

Health officials say 'sick tax' would break economy
By Ashley Speagle

ATLANTA - Health experts Thursday said proposed provider fees on hospitals would result in thousands of healthcare jobs lost, force some healthcare providers out of business and prevent economic development in those communities.

"Public health is critical to the well being of our state," Russ Toal said, of the Georgia Public Health Association. "Almost 40 percent of public health positions across the state are vacant, and with reductions in fiscal year 2011, more staff will be let go."

Legislators heard many testimonies opposing a proposed 1.6 percent fee for hospitals and health insurance providers, also referred to as a "bed tax" or "sick tax," during a budget hearing on healthcare.

The provider fees would help the legislature cover a \$300 million shortfall for Medicaid in the fiscal 2011 budget and a \$700 million shortfall in fiscal 2012, according to the Georgia Budget and Policy Institute.

Georgia's declining revenue and loss of federal stimulus and one-time funds contributes to the shortfalls.

If the fees do not pass, which were rejected last session, Gov. Sonny Perdue proposed a 16.5 percent Medicaid cut to all health care providers.

Carie Summers, of the Georgia Hospital Association, said the 16.5 percent rate cut, where hospitals could lose a total of over \$350 million, could force healthcare providers to eliminate nearly 22,000 jobs across the state.

"Communities lose an economic engine and future economic development," Summers said.

Jimmy Lewis, of Hometown Health, estimated nearly 17,000 jobs could be lost under the rate cut, which could also eliminate nearly 20 rural hospitals.

"In those 20 counties, we would disrupt the access to healthcare," Lewis said. "We create a tremendous economic devastation to all of rural Georgia."

Even the dental industry, which also provides healthcare to Medicaid recipients, would be impacted, Georgia Dental Association Executive Director Martha Phillips said.

"If dentists receive another fee cut, oral healthcare will be affected, and many small towns will lose access to oral healthcare," Phillips said.

In addition to job losses, Summers said the fees and rate cuts would force hospitals to cover expenses by raising prices to families and businesses, estimating an average \$700 increase per year to insured families.

Healthcare representatives still push for a \$1 increase in tobacco tax as an alternative fund for Medicaid, but legislators and experts agreed that the tax would not cover the shortfall for Medicaid.

"This tax would not cover all the Medicaid deficit, and I agree there have to be other streams to fill the gap," Cynthia Mercer said, president of the Georgia Obstetrical and Gynecological Society.

KEY NUMBERS

\$77 million: loss to hospitals under a 1.6 percent hospital provider fee

\$365 million: loss to hospitals under a 16.5 percent rate cut in Medicaid to all healthcare providers

(Source: Governor's Office of Planning and Budget)

\$1 billion: shortfall in Medicaid funding for fiscal 2011 and 2012

(Source: Georgia Budget and Policy Institute)