

WHA POSITION

Wisconsin hospitals and health care systems are the state's largest access point for Medicaid enrollees to receive primary, acute and emergency care services.

Recognizing the losses hospitals experience from serving Medicaid patients, lawmakers and the Governor enacted a budget bill last session that increased funding for hospitals by \$40 million in General Purpose Revenue; approximately \$100 million All Funds.

ASK: Permanently reauthorize the \$40 million General Purpose Revenue Medicaid DSH increase provided during the last biennial budget to avoid a \$100 million all funds reimbursement cut to Wisconsin hospitals.

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Support Hospitals, Avoid \$100 Million DSH Cut

Hospital Reimbursement Increase in Last Budget Needs Reauthorization

Highlights

- Wisconsin Medicaid reimburses hospitals at 66% of cost, resulting in a **\$1.2 billion loss from providing Medicaid services**, costs that are forced to shift over to employers and families in the form of a **Hidden Health Care Tax**.
- In the last budget, lawmakers provided a reimbursement increase for hospitals through the Medicaid DSH program. This increase is critical, as hospitals in Wisconsin are reimbursed at the second-lowest rate in the country.
- This increase was provided during the current budget cycle and ends on June 30, 2021. **If DSH is not permanently reauthorized, hospitals will be cut by \$100 million.**

Hospitals Need Financial Resources to Serve Communities at All Times

The COVID-19 pandemic shined a bright light on the need for strong hospitals and health systems as essential for a community's health and safety. Early on, hospitals were concerned with the ability to meet payroll as they began shutting down non-emergency procedures at the direction of the US Surgeon General and Centers for Medicare and Medicaid Services. This occurred again on a voluntarily, yet necessarily, this fall as COVID-19 spread rampantly across the state.

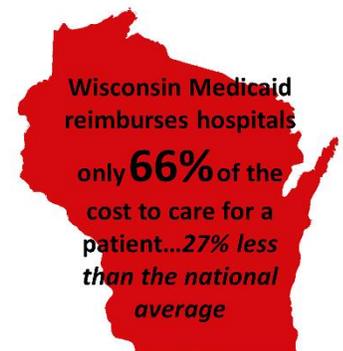
While revenue was dropping, expenses skyrocketed – as staffing and supply shortages exponentially increased costs. Hospitals financial losses were partially addressed by federal aid, but hospitals still have over \$1 billion in losses, from just the first three months of the pandemic, that have not been relieved.

Hospitals Reimbursed \$1.2 Billion Under Cost

Wisconsin's hospitals core challenges with Medicaid reimbursement existed prior to the COVID-19 pandemic, remained throughout the pandemic, and will continue. Hospitals are the state's largest access point for care for patients on Medicaid in need of care. As organizations that provide care to anyone, regardless of their ability to pay, hospitals are disproportionately impacted by poor Medicaid reimbursement rates.

But lawmakers can continue to help hospitals. During the last state budget, the legislature and the Governor provided a significant \$100 million all funds increase in the Medicaid DSH program. Wisconsin hospitals appreciate this increase and ask that it be permanently reauthorized in the 2021-2023 state budget to avoid a cut into the future.

Federal COVID Aid Accounted for Only \$1.2 Billion of more than \$2.5 Billion in Hospital's COVID-related Losses



Wisconsin's Hidden Health Care Tax

