



Reauthorize and Strengthen Medicaid DSH Program *Inaction cuts Wisconsin hospitals by \$75 million over biennium*

Highlights

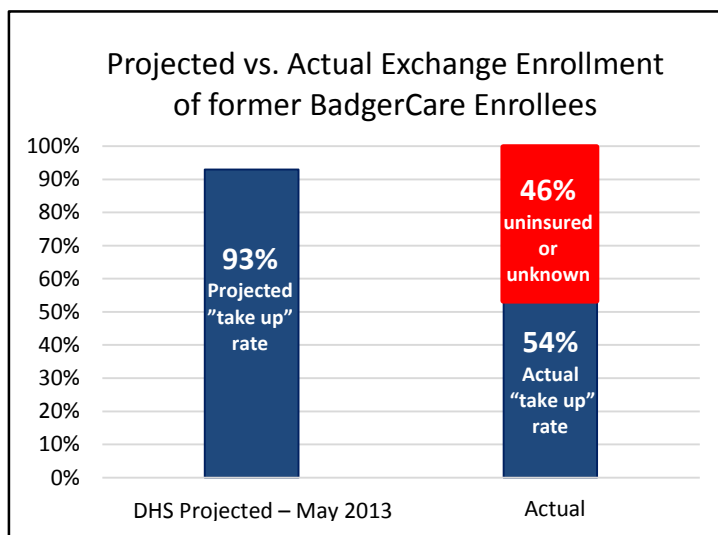
The Medicaid Disproportionate Share Hospital (DSH) program was created under President Ronald Reagan's administration in the early 1980's to help those hospitals who serve a larger number of Medicaid patients. Wisconsin has one of the smallest DSH programs in the nation, even though the state's low Medicaid reimbursement to hospitals justifies a tremendous need for Medicaid DSH.

Wisconsin reimburses hospitals just 65% of the cost of providing services to Medicaid patients (see chart 1) resulting in a \$960 million "**Hidden Health Care Tax**" on the backs of Wisconsin employers. If the state collected the "**Hidden Health Care Tax**", it would be the equivalent of the annual collections for corporate income tax and the motor vehicle fuel tax. (see chart 2) The DSH program is designed to offset hospital Medicaid losses and lessen the impact of the "**Hidden Health Care Tax**" on Wisconsin employers.

Reauthorizing and Strengthen the Medicaid Disproportionate Share Hospital (DSH) Program

- ✓ **ASK:** Reauthorize the Medicaid Disproportionate Share Hospital (DSH) program with \$30.1 million GPR, otherwise hospitals will face a cut of \$75 million (all funds) in the next budget cycle.
- ✓ **ASK:** Increase the DSH authorization by \$20 million GPR and target funds to hospitals that are seeing the largest increase in Medicaid patient volume.

- Hospitals across the United States were reimbursed 89% of the cost of providing care to Medicaid patients in 2012. In Wisconsin, that reimbursement is much worse, only 65% of cost, **27% less than the national average**. While Medicaid enrollment continues to far outpace projections, hospitals continue to provide steady and sustained leadership in maintaining critical health services despite poor reimbursement.
- A recent Milliman study found **up to 27% of the price paid for hospital services by commercial payers** in southeastern Wisconsin was the **result of cost-shifting from government programs**. The same study found that hospitals are cutting expenses, yielding price increases that are only half the national average.
- In the last state budget, the Joint Finance Committee created the state's current Medicaid DSH program to alleviate concerns about those previously on Medicaid not taking up coverage in the Exchange. Those concerns were real. While **DHS projected that 93%** of disenrolled Medicaid enrollees would take-up private commercial or Exchange coverage, **we now know that only 54% actually did. This low take-up rate underscores the continued need for DSH.**



- The current DSH program provides payments to hospitals all over Wisconsin; rural, urban, large and small. Wisconsin has one of the smallest DSH programs in the US (see chart 3). States with similar Medicaid budgets have much larger DSH programs including Virginia (\$189 million), Indiana (\$224 million) and Louisiana (\$501 million).

CHART 1

Wisconsin's Hidden Health Care Tax

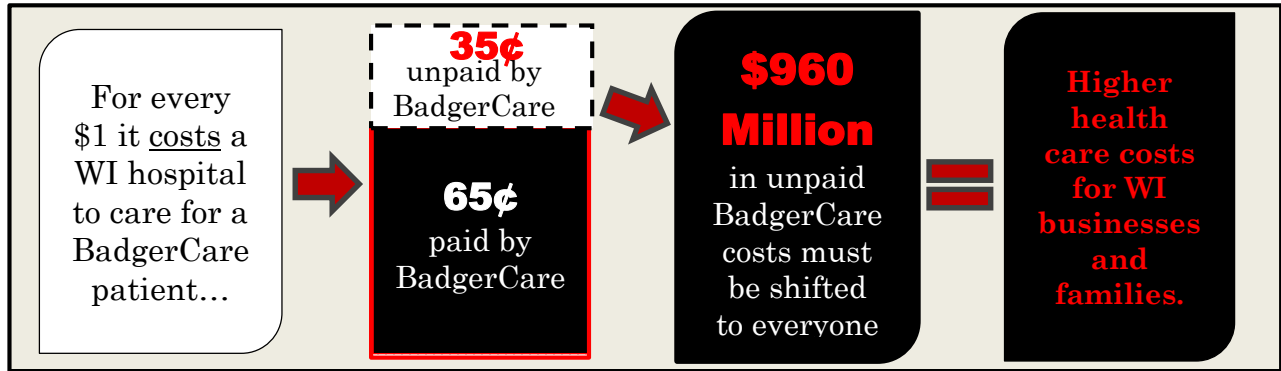


CHART 2

Wisconsin Business Taxes 2014¹

Unemployment Compensation	\$1,129 million
Motor Fuel Tax	\$999 million
Corporate Income Tax	\$967 million
"Hidden Health Care Tax"²	\$960 million
Electric and Natural Gas Tax	\$236 million

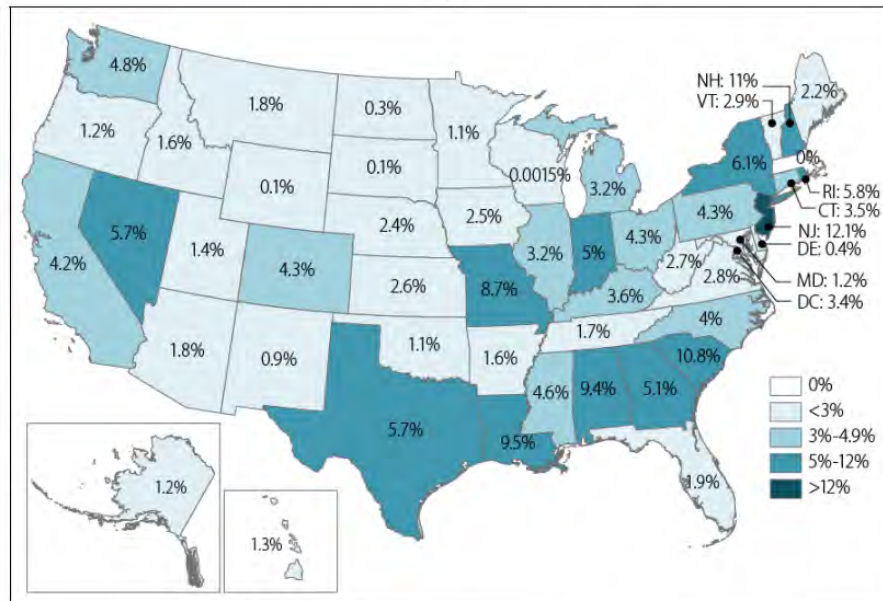
¹ Compiled by the Wisconsin Taxpayers Alliance

²Source: WHA 2013 Annual Community Benefits Survey

CHART 3

Figure 6. Total State DSH Expenditures as a Percentage of Total Medicaid Medical Assistance Expenditures

FY2011



Source: CRS calculation using Centers for Medicare & Medicaid Services' Form CMS-64 data for FY2011.

Wisconsin's Medicaid Disproportionate Share Hospitals

Amery Regional Medical Center	Amery
Langlade Hospital - An Aspirus Partner	Antigo
St Elizabeth Hospital	Appleton
Appleton Medical Center	Appleton
Memorial Medical Center	Ashland
Baldwin Area Medical Center	Baldwin
St Clare Hospital & Health Services	Baraboo
Mayo Clinic Health System – Northland in Barron	Barron
Beaver Dam Community Hospitals Inc	Beaver Dam
Beloit Health System	Beloit
Berlin Memorial Hospital	Berlin
Black River Memorial Hospital	Black River
Aurora Memorial Hospital of Burlington	Burlington
St Joseph's Hospital	Chippewa Falls
Cumberland Healthcare	Cumberland
Memorial Hospital of Lafayette Co.	Darlington
Upland Hills Health Inc	Dodgeville
Sacred Heart Hospital	Eau Claire
Mayo Clinic Health System in Eau Claire	Eau Claire
Aurora Lakeland Medical Center in Elkhorn	Elkhorn
Agnesian HealthCare/St. Agnes Hospital	Fond du Lac
Fort HealthCare	Fort Atkinson
Aurora Medical Center in Grafton	Grafton
Burnett Medical Center	Grantsburg
Bellin Psychiatric Center	Green Bay
St Vincent Hospital	Green Bay
Aurora BayCare Medical Center in Green Bay	Green Bay
Brown County Community Treatment Center	Green Bay
St Mary's Hospital Medical Center	Green Bay
Bellin Hospital	Green Bay
Hayward Area Memorial Hospital	Hayward
Hudson Hospital & Clinics	Hudson
Mercy Hospital and Trauma Center	Janesville
St. Mary's Janesville Hospital	Janesville
UHS, Inc.	Kenosha
Aurora Medical Center in Kenosha	Kenosha
Gundersen Lutheran Medical Center	La Crosse
Mayo Clinic Health System – Franciscan Healthcare	La Crosse
Rusk County Memorial Hospital	Ladysmith
Mercy Walworth Hospital and Medical Center	Lake Geneva
Grant Regional Health Center	Lancaster
Meriter-UnityPoint Health	Madison
St Mary's Hospital	Madison
UW Hospital and Clinics	Madison
Holy Family Memorial Inc	Manitowoc
Bay Area Medical Center	Marinette
Ministry Saint Joseph's Hospital	Marshfield
Mile Bluff Medical Center	Mauston
Aspirus Medford Hospital & Clinics, Inc	Medford
Mayo Clinic Health System – Red Cedar, Inc	Menomonie
Aurora Sinai Medical Center	Milwaukee
Children's Hospital of Wisconsin	Milwaukee
Wheaton Franciscan - St. Joseph Campus	Milwaukee

Wisconsin's Medicaid Disproportionate Share Hospitals

Columbia St. Mary's Hospital Milwaukee	Milwaukee
Wheaton Franciscan Healthcare-St Francis, Inc	Milwaukee
Milwaukee County Behavioral Health Complex	Milwaukee
Froedtert Memorial Lutheran Hospital, Inc	Milwaukee
Aurora St. Luke's Medical Center / South Shore	Milwaukee
Monroe Clinic	Monroe
Children's Hospital of Wisconsin - Fox Valley	Neenah
Theda Clark Medical Center	Neenah
Memorial Medical Center	Neillsville
New London Family Medical Center	New London
Westfields Hospital	New Richmond
Oconomowoc Memorial Hospital	Oconomowoc
Osceola Medical Center	Osceola
Aurora Medical Center in Oshkosh	Oshkosh
Mercy Medical Center	Oshkosh
Southwest Health Center	Platteville
Divine Savior Healthcare	Portage
Prairie du Chien Memorial Hospital	Prairie du Chien
Wheaton Franciscan Healthcare-All Saints, Inc	Racine
Reedsburg Area Medical Center	Reedsburg
Ministry Saint Mary's Hospital	Rhineland
Lakeview Medical Center	Rice Lake
The Richland Hospital Inc	Richland Center
River Falls Area Hospital	River Falls
Shawano Medical Center	Shawano
Aurora Sheboygan Memorial Medical Center	Sheboygan
St Nicholas Hospital	Sheboygan
Spooner Health System	Spooner
St Croix Regional Medical Center	St Croix Falls
Ministry Saint Michael's Hospital	Stevens Point
Ministry Health Care's Door County Memorial Hospital	Sturgeon Bay
Aurora Medical Center in Summit	Summit
Tomah Memorial Hospital	Tomah
Aurora Medical Center of Manitowoc County	Two Rivers
Vernon Memorial Healthcare	Viroqua
UW Health Partners Watertown Regional Medical	Watertown
Waukesha Memorial Hospital	Waukesha
Riverside Medical Center	Waupaca
Waupun Memorial Hospital	Waupun
North Central Health Care	Wausau
Aspirus Wausau Hospital	Wausau
Aurora West Allis Medical Center	West Allis
St. Joseph's Community Hospital of West Bend, Inc	West Bend
Ministry Saint Clare's Hospital	Weston
Riverview Hospital Association	WI Rapids
Ministry Health Care's Howard Young Medical Center	Woodruff