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WHA Statement on 2024 RAND Study

“Once again, the RAND study’s latest findings regarding Wisconsin’s commercial hospital payments need clarification and critique due to its use of inherently flawed methodology and skewed data. RAND’s research relies on a dataset even they acknowledge to be severely limited, given the extremely small, cherry-picked sample size that is neither random nor representative of Wisconsin’s full landscape of hospital finances. Their decision to use such finite, misrepresentative data begs questions about RAND’s motives, especially considering that employers and insurers are supposed to comply with federal law by providing complete pricing information online, which RAND would easily be able to use for its study. Instead, RAND has chosen to use narrow datasets that fit with their desired narrative.

“Specifically:

- The RAND study accounts for just under 275,000 outpatient visits in Wisconsin in 2022, out of a total of [more than 21 million](#), representing just 1.3% of all outpatient visits.
- Out of nearly 464,000 inpatient discharges in Wisconsin in 2022, only 2.7% are reflected by the RAND study’s narrow look at fewer than 13,000 of the stays that year.
- RAND’s studies over the years show inexplicably wide variations in results for the same hospitals. For example, the 2020 RAND study indicated the price for inpatient facilities at one hospital in Wisconsin was 290% of the Medicare rate, which dropped to 185% in the 2022 RAND study, and jumped to 338% in the latest study. These massive changes indicate a flawed selection of varying sets of data between studies, causing RAND to misleadingly compare apples to oranges, rather than apples to apples.
- The RAND study ignores the reality that Medicare reimbursement rates fall short of covering providers’ costs. The Medicare Payment Advisory Commission [found](#) that hospitals experienced a record-low negative 12.7% margin on Medicare services in 2022, and projects that margins will continue to remain near negative 13% in 2024. Inflation adds to this cost discrepancy, having ballooned by 12.4% between 2021-2023, while Medicare reimbursement rates for inpatient hospital services increased only 5.2%.

“The Wisconsin Hospital Association is committed to ensuring that discussions about health care payments are grounded in comprehensive data and accurately reflect the complex nature of hospital financing. Unsurprisingly, the 2024 RAND study falls significantly short of this, as their reports consistently have over the years. These types of inherently skewed studies are misguided and damaging, and deflect attention away from the billions of dollars sucked out of the health care system every year by a [growing industry of middlemen](#) that stand between patients and providers, harming access and increasing cost. While this phenomenon is [well-documented](#), groups like RAND and others—which regularly attack community and safety net hospitals—notably choose to ignore these health care middlemen and the resources they syphon from patient care, while [nearly half of Wisconsin hospitals are operating in the red.](#)” — Eric Borgerding, WHA President and CEO.

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WHA advocates on behalf of its 140-plus member hospitals and health systems to enable the delivery of high-quality, high-value care to the citizens of Wisconsin. Learn more at wha.org.