



Wisconsin Medical Society

Your Doctor. Your Health.

TO: Joint Committee on Finance

FROM: Mark Grapentine, JD – Senior Vice President, Government Relations
Jeremy Levin – Government Relations Specialist

DATE: June 6, 2007

RE: **Opposition** to Transfer of IPFCF Funds in State Budget

This Friday you will have the opportunity to vote on the Governor's proposal to take \$175 million from the Injured Patients and Families Compensation Fund and use that money as a one-time Medicaid spending band-aid. On behalf of 11,500 Society members statewide, **we urge you to reject the transfer and remove the Governor's proposal from the biennial budget.**

The Legislative Fiscal Bureau's analysis of the proposal – Paper #377 – ably summarizes the concerns the Society and others have raised since the Governor's February budget address. This follows the Legislative Audit Bureau's earlier analysis of the Fund (Report 07-3), which raised concerns regarding the fiscal effects of the taking and potential legal impediments that could arise. The medical liability climate is extremely difficult to forecast, and the Wisconsin Supreme Court's recent decisions on issues like the noneconomic damages cap only exacerbates that difficulty.

Those complications lead to the Fiscal Bureau's dire analysis, shown in Table 5 on page 8 of the LFB paper. Absent the Governor's proposed taking, the Fund could have a \$60 million deficit by 2008-09, and \$208 million by 2011-12. If the Governor's taking is approved, the deficit figures grow much worse: **\$233.1 million in 2007-08** on its way to **\$443 million in 2011-12.** (Table 6, page 9) Clearly, the Fund's Board of Directors has difficult decisions to make going forward even without the Governor's proposal taking effect.

In 2003 the Finance Committee determined that the proposed \$200 million taking would harm the Fund. In 2005 Finance reached a similar bipartisan conclusion over a proposed \$179 million taking. Paper #377 shows quite clearly that removing \$175 million from the Fund could create a fiscal disaster.

The Fund is a key pillar supporting the state's relatively stable medical liability environment – Wisconsin is one of just eight states identified by the American Medical Association as not in a medical liability crisis or near-crisis. The Fund faces looming potential deficits. Questions surrounding the transfer's constitutionality are as yet unanswered, as the Legislative Council memo attached to Paper #377 points out. If approved, the Governor's proposal could destabilize what is a current strength, worsen future Fund deficits and could foster an expensive, wasteful legal battle.

This is the Governor's third attempt to take monies from the Fund; we urge the Finance Committee to again make a long-term decision that is best for Wisconsin's health care environment: **reject the transfer, and vote for Alternative 2 in Paper #377 or for any stand-alone motion that protects the Fund.**

Thank you for your consideration, and please contact us at any time at 608.442.3800.