

WHA Continues to Express Concerns with Inadequate Medicare Payments in Outpatient Comment Letter

On Sept. 9, WHA urged the Centers for Medicare & Medicaid Services (CMS) to account for the true costs of inflation in health care which have been underestimated by CMS in recent annual payment updates, including CMS's proposed 2025 outpatient increase of 2.6%.

WHA pointed to a [report from the American Hospital Association](#) that showed:

- Overall inflation grew by 12.4% from 2021 through 2023 — more than twice as fast as Medicare reimbursement for hospital care, which increased by 5.2% on the inpatient side during the same time.
- Labor costs increased by more than \$42.5 billion from 2021 through 2023 to a total of \$839 billion.
- Hospitals have had little choice but to turn to contract labor to fill shifts, spending approximately \$51.1 billion on contracted staff in 2023 alone.

At the same time, more people have been moving off commercial insurance and onto Medicare as our population ages, significantly altering hospitals' payor mix. From 2016 to 2022, the average payor mix for a Wisconsin hospital has seen Medicare grow from 45% to 50%, while commercially insured patients have shrunk from 37% of the payor mix to only 32%. The combined impact has seen annual Medicare underpayments to Wisconsin hospitals grow from -\$1.77 billion in 2016 to -\$3.3 billion in 2022, an 86% increase in six years. WHA noted these factors have had a measurable impact on hospitals' bottom lines, including contributing significantly to two hospital closures.

WHA also pushed back on CMS's plans to implement new conditions of participation (COPs) related to obstetrics and maternal health, suggesting CMS should be seeking a carrot rather than a stick approach. CMS had stated its goal is to ensure these policy changes address preventable disparities in care but do not exacerbate access to care issues, but WHA recommended CMS abandon new regulations on hospitals that are already overregulated. "WHA is concerned that adding COPs may duplicate, or worse, conflict with requirements already in place, and that this may be the breaking point for hospitals that are already having difficult conversations surrounding whether they can sustain birthing services," said WHA President and CEO Eric Borgerding.

Despite these concerns, WHA provided comments in support of CMS extending telehealth flexibilities and reducing prior authorization wait times for Medicare services administered at hospital outpatient departments. WHA noted that workforce shortages continue to be one of the most significant challenges hospitals and health systems face and hospitals need the flexibility that telehealth provides as well as more streamlined prior authorization policies to reduce unnecessary administrative burdens on clinicians so they can focus on patient care.

In addition to these comments, WHA provided comments on:

- Proposed payment changes for diagnostic radiopharmaceuticals
- Proposed non-opioid treatments for pain
- Further CMS flexibilities on its 4-walls policy for Medicaid services
- Numerous new proposals on quality measures, including a new request for information (RFI) on changes to hospitals star ratings.

You can read WHA's full [comment letter here](#).

Contact WHA's VP Federal and State Relations [Jon Hoelter](#) with questions.

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