

Wisconsin Hospitals Applaud Resources to Address Mounting Supply and Labor Costs and Sustain Access

Raising hospital reimbursement for BadgerCare and funds for health care workforce training come at critical moment

Since 2019, Wisconsin hospitals have experienced a year-over-year annual expense increase of nearly \$2.2 billion just in labor and supply costs. While expenses continue to rise, reimbursement from government and private insurance companies are not keeping pace with these costs. In the first two quarters of 2022, Wisconsin hospitals experienced a total margin (loss) of -11.9% due to increased costs without commensurate increases in reimbursement.

These expense pressures, along with increased demand for patient care and the need to hire more staff, has created a perfect storm that calls for investment into the health care safety net.

"Today, there are hospitals that have been forced to close behavioral health units, shut down labor and delivery services and temporarily shut down non-emergency services due to staffing availability and costs. These are drastic moves being taken to ensure patient safety, an adequate workforce and financial viability for the core operations of hospitals which includes access to emergency care every hour of every day," said Borgerding. "At the same time, Wisconsin's BadgerCare program reimburses hospitals \$1.2 billion less than what hospitals spend caring for BadgerCare patients."

Governor Tony Evers' proposed 2023-2025 biennial budget acknowledges these challenges, including the burden BadgerCare uniquely places on Wisconsin's non-profit, safety net hospitals, by raising reimbursement to 85% of cost and cutting hospital BadgerCare losses in half.

"Improving reimbursement in the state-run BadgerCare program could not come at a more important time," said WHA President/CEO Eric Borgerding. "Many hospitals in both rural and urban communities are facing difficult choices as they attempt to sustain safety-net services for all who come through their doors while managing inflated labor and supply costs and declining reimbursement."

The Governor also proposes to invest an additional \$100 million in the Workforce Innovation Grant program specifically to support local, innovative strategies to grow the health care workforce. Wisconsin's hospitals and health systems spent \$276 million in 2021 to fund education and training of the state's health care workforce, but hospitals can do even more with partnership from the state.

"Investing in health care and our workforce has been a priority for both Democrats and Republicans in the past several legislative sessions. We look forward to building on the Governor's proposals as we work with the Joint Finance Committee and members of the Legislature in the months ahead."

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