

Where WI Hospitals Stand After the Passage of the OBBBA

- Wisconsin's ability to realize an increase in directed payments to hospitals still requires federal approval by CMS.
- WI Hospitals faced \$1.6 Billion in Medicaid shortfalls in 2023.
- OBBBA requires non-expansion states' directed payments to wind-down by 10% annually beginning in 2028 until they reach 110% of Medicare rates.
- WHA is still working to understand the impact of various changes to ACA and Medicaid eligibility on WI Insurance Coverage and WI hospitals' levels of uncompensated care.



Starting in 2026 and beyond



Various Eligibility Changes to Medicaid and ACA Subsidies

Starting in 2028



Directed Payments decrease 10% annually until reaching 110% Medicare

Starting by 2027

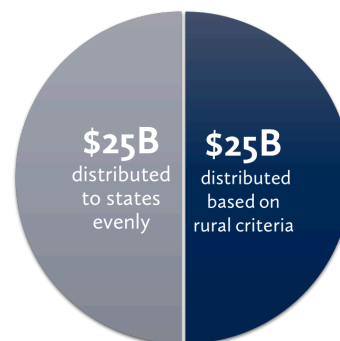
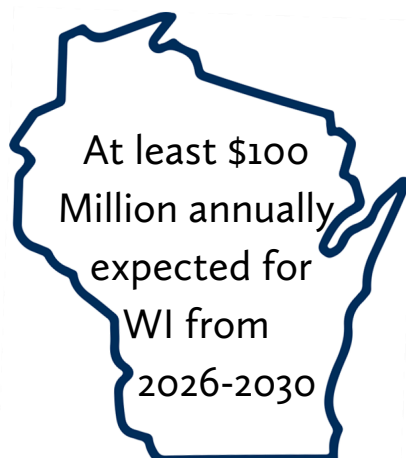


Community Engagement (Work Requirements) Begin

- CMS is expected to release more details on the Rural Health Transformation Program application process in mid-September.
- States only apply 1x to receive funding - which must be approved by 12/31, 2025 - with funding scheduled to hit in 2026.
- Funding to be used to improve access to rural hospitals and health care providers.

Rural Health Transformation Fund

\$50B over 5 Years



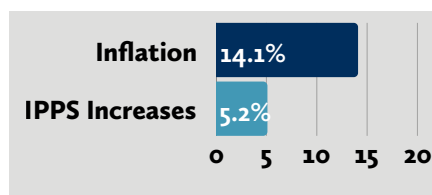
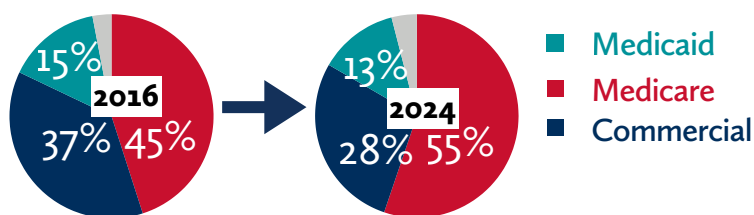
Examples of WI Rural Health Needs

- OB/Maternity Care
- Technology
- Workforce Retention
- Behavioral Health

How Medicare Underpayments Impact Hospitals

Despite Substantial Increases in Medicaid Payments from Wisconsin increasing Provider Taxes and Directed Payments, WI Hospitals are Projected to Continue to Experience Growing Medicare Shortfalls

From 2016-2023 the Average Payor Mix for a Wisconsin hospital has seen **Medicare grow from 45% to 55%** while **commercial has shrunk from 37% to 28%**.



Inflation growth was more than double the growth in IPPS reimbursement, 2022-2024.



Wisconsin's rank for the percentage of its population on Medicare

Annual Medicare Underpayments to Wisconsin Hospitals Have Increased Significantly Since 2016

