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March 21, 2019

The Honorable Ron Johnson
United States Senate
Washington, DC 20510

The Honorable Tammy Baldwin
United States Senate
Washington, DC 20510

The Honorable James Sensenbrenner
U.S. House of Representatives
Washington, DC 20515

The Honorable Ron Kind
U.S. House of Representatives
Washington, DC 20515

The Honorable Gwen Moore
U.S. House of Representatives
Washington, DC 20515

The Honorable Sean Duffy
U.S. House of Representatives
Washington, DC 20515

The Honorable Mark Pocan
U.S. House of Representatives
Washington, DC 20515

The Honorable Glenn Grothman
U.S. House of Representatives
Washington, DC 20515

The Honorable Mike Gallagher
U.S. House of Representatives
Washington, DC 20515

The Honorable Bryan Steil
U.S. House of Representatives
Washington, DC 20515

Dear Members of Wisconsin's Congressional Delegation,

On behalf of the more than 140 hospitals and health systems in Wisconsin, we would like to express our concern with proposals in President Trump's Fiscal Year 2020 Budget. While we understand the President's budget serves in practice as a political document, we nevertheless recognize it plays an important role in signaling this administration's position on key health care issues. ***We continue to have very serious concerns about this administration's direction on site-neutral payment policies, new regulations in the 340B prescription drug discount program, and other reimbursement cuts that would negatively impact Wisconsin hospitals and the communities we serve.***

Site-Neutral Payment Cuts

President Trump's FY2020 Budget expands previous cuts made to off-campus hospital outpatient departments, on top of those made in last year's 2019 Outpatient Prospective Payment Rule. As a reminder, we estimated those cuts to impact around 40 Wisconsin hospitals by about \$15 million in 2019, and \$30 million annually thereafter. ***We are extremely grateful for the support of those of you who signed onto the letter expressing your concerns with this policy to CMS last year.*** Unfortunately, the proposed budget would expand site-neutral payments to new services performed at both off-campus *and* on-campus hospital outpatient departments. Together, these cuts would total \$160 Billion over 10 years.

As you know, Congress specifically exempted hospitals from site-neutral payments not once, but TWICE, both in the Bipartisan Budget Act of 2015 and the 21st Century Cures Act that passed a year later. In both instances, Congress recognized that hospitals face higher costs to staff emergency departments 24/7, conform to a higher regulatory environment, and tend to serve higher-acuity patients. To be clear, WHA and its members understand the site-neutral payment rationale that the same services should be reimbursed at the same level regardless of where they are provided. However, if the administration wishes to pursue this policy, it should be balancing these cuts with offsets elsewhere that make up for the higher losses hospitals take from Medicare and Medicaid compared to other settings. ***One way to do***

this would be to focus on comprehensive payment reform designed to encourage high-quality, high-value health care, the type of health care Wisconsin is consistently recognized for.

340B

We were disappointed to see the FY2020 budget contain new provisions that would further harm the 340B prescription drug discount program. Specifically, the budget proposes to create a new user fee for every drug purchased by 340B hospitals and contains new regulations on 340B reporting to be designed by the Health Resources and Services Administration (HRSA). This is the wrong direction for the 340B program. Hospitals already face a complex regulatory environment and compliance requirements under 340B, and this would add to that burden without improving care.

As you know, the 340B prescription drug program has long helped hospitals “stretch scarce federal resources as far as possible,” just as Congress originally intended. ***In 2017, Wisconsin’s 340B hospitals provided \$210 million annually in uncompensated care and lost another \$1.5 billion in Medicaid and Medicare reimbursement shortfalls.*** 340B is a rare program that uses no tax dollars to help save hospitals money and expand services in their local communities.

Other Policies that Drive up the Hidden Health Care Tax:

In addition to these concerning policies, the FY2020 budget contains nearly \$300 billion in other hospital cuts, including reductions in bad debt and uncompensated care payments, reductions for post-acute providers and long-term care hospitals, and cuts to the graduate medical education program that helps hospitals train new physicians. Besides exacerbating the workforce shortage gap, the cumulative effect of these cuts would be to increase the hidden health care tax. When Medicaid and Medicare pay providers less than it costs them to provide care, those costs get shifted onto the private sector, creating a “*hidden health care tax*” that drives up the cost of health insurance for everyone else. In 2017 alone, Wisconsin hospitals collectively reported underpayments of \$3.2 billion from what it cost them to provide care and what Medicare and Medicaid reimbursed for that care.

WHA Supports this Administration’s Regulatory Reform Efforts

Despite our concern with the administration’s proposed cuts, we are encouraged by other policies designed to decrease the regulatory burden that we applaud this administration for and ask for your support as well. Two quick examples include the 96-hour CAH rule and Stark Law reform. In the FY 2020 budget, CMS’s proposes eliminating the existing rule requiring critical access hospitals to certify that all patients should be expected to be discharged within 96 hours of admission. This is an unnecessary rule that does not reflect current practice in many rural CAHs. Additionally, we look forward to working with Congress and this administration to reform the physician self-referral law, more commonly referred to as the Stark Law. This is another regulation that prevents innovation in hospitals by making it harder to hire physicians and adopt value-based payment models.

Instead of the harmful cuts to hospitals in the proposed FY2020 budget, we look forward to working with you on advancing policies that reduce burdensome regulations and help us build upon Wisconsin’s excellent reputation for high-quality, high value health care.

Sincerely,



Eric Borgerding
Wisconsin Hospital Association
President and CEO