

Hoelter, Jon

Subject: WHA Concerns over BBB DSH Cuts for Non-Expansion States

From: Hoelter, Jon
Sent: Monday, November 1, 2021 12:36 PM
To: Wisconsin Congressional Delegation Health Care Staff
Cc: Borgerding, Eric
Subject: WHA Concerns over BBB DSH Cuts for Non-Expansion States

Hello all,

Given the ongoing discussion on Medicaid Coverage Gap proposals in Congress, WHA wanted to express our opposition to the proposed DSH cuts to non-expansion states in the Build Back Better framework – ([H.R.5376](#)). As you all know, ***Wisconsin is a unique state given that while it has not taken the traditional federal Medicaid expansion, it already covers people up to 100% FPL and transitions those above that level to the ACA subsidized plans. The ACA marketplace subsidies have worked very well at increasing coverage in Wisconsin; we are currently doing better than 80% of traditional expansion states (better than 31 of those 38).*** And the most recent numbers (2019) we have from the U.S. census bureau show that nearly 80,000 Wisconsinites who were already eligible for Medicaid (0-100% FPL) were uninsured compared to only around 25,000 uninsured from 101-138% FPL who are eligible for heavily subsidized ACA coverage. This casts doubt on the idea that simply making this population eligible for Medicaid will increase coverage levels in Wisconsin.

H.R. 5376 would lower the federal DSH cap allotment by 12.5% for states that do not take traditional Medicaid expansion, including Wisconsin. Wisconsin does not currently hit its DSH cap and would not likely lose DSH funding immediately. Nevertheless, ***this proposal would unfairly punish Wisconsin – even though it has no coverage gap – by limiting our future flexibility should our state decide to maximize our state DSH contributions like many other states do.***

WHA urges Congress to drop these DSH cap cuts from HR 5376. Wisconsin is already losing matching federal Medicaid funding for its unique solution to closing the coverage gap, by getting only 60% of the cost to cover this segment of the Medicaid population, whereas other states get closer to 90%. Cutting our maximum DSH reimbursement would further penalize our state. Wisconsin should be rewarded, not punished, for eliminating its coverage gap, and we have previously proposed allowing Wisconsin to be eligible for the enhanced federal Medicaid funding under our hybrid approach. Given the drastically different state Medicaid and insurance markets across the country, Congress should be incentivizing states to find any means necessary to improve their coverage, not punishing them simply for taking a different approach.

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