



WISCONSIN STATE LEGISLATURE

State Capitol

PO Box 8952

Madison, Wisconsin 53708-8952

October, 2007

[REDACTED]

Dear [REDACTED]

We write to you on behalf of the members of the Assembly Republican caucus in regard to the recently approved 2007-09 state budget. Specifically, we want to address the transfer of funds from the Injured Patients and Families Compensation Fund (IPFCF) to support the health care needs of the state's most vulnerable citizens.

The bipartisan budget agreement approved earlier this week contains a one-time \$200 million transfer from the IPFCF to the Medical Assistance Trust Fund. To preserve the Fund's ability to meet its obligations, the budget agreement sets aside \$100 million of state tax dollars to compensate victims of medical malpractice should the Fund lack the sufficient revenue to pay awards as a result of the transfer. More importantly, to mitigate the impact on physicians of this one-time transfer, the budget agreement requires the Fund's Board of Governors to consider the creation of this separate "hold harmless" account when establishing future provider assessments.

As you may know, for the past four years, the Assembly Republican Caucus has stood with the Wisconsin Medical Society and physicians across the state in opposition to the transfer of funds out of the Injured Patients and Families Compensation Fund. The budget plan adopted with the support of the Assembly Republican Caucus in July did not include a IPFCF transfer. Unfortunately, our counterparts in the Democrat-controlled State Senate and Governor Doyle did not share our position.

During each of the past two budget debates in 2003 and 2005, legislative Republicans had been able to effectively stop this transfer. Together, with the support of physicians, we were able to work with legislators on both sides of the aisle to prevent the use of IPFCF funds to help pay for Medical Assistance costs. However, our efforts during the most recent budget negotiations were not successful and you need to know why.

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Going into the budget negotiations, we understood that we were going to be fighting an uphill battle with our negotiating partners -- Governor Doyle who proposed the transfer and Senate Democrats who approved it as part of their budget plan. Still we were not prepared to counter the statements made in the enclosed memorandum from the leadership of the Wisconsin Medical Society to the Doyle Administration's top budget advisers. In brief, the memorandum outlines a scenario under which the Medical Society would support a \$100 million IPFCF transfer. The memorandum closes with the statement that "The Society is excited to partner with the Governor as he faces a difficult budget, and is pleased to continue collaboration with the Department of Administration."

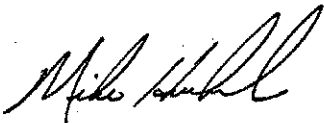
As you can well imagine, our ability to effectively argue against an IPFCF transfer is greatly diminished when the organization representing those who would be most affected by the transfer of funds out of the IPFCF changes course. To make matters worse, we were not aware of the existence of this memorandum until it was brought to our attention by the Senate co-Chair of the legislature's budget-writing committee after Governor Doyle submitted his budget to the Legislature.

With this memo as support for their position, the governor and Senate Democrats continued to advocate for the transfer during budget negotiations. These circumstances left us with few options other than to put in place the aforementioned protections to preserve the integrity of the IPFCF and protect physicians and other providers from higher assessments in the future. We have received assurances from Governor Doyle that these protections will not be subject to a veto.

While we understand that you may have grave concerns about our actions with regard to the IPFCF transfer, the time has come for us to move forward. Together, we must work to rebuild that bi-partisan coalition of legislators who effectively rejected past efforts to transfer money out of the IPFCF. Together, we must put in place the structural reforms that will make it harder for future governors and legislatures to withdraw funds from this fund. We stand prepared to be allies and partners in this effort.

If you have further questions or need additional information, please let us know. Our doors are always open.

Sincerely,



Mike Huebsch
Speaker
Wisconsin State Assembly



Jeff Fitzgerald
Majority Leader
Wisconsin State Assembly



Kitty Rhoades
Joint Finance Co-Chair
Wisconsin State Assembly



Wisconsin Medical Society

Your Doctor. Your Health.

TO: Dan Schooff, Deputy Secretary, Department of Administration
Pat Henderson, Executive Assistant, Department of Administration

FROM: Susan L. Turney, MD – CEO/Executive Vice President
Mark Grapentine, JD – Senior Vice President, Government Relations

DATE: January 18, 2007

RE: Reorganization of the Injured Patients and Families Compensation Fund

Reorganizing the Injured Patients and Families Compensation Fund (Fund) at this time provides multiple positives: much-needed funding for the state's health care efforts, added flexibility for an important Fund and an end to the conflicts over the Fund's status we experienced in the last two biennial state budgets. Here are the basic tenets regarding our concept:

- ✓ The Fund would continue to fully protect injured patients and families.
- ✓ Preservation of the Fund's tax-exempt status.
- ✓ The Fund would no longer be a line-item in the state budget.
- ✓ Continued fiscally-sound management.
- ✓ The Board would have additional flexibility in administrative efforts, investment options and case processing. If \$100 million will go to the state next biennium, the Board will need this flexibility to make up that new deficit in the IPFCF.
- ✓ A majority of the new entity's board should be made up of those paying into the entity. We believe that government and public representatives should remain on the board.

In order to accomplish the above, amendments to current statutes are undoubtedly needed. Various parts of different authority and protection programs could be utilized for the Fund's reorganization, including the World Dairy Center Authority (ch. 235), the Insurance Security Fund (ch. 646) and others. We would be open to an existing or a creative proposal that accomplishes the above tenets.

The Society is excited to partner with the Governor as he faces a difficult budget, and is pleased to continue collaboration with the Department of Administration. We believe agreement on this issue would allow everyone to concentrate on health care priorities already in line with the Governor's vision: increasing access to quality health care for Wisconsin's citizens. Please feel free to contact us whenever the need arises.