSERT 4-16 ✓

12

(2) All moneys received under s. 50.375 from assessments on hospitals.

13

(3) All moneys transferred from the permanent endowment fund. ✓

INSERT 14-25B ✓

14

SECTION 5. 255.15^x (3) (b) (intro.) of the statutes is amended to read:

15

255.15 (3) (b) (intro.) From the appropriation accounts under s. 20.435 (5) (fm),

16

(q), and (r), the department may distribute grants for any of the following:

History: 1999 a. 9; 2001 a. 16; 2003 a. 33; 2005 a. 25.

17

Kennedy, Debora

From: Johnston, James - DOA
Sent: Thursday, January 25, 2007 8:50 AM
To: Kennedy, Debora
Cc: Kahler, Pam; Pink, Michelle C - DOA; Easton, Darren - DOA
Subject: Hospital Assessments in Cigarette Tax Draft LRB #892

Hi Debra,

I am writing to request a modification to LRB draft # 0892/5 related to the hospital assessment. Please delete the sentence "Total annual assessments imposed may not exceed \$50,000,000" contained in section 42, s. 50.375 (3). The assessment is limited to 1% of a hospital's gross revenue; no fixed dollar amount should be listed in the draft.

Thanks,
Jim

01/25/2007