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The Senate
STATE OF IOWA
Seventy-Fourth General Assembly
STATEHOUSE
Des Moines, Iowa 50319

PRESIDENT OF THE SENATE

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COMMITTEES

Commerce
Justice System Appropriations
Subcommittee
Legislative Council
Fiscal Committee
Service Committee
Rules and Administration
State Government

March 3, 1992

Mr. Tony Beraldi, President
Southwest Iowa Pharmacists Association
701 - 16th Avenue
Council Bluffs, IA 51501

Dear Mr. Beraldi:

Thank you for your recent letter on the provider tax increase.

At this point, the governor's proposal is all but dead. The only hesitation I have to saying it is absolutely dead, is that his alternative is massive cuts to eligibility for Medicaid.

The provider tax he has proposed would generate about \$60 million. The total state share for Medicaid is about \$250 million and if his alternative is only cuts, many providers would be severely impacted by continuing to provide treatment for indigent patients whose bills would no longer be paid by Title XIX.

We sincerely hope the governor will consider other alternatives and if a tax must be raised, that it be a general tax that all Iowans would pay rather than only those that use health care services. We are developing alternative solutions to this year's serious budget problems and, again, we hope the governor will consider those.

If you still wish to meet with me, I will be happy to get together with you on a weekend as my schedule permits.

Sincerely,

Michael E. Gronstal