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CMS Approves Wisconsin's 2026 Preprint for Enhanced Hospital Medicaid Payments

On May 15, the Wisconsin Department of Health Services' Division of Medicaid Services received approval for its calendar year 2026 state directed payment preprint specifying payment and state and federal funding methodologies for the expanded state directed payment program for hospitals enacted into law last year in the 2025-2027 biennial state budget act.



Consistent with the approval of the preprint, federal officials also notified the state that Wisconsin's directed payment program and provider tax would be grandfathered pursuant to H.R.1 signed into law by President Donald Trump on July 4, 2025.

Last spring and summer, WHA worked closely with Republicans and Democrats in the State Legislature and Governor Evers to enact the expansion of Wisconsin's state directed payment program and provider tax in the state budget to help reduce chronic Medicaid underfunding of hospital services.

In parallel, WHA worked with Wisconsin's congressional delegation to ensure the terms of H.R.1 would not prevent Wisconsin from expanding its state directed payment program and provider tax in the state budget. Without the ability to expand its state directed payment program and provider tax, Wisconsin would have been significantly disadvantaged compared to other states, nearly all of which were previously receiving more federal funding through their provider taxes (in addition to Medicaid expansion dollars for some states).

Following the Centers for Medicare and Medicaid Services' (CMS) actions this week on Wisconsin's state directed payment program and provider tax, Wisconsin hospitals will receive an estimated \$740 million annually in new Medicaid reimbursements, roughly cutting in half the \$1.3 billion Wisconsin hospitals lost in 2024 compared to what it cost them to care for Medicaid patients.

Preliminary guidance from the (CMS) released on November 14, 2025, appeared to conflict with H.R.1 signed into law by President Trump, creating a question whether CMS would approve Wisconsin's calendar year 2026 preprint for Wisconsin's expanded state directed payment program and provider tax. WHA worked with the Evers Administration and Wisconsin's Congressional Delegation to alert CMS officials to this inconsistency which was finally clarified for Wisconsin last week.

"Congressman Steil and the Evers Administration played leading roles in advocating on behalf of Wisconsin's program. We are very grateful for their leadership and the bipartisan support of Wisconsin's congressional delegation and state legislative leaders throughout this process," said WHA President and CEO Kyle O'Brien.

"While hospitals still face significant Medicaid losses in Wisconsin, even after the new state directed payment program is in place, CMS' action ensures that we are not disadvantaged compared to other states by approving significantly increased federal Medicaid funding to Wisconsin hospitals," O'Brien added.

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