

**Wisconsin Hospital Association, Inc.**  
**NEWS**



Contact: Eric Borgerding 608-274-1820 (office)  
George Quinn 608-274-1820 (office)

**Report Shows Cost-Shifting Major Component of  
Rising Health Care Costs**

***Accounts for 26 cents of every dollar spent on hospital care in Wisconsin***

**MADISON (June 30, 2008)** --- A recent report by PricewaterhouseCoopers on medical cost trends for 2009 lists cost-shifting from Medicare and Medicaid recipients, as well as the uninsured, as one of the major factors behind rising health care costs for consumers.

According to the national report, in two years nearly one in every four dollars spent on hospital care by employers and others with commercial health insurance will be attributable to cost-shifting. The Wisconsin Hospital Association (WHA) says the report's findings are consistent with the worsening situation in Wisconsin.

"Wisconsin reached this unfortunate level in 2006, with health care consumers having over 26 percent of their hospital bill attributable to cost-shifting," said WHA Executive Vice President Eric Borgerding. "If nothing changes, by 2009 we estimate nearly one-third of the price employers and others pay for hospital care will be the result of cost-shifting from Medicaid, other government programs and, to a lesser extent in Wisconsin, the uninsured."

Medicaid, the health care program for low-income children and adults, is jointly funded by the state and federal government. Wisconsin's Medicaid program now pays hospitals less than 50 cents for every dollar they spend providing care – some of the worst payment rates in the country. As a result, the state's hospitals are annually forced to recoup over \$600 million in unpaid costs by increasing prices for employers and others.

"The Pricewaterhouse study confirms what we have known for some time – cost shifting from government health care programs and the uninsured is driving up the price of health care for everyone else," Borgerding said. "Wisconsin is making great progress covering the uninsured, but has missed key opportunities to address Medicaid cost-shifting."

Wisconsin's uninsured population is one of the lowest in the country, and could become even lower when BadgerCare Plus is fully implemented next year. Approved by Governor Doyle and a bipartisan majority of legislators in 2007, BadgerCare Plus takes a targeted approach to health care reform by extending coverage to children and low-income, uninsured adults. WHA is a strong supporter of the measure, which preserves Wisconsin's nationally lauded health care delivery system while increasing access to coverage.

As progress is being made to cover the uninsured, the price inflating effects of Medicaid cost shifting remain unaddressed. In fact, Medicaid payments to hospitals have not increased in over a decade, dropping from 81 percent of cost in 1997 to less than 47 percent in 2007.

A hospital assessment proposed by Governor Doyle last session, and revised by WHA, would have captured an additional \$400 million of federal Medicaid payments to help reduce cost-shifting. The proposal failed despite support from WHA and two of the state's largest business organizations, Wisconsin Manufacturers & Commerce and the Metropolitan Milwaukee Association of Commerce.

WHA is hopeful the next state budget, introduced in early 2009, will result in bipartisan action to address Medicaid cost-shifting.

"As the evidence continues to mount about cost-shifting, so does the realization that continued inaction means even higher health care costs," Borgerding said. "The bottom line is it will take a significant injection of new dollars and new thinking to begin addressing this problem."

To read the full report, please visit [www.pwc.com/healthcare](http://www.pwc.com/healthcare). For information, please visit the WHA Web site at [www.wha.org](http://www.wha.org) or [www.stopheshift.org](http://www.stopheshift.org).

*The Wisconsin Hospital Association was established in 1920 with the goal of advocating for the ability of its members to lead in the provision of high quality, affordable, and accessible health care services, resulting in healthier Wisconsin communities.*

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