

Vol. 69, Issue 29

Thursday, July 17, 2025

Health Leaders Weigh Impact of New Medicaid Policies During July WHN

Recent state and federal policy changes to Medicaid took center stage during the July 15 Wisconsin Health News Luncheon (WHN) in Madison. The panel, moderated by WHN's Tim Stumm, featured WHA President and CEO Kyle O'Brien, Wisconsin Department of Health Services Medicaid Director Bill Hanna, Sen. Patrick Testin (R-Stevens Point), LeadingAge Wisconsin CEO Lisa Davidson, Kids Forward Government Affairs Director William Parke-Sutherland and Noble Community Clinics CEO Laura Waldvogel.



WHA's Kyle O'Brien (right) speaks at WHN's luncheon panel on July 15.

The conversation centered on how Medicaid changes enacted in both the 2025-2027 State Budget, signed into law by Gov. Tony Evers on July 3, and the federal Budget Reconciliation Bill (also known as the "One Big Beautiful Bill" or OB BB), signed into law by President Donald Trump on July 4, could affect coverage, funding and care delivery in Wisconsin.

Concerns and Uncertainty with Federal Policy Shifts

Hanna provided an overview of new federal policy changes including new work requirements, limits on provider taxes and state-directed payments and a rollback of Affordable Care Act (ACA) subsidies, noting the potential impact on reduced coverage for some enrollees.

"About a third of [childless adults] wouldn't meet the work requirements," Hanna said, referring to the estimated 63,000 individuals who may lose coverage under the new rules. "There's a lot of paperwork that individuals will have to submit to remain eligible." He emphasized that the administrative burden on both the state and enrollees will be significant, but that many details still need to be clarified by federal regulators.

Testin defended the federal policy direction saying, "But I think overall, philosophically, things like work requirements are at my core value of making sure that we want able-bodied individuals to be out there working, providing for their families—hopefully be able to get on a commercial insurance plan as opposed to government-run healthcare."

O'Brien responded by acknowledging that the goal of transitioning individuals to commercial coverage aligns with hospital interests. "If the policy objective is to get somebody onto commercial insurance coverage or exchange coverage... then yeah, that's something that [hospitals] obviously want."

He noted the shift from commercial insurance to government payers continues to erode Wisconsin hospital margins. "For every one-point change from commercial to Medicare, that's about a \$200 million loss to hospitals annually," he said.

But O'Brien cautioned that if new policies are not implemented carefully, unintended consequences from work requirements and ACA subsidy rollbacks could increase uncompensated care. "If it's not implemented the right way or the effects of the policy are not what the objectives were, and people come off of coverage and are completely uninsured...that's clearly a problem," he said.

However, Hanna qualified these concerns that more information is needed from the Centers for Medicare and Medicaid (CMS) on who is exempt from the requirements and what documentation is needed.

"What we don't know is the specifics," Hanna said. "There's a lot of details that CMS is going to have to put out." Hanna pointed out CMS has until June 2026 to release the details of the new requirements, giving the state six months to implement and communicate to members.

Wisconsin State Budget Softens the Blow, Offsets Medicaid Losses to Hospitals

The panel also explored how Wisconsin's state budget, passed just hours before the federal bill was signed, positioned the state to weather some of the changes. Testin, who serves on the Legislature's Joint Finance Committee and played a key role in budget negotiations, said that while the process was "held together with duct tape and bubble gum," it was ultimately successful.

Acknowledging the long-term pressures facing the Medicaid program, Testin said, "We were looking at about a \$1.5 billion shortfall in Medicaid alone just for our cost to continue," underscoring the state's motivation to act swiftly. "It would have been foolish not to leverage the provider tax given the hole we're facing in our budget," Testin continued.

Stumm asked O'Brien about previous comments WHA made about Wisconsin being a Medicaid "martyr" as the OBBA was being considered by Congress. O'Brien emphasized that while the federal policy changes remain troubling, Wisconsin's bipartisan state budget—driven by the governor and legislative leaders—helped mitigate some of the damage. "It really is the leadership...the bipartisan leadership by the governor and the Legislature that addressed what we felt made us a Medicaid martyr," O'Brien said.

O'Brien credited collaboration with DHS and legislative partners in crafting the updated hospital assessment, noting that it results in a "net impact to hospitals [of] about \$740 million in increased payments." Wisconsin hospitals report an annual Medicaid shortfall of \$1.6 billion. While this increase will have a significant impact for hospitals, O'Brien noted hospitals are "still losing money on Medicaid patients."

O'Brien said, "We have been working—I think 'night and day' is actually accurate—with Bill's team and Senator Testin and his colleagues in the Legislature on the hospital assessment... Big credit to the DHS team because they have done the work in getting the assessment to where it needed to be."

IN THIS ISSUE

- 2026 Outpatient Rule Contains Concerning Site-Neutral & 340B Provisions
- Health Leaders Weigh Impact of New Medicaid Policies During July WHN
- Help Grow Wisconsin Physicians
- Time is Running Out to Submit Your Nomination for the 2025 Global Vision Community Partnership Award

EDUCATION EVENTS

Jul. 23, 2025

EMTALA Update 2025

Aug. 8, 2025

WHA Financial Workshop

Aug. 26, 2025

Infection Prevention and Antibiotic Stewardship