

New Data Shows Wisconsin Hospitals Facing Significant Financial Challenges

On Oct. 24, the WHA Information Center (WHAIC) released its annual [Guide to Wisconsin Hospitals for FY2022](#), which shows Wisconsin hospitals and health systems facing their most significant financial challenges in more than a decade. These financial strains are in large part due to patients slowly returning to pre-pandemic routine care and the rising costs for medical supplies and services due to record inflation.



“With inflation driving up the costs of goods – not only for individual consumers, but for businesses and organizations as well – hospitals have been challenged with increased costs of medical supplies and overhead costs incurred while providing care,” said WHAIC Vice President and Chief Privacy Officer Jennifer Mueller. “With operating costs running at such a high, a number of Wisconsin hospitals operated at a net loss in the last year – one of the toughest years financially for Wisconsin hospitals in the last decade.”

Each year, WHAIC releases the results of the state-mandated Hospital Annual and Fiscal Survey. Per Wisconsin State law, WHAIC is responsible for collecting and disseminating Wisconsin hospital and freestanding ambulatory surgery center data. State law requires hospitals and health systems to report this data to WHAIC and make the results publicly available. The annual [Guide to Wisconsin Hospitals](#) is published on the WHAIC website.

According to the report, the largest expenses facing hospitals remain supplies and services. These input costs are mostly out of hospitals’ control and have increased 26.73% since 2019. The second-largest expense facing hospitals and health systems is salary and fringe costs, driven in large part by the workforce shortage as detailed in the [Wisconsin Hospital Association’s 2023 Workforce Report](#). These expenses have increased 13.51% since 2019. Capital costs have also increased, rising 6% since 2019.

Previously, WHAIC has compared the most recent three years of data in its *Guide to Wisconsin Hospitals*. With data from 2020 and 2021 being skewed due to the pandemic, however, WHAIC is opting to compare FY2022 data to FY2019 data, with FY2019 data serving as the control group.

Comparing FY2019 to FY2022, Wisconsin hospitals experienced a decrease of 34.9% in their operating margins. Fifty-three Wisconsin hospitals had a negative operating margin while 65 hospitals had a negative total margin, both of which are the highest number of hospitals in the past ten years. In addition, operating margins for health systems also decreased to -0.1% in FY2022 compared to 3.9% in FY2019, which is the lowest operating margin for health systems in the past 10 years.

Read the [Guide to Wisconsin Hospitals for FY2022](#).

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