



additional resources available at www.wha.org

Medicaid

Background

WHA's number top advocacy priority in 2005-2006 is Medicaid reimbursement, and with a little background, it becomes clear why. In the 2003-05 state budget, Wisconsin's hospitals absorbed almost \$80 million (all funds) in cuts, by far the largest of any health care provider group. This cut came on top of what are already some of the worst Medicaid reimbursement rates in the country. Hospitals simply cannot continue to absorb these cuts, and are forced to raise prices to compensate. Unfortunately for Wisconsin employers already struggling with rising health insurance costs, these cuts are ultimately shifted to/recouped from them – a situation known as “Wisconsin's Hidden Health Care Tax.” WHA's Medicaid agenda for 2005-2006 calls for reducing the Hidden Health Care Tax on health insurance premiums by advancing payment improvements and securing a “down payment” on restoring the devastating cuts from the last budget.

WHA 2005-07 Budget Priorities

- Enhancing **Disproportionate Share Hospital (DSH)** payments for hospitals that care for a high number of uninsured and government patients.
- Restoring **Graduate Medical Education (GME)** funding for teaching hospitals.
- Increasing **Outpatient Reimbursement** for hospitals across the state.

Issues

- In 2004, it is estimated that Medicaid paid Wisconsin hospitals just **55 cents for every dollar it cost** to provide care to Medicaid patients – a total of *\$450 million less than what it cost hospitals to provide the care*. In fact, some Wisconsin hospitals are receiving just **\$94 dollars for outpatient surgeries** that cost thousands to perform.
- Wisconsin employers were forced to absorb these unpaid costs through higher insurance premiums, paying a **Hidden Health Care Tax of approximately \$450 million in 2004**.
- Despite underpayments from Medicaid and other government health care programs, Wisconsin hospitals continue to maintain the health care safety net and must provide care to every person who walks through their doors – regardless of payment source.



Wisconsin Hospital Association, Inc.

Medicaid

WHA Position

- WHA recognizes the need to make long-term changes to our Medicaid program. However, the first step in “reforming Medicaid” should be paying for Medicaid program we have, stemming the rising levels of cost shifting necessitated by payment shortfalls, and slowing down growth of the “Health Care Hidden Tax” on Wisconsin employers.

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Related Resources

- **WHA website: Government Relations/State Issues/Medicaid Provider Funding**
<http://www.wha.org/governmentRelations/medicaid.aspx>
- **WHA website: Wisconsin Medicaid Myths: Facts You Need to Know**
<http://www.wha.org/financeAndData/pdf/2005medicaidmyths.pdf>
- **WHA website: Finance and Data/Reimbursement**
http://www.wha.org/financeAndData/medicaid_other.aspx
- **PricePoint website:**
<http://www.wipricepoint.org/>
- **WHA website: Wisconsin's Medicaid Program - and the Impact on Hospitals -- presented to Medicaid Reform Committee 4-20-05**
<http://www.wha.org/financeAndData/pdf/medicaidreform4-20-05.pdf>

Localize The Message

Be prepared to talk about:

- How government underpayments impact your hospital.
- Demographics of your community – how many Medicaid patients do you serve?
- The hospital as the health care safety net in the community.

