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PRESIDENT'S COLUMN: Unmasking the Lown Institute's Bias Against Wisconsin Hospitals

By Eric Borgerding

Another year, another slanted study from The Lown Institute. Again this year, and with support from labor union SEIU, Lown cherry-picks data and uses twisted methodology to produce a report to support its ongoing, anti-hospital narrative and attacks on not-for-profit health care.


Eric Borgerding

Wisconsin hospitals provided a whopping $2.1 billion in community benefits and charity care in FY22 despite experiencing a 34.9% drop in hospital operating margins and an astounding 53 hospitals operating in the red.

This latest piece, published March 26, 2024, from Massachusetts's Lown Institute is another example of an out-of-state think tank concocting its own measures and standards to generate a misleading, headline-grabbing report totally disconnected from the on-the-ground realities Wisconsin. We've come to expect this attack every year, so it's not a surprise; but it remains unfortunate, nonetheless, because these groups actually undermine rather than improve access to high quality care in Wisconsin.

Just look at the Eau Claire situation in the context of this year's Lown report. In FY22, the non-profit hospitals in the Chippewa Valley suffered massive losses, much of those driven by serving the region's Medicare, Medicaid and uninsured patients. Two of those hospitals are now gone, as is the (money-losing) care and services they were supporting outside the hospitals, including behavioral health and substance abuse – services, costs and losses ignored by The Lown Institute in its reports.

There are numerous examples of The Lown's Institute's selective methodology and isolated data points chosen (or omitted) to paint a negative picture of hospitals. A few of the most glaring Wisconsin-related examples include:

- **The report cherry-picks categories of community benefit and ignores other areas of great importance by omitting the very real underpayments from Medicaid and Medicare that hospitals must absorb.**
  - *It is well known, at least by most, that the state and federal governments reimburse well below what Wisconsin hospitals spend to care for Medicaid and Medicare patients. In Wisconsin, this problem is particularly acute with hospitals suffering $1.3 billion in Medicaid losses, at cost, in FY22 ($155 million more than in FY21) and another $3.3 billion caring for Medicare patients. Hospitals cannot deny care to patients based upon their insurance status, so must absorb these costs and "lessen government burden," an IRS cornerstone of tax exemption, in doing so.*
  - *Wisconsin hospitals invest millions to support money losing care and services that no one else will provide and that would not exist in many communities if not for the hospitals. Examples include mental health care, substance abuse care, long-term care, home health, hospice, and others. The Lown Institute does not include these services in its cherry-picked reports.*
  - *The Lown Institute dismisses in its reports the $277 million Wisconsin hospitals spent on educating and training the next generation of doctors, nurses and other care givers and the over $24 million hospitals spent researching life-saving treatments and cures in FY22 – all categories of benefits.*
  - *See WHA's 2023 Community Benefits Report and infographic.*
- **The report does not consider state-level policy differences that can seriously skew the data - policy decisions at the state level can have a major impact on the level of uncompensated care in a state.**

    - *For example, despite being a non-expansion state, Wisconsin Medicaid covers everyone with incomes up to 100% of the federal poverty (FPL). Those with incomes between 100%-138% FPL have access to free coverage on the Marketplace. There is no "coverage gap" in Wisconsin and as a result we have one of the lowest levels of uninsured in the country which impacts "uncompensated care." But that also means hospitals here lose over $1.3 billion per year treating Medicaid patients. The Lown Institute drastically oversimplifies these state-specific, often complicated policy dynamics, an error that characterizes the lack of sophistication throughout their reports.*

- ***Garbage in, garbage out* – The Lown Institute's flawed policy proposals flow from the report's flawed data analysis.** We could not agree more with the American Hospital Association when it recently stated:
    - *"Because the Lown report's analysis is so biased and the data so limited, its policy proposals are equally bad. For example, the Lown report proposes a minimum threshold of community benefit spending for hospitals, but by failing to account for swaths of relevant community spending, the recommendations would result in distorted and rigid standards. Likewise, the report would seek to establish one-size-fits all requirements for financial assistance without accounting for the vast swings in hospital finances that can occur year to year. Take just the first three months of 2024: no one could have expected the adverse fallout from the cyberattack on Change Healthcare, but rigid requirements like those proposed by Lown would have serious impacts on hospital finances and the communities they serve. Having started this exercise with limited data and a biased perspective, it is not surprising that the report ends with equally bad and biased policy ideas."*

It should also be noted that per its website, The Lown Institute receives financial support from Arnold Ventures, a group well known to deploy its bottomless financial resources each year to support think tanks and studies that stoke hostility toward America's hospitals.

Other Articles in this Issue