

# WISCONSIN HOSPITAL ASSOCIATION, INC.



July 13, 2017

The Honorable Ron Johnson  
United States Senate  
Washington, DC 20510

The Honorable Tammy Baldwin  
United States Senate  
Washington, DC 20510

The Honorable Paul Ryan, Speaker  
U.S. House of Representatives  
Washington, DC 20515

The Honorable James Sensenbrenner  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Ron Kind  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Gwen Moore  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Sean Duffy  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Mark Pocan  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Glenn Grothman  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Mike Gallagher  
U.S. House of Representatives  
Washington, DC 20515

Dear Members of the Wisconsin Delegation:

The Wisconsin Hospital Association reflects the diversity of Wisconsin with member hospitals and health systems located in the smallest rural areas of the state to our largest urban centers. As Congress continues to deliberate both the American Health Care Act (AHCA) and the Better Care Reconciliation Act (BCRA), we write to you regarding our ongoing concerns about equity for non-expansion states like Wisconsin.

Wisconsin's hospitals are on the front lines of health care, providing access to some of the highest quality care in the country. We are pleased that both the AHCA and BCRA recognize the need for disproportionate share hospital (DSH) funding to help support the safety net for low income populations. The BCRA in particular includes what appears to be a generous supplement to DSH allotments for non-expansion states. However, **increasing the federal allotment alone will have no meaningful impact in Wisconsin**, and will fall far short in alleviating the significant funding disparity for Wisconsin.

Wisconsin has always been a "low-DSH" state. That is, Wisconsin has not fully spent the federal funds allotted to the state for DSH. To put this in perspective, Wisconsin's 2016 DSH allotment of federal funding is about \$102.7 million. Currently, Wisconsin spends about \$21 million of this allotment. In order to draw down that federal funding, Wisconsin must spend \$15 million in state dollars. **To pull down all of Wisconsin's current federal allotment of \$102.7 million, Wisconsin would have to spend \$73.7 million in state dollars - an additional \$58.7 million in state funding.**

While adding dollars to Wisconsin's DSH allotment will have no meaningful impact in the state, **changing the match rate for DSH** to be on par with the expansion state match rate would be

significant. If the match rate for DSH was instead 90% federal funding with a 10% state match, Wisconsin could pull down the entire DSH allotment of \$102.7 million with state dollars of \$11.2 million, saving \$3.8 million in state dollars compared to current law.

We believe that increasing the match rate for DSH funding for non-expansion states is step toward equity. As you know, Wisconsin is not considered an expansion state. In 2014, Wisconsin instead forged its own path, providing Medicaid coverage for all whose income is below 100% FPL. However, because this expansion of coverage did not meet the previous Administration's definition of expansion, Wisconsin was not eligible for enhanced federal funding.

Two recent analysis from the Missouri Hospital Association documents the ongoing disparities in funding between states that adopted the ACA-style Medicaid expansion, and those 19 states, including Wisconsin, that have chosen not to do so. **Under the AHCA, the analysis concludes that by 2026, non-expansion states will have foregone an additional \$680 billion in federal funding for Medicaid compared to states that expanded the program. Under the BCRA, the difference is \$737 billion.**

The analysis we reference is of particular concern because it accounts for changes included in the bill that are meant to help equalize the differences between expansion and non-expansion states. Clearly the bills do not go far enough. As Congress continues to deliberate, we urge you to take a step toward equity by allowing no-expansion states to receive an enhanced match for DSH funding - the same match rate as expansion states.

WHA remains committed to working with you as Congress continues to deliberate on health care. Indeed, high quality, highly accessible health care is one of Wisconsin's greatest strengths and must be protected.

Thank you, and please do not hesitate to contact any of us or WHA with questions or should you need additional information.

Sincerely,



Eric Borgerding  
President & CEO

Cc: Governor Scott Walker  
Secretary Linda Seemeyer, Wisconsin Department of Health Services  
Michael Heifetz, Wisconsin Medicaid Director