

## Legislature's Joint Finance Committee Approves Significant Medicaid Reimbursement Increases for Primary Care Physicians, Inpatient Psychiatric Units, Urban and Rural Hospitals

### New investments in health care workforce also included

The Legislature's Joint Finance Committee (JFC), led by Rep. Mark Born (R-Beaver Dam) and Sen. Howard Marklein (R-Spring Green), passed a strong package of Medicaid reimbursement investments on Friday, June 16 that will support Wisconsin hospitals, primary care providers and inpatient behavioral health units while expanding critical programs for health care workforce development.

Among the key investments supported by the committee was a \$24.1 million General Purpose Revenue (GPR) annual increase in the Medicaid Disproportionate Share Hospital (DSH) program. This increase, which yields an additional \$124 million in hospital payments over the next two years, fully leverages authority provided by the federal government to support hospitals through Wisconsin's Medicaid DSH program. Traditionally, Wisconsin had under-utilized Medicaid DSH, but over the last decade, WHA advocated with the Legislature, along with Gov. Tony Evers and previous Gov. Scott Walker, to build the program from nothing to now hit our federal maximum.

"WHA is grateful to members of the Joint Finance Committee who put forward a strong, comprehensive package of health care related reimbursement investments that will help hospitals deal with rapid inflation and cost pressures that have negatively impacted access to care for patients," said WHA President and CEO Eric Borgerding in a media statement following JFC action on the budget.

"The American Hospital Association estimates hospital supply inflation is outpacing general inflation by 30%, meanwhile Wisconsin's Medicaid program continues to reimburse hospitals far below the cost of providing care. Today's investment in hospitals, who care for everyone who walks through their doors, will provide stability to the health care safety-net when it's needed most," continued Borgerding.

In addition to increases in Medicaid DSH, the JFC's motion adds funding to improve across-the-board hospital base rates by nearly \$70 million over the upcoming biennium and doubles investments made by the state through the unique-to-Wisconsin Rural Critical Care (RCC) supplement. Hospitals that receive RCC support (i.e., critical access hospitals that don't qualify for DSH due to labor and delivery requirements) will receive significantly more support through this program in the state fiscal year starting July 1, 2023.

"We have what I think is a positive motion in front of us, that has a positive impact on so many areas of our health care system," said Sen. Marklein during committee proceedings in the early morning hours of June 16. "We are making investments in our hospitals, which are so important to my communities."

In addition to the investments in hospital Medicaid rates, the JFC also provided a substantial increase to primary care provider Medicaid rates—increasing rates by over \$132 million in the next biennium and getting primary care provider Medicaid rates up to 70% of what Medicare pays for these services. With 85%-90% of primary care providers employed or subsidized by Wisconsin hospitals, this rate increase will help to offset Medicaid losses hospitals and health systems experience by offering this community need and lead to expanded services in primary care.

Rep. Born, a co-author of the budget motion with Sen. Marklein, highlighted several of the strong investments that the committee approved. "Whether it be maximum funding for DSH payments, or some additional money to nursing homes or home care or even smaller things like trying to restart a dentistry residency program...this motion is full of things like that," said Born.

The JFC also expanded WHA-initiated workforce grant programs to expand the physician, registered nurse and allied health

professional pipeline. In 2017, at WHA's urging, the state Legislature created a grant program that provided up to \$125,000 in matching funds annually to a health care consortium that provided allied health professional training. The program has been met with significant demand from health care organizations and educational partners, with the number of applications for grant funding far outpacing the state's existing appropriation. The JFC increased funding in this program by 500% for the next two years and made registered nurse training programs eligible for this funding pool. WHA worked directly with Rep. Tony Kurtz (R-Wonewoc) and Sen. Romaine Quinn (R-Cameron) to put forward this budget motion.

In addition to allied health professional grant investments, the JFC also increased funding to the state's Graduate Medical Education grant program by \$2 million over the biennium.

"Also, in the area of mental health, we are increasing the reimbursement rates for behavioral health units in our hospitals, which is incredibly important. We are also recognizing some of the challenges that are facing our health care system today including the situation where we have patients that are able to be discharged from the hospital, but they don't have any place to go," continued Marklein.

WHA worked with Sen. Jesse James (R-Altoona) and Rep. Rob Summerfield (R-Bloomer), who [previously hosted a legislative briefing by WHA](#) on inpatient behavioral health needs, to put forward a budget motion that would increase inpatient behavioral health reimbursement for Medicaid patients in general medical-surgical hospitals. The increase would provide \$30 million in the next budget, but \$20.3 million in the base year (ongoing funding) to increase rates for inpatient behavioral health units.

The JFC is expected to complete its work on June 22, and the budget will now make its way to the full state assembly and senate. Following approval by the senate and the assembly, the governor will have six days to review the budget bill and is likely to either line-item veto portions of the budget or veto the budget in whole.

## Other Articles in this Issue

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