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U.S. House Passes Budget Reconciliation Legislation that would Severely Disadvantage Wisconsin

Legislation Largely Unchanged from Version Initially Introduced Last Week

On Thursday, May 20, the U.S. House of Representatives passed the "One, Big, Beautiful Bill Act," legislation that would extend the 2017 Trump tax cuts but also cut around \$700 billion in Medicaid spending in the process. The legislation passed the House early this morning by a vote of 215-214, with all Democrats and 2 Republicans (Massie - KY and Davidson - OH) voting against it.

As reported in last week's edition of *The Valued Voice*, the legislation included a provision locking states into an unequal federal Medicaid reimbursement model that would severely disadvantage Wisconsin. The provision would freeze states' health care provider assessments at current levels while also freezing provider Medicaid reimbursements for some states, including Wisconsin, at no more than Medicare levels. Conversely, states that have maxed out their provider assessments to increase Medicaid rates well beyond Medicare levels would get to maintain their favorable treatment.

WHA worked closely with members of Wisconsin's Congressional Delegation and colleagues in other state hospital associations to fix this provision that unfairly punishes Wisconsin's hospitals and taxpayers. WHA sent a letter to its Congressional Delegation on Monday May 12, and activated its grassroots HEAT network that day as well. In addition, WHA was in close contact with members of the WI State Legislature, which has been working on an increase to Wisconsin's hospital assessment similar to what was included in Governor Evers budget introduced in February. WHA sent a follow-up HEAT alert reinforcing concerns about the impact to Wisconsin after the legislation passed the House Budget Committee late in the evening of Sunday, May 18. WHA had also been in Washington, DC on May 6 to urge members of Wisconsin's Congressional Delegation to reject cuts that would unfairly impact Wisconsin. At the time, the most likely reported change to provider assessments would have been a decrease of every state's maximum provider assessment from 6% to 5%.

Despite efforts from Wisconsin's Congressional delegation to obtain an amendment that would address the provisions unfairly impacting Wisconsin, the legislation that passed the House remained largely unchanged from what was introduced last week. One small change would allow states that have not expanded Medicaid to increase their directed payments to 110% of Medicare. However, this would still be well below the level other states with higher hospital assessments receive, and well below what it costs Wisconsin hospitals to care for Medicaid (or Medicare) patients. Additionally, the state could not use any additional hospital tax revenue to fund these payments. Instead, the state would have to find other state tax dollars, such as general purpose revenue, to draw down the corresponding federal dollars that other states have used their higher hospital assessments to fund.

Wisconsin has had one of the lowest hospital assessments in the country, at under 2%, and correspondingly low Medicaid reimbursement rates, which cover only around 62% of what it costs hospitals to care for Medicaid patients. Even Medicare only reimburses Wisconsin hospitals around 74% of what it costs hospitals to provide care, which has led to combined Medicaid and Medicare underpayments of nearly \$5 billion in 2023, the most recent year for which data was available.

WHA's President and CEO Eric Borgerding submitted an op-ed that ran in the Wisconsin State Journal earlier this week expressing concerns about the impact of this legislation to both Wisconsin hospitals and Wisconsin taxpayers (see column in this edition of *The Valued Voice*).

The legislation now moves to the U.S. Senate, where numerous Senators have indicated they have significant concerns about various provisions of the bill, including Medicaid cuts and provider assessments. WHA is working to schedule a meeting with Senator Ron Johnson next week to further discuss concerns about how this legislation would unfairly impact Wisconsin and require Wisconsin taxpayers to subsidize other states' Medicaid programs. The Senate has tentatively said they would like to present the legislation to President Trump by the July 4th holiday, but it is unclear how quickly the Senate will be able to obtain agreement on the various items in the legislation. Any changes made by the Senate will ultimately need to return to the U.S. House to pass as well.

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EDUCATION EVENTS

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