

President's Column: Wisconsin hospital safety net in danger. Two have already closed for good.

By WHA President and CEO Eric Borgerding

In November, the annual *Guide to Wisconsin Hospitals* was [released](#). We learned that 53 of Wisconsin's non-profit hospitals operated in the red in 2023. At first blush, 53 may not sound like a lot – but that is one out of every three Wisconsin hospitals. And even worse, this is the second year in a row with one-third of our state's hospitals taking in less revenue than they spend to provide care. This "new normal" is troubling, as 82 Wisconsin hospitals experienced lower operating margins in 2023 than they did in 2022.

But statistics tell only part of this story – for the first time in nearly a decade, [two hospitals closed](#) their [doors for good](#) in the Eau Claire area.

These closures impacted not just the care provided inside two inpatient hospital buildings, they also crippled access to [critical elements](#) of the health system that are dependent on hospital revenues to exist, including mental health and substance abuse care – the kinds of services that often no one else will provide to those who need, or can least afford them, the most. What happened in the Chippewa Valley earlier this year is a stark reminder of how greatly our communities depend on Wisconsin's non-profit hospitals and health systems to support a broad array of safety services that otherwise would not exist.



Eric Borgerding

Wisconsin hospitals need meaningful support from lawmakers

Without meaningful support from lawmakers, Wisconsin hospitals will continue to face significant financial strain that threatens not only the stability of our health care system but the availability of care for our state's communities. Making sure our hospitals are on solid footing is the crucial step, and there are many reforms that can support this if state lawmakers are willing to take on this issue in the state budget. Those reforms include ensuring that Medicaid reimbursement rates are sufficient to cover the cost of care, relieving some of the financial burdens placed on hospitals by health care middlemen, and providing the support necessary to keep our hospitals open and operational.

Wisconsin's non-profit hospitals, which are the main focus of the new report, are the largest element of the local health systems to which they belong. Simply put – as they go, so goes the rest of the non-profit health system. Indeed, Wisconsin's non-profit hospitals, which care for all who come through their doors, also support a wide array of critical community services often delivered outside those doors. Mental health, EMS, home health, hospice, long-term care for the elderly and delivering babies for young families are just a few examples of the care delivered in our state's health systems.

So perhaps more concerning is that in 2023, the average Wisconsin health system operating margin is a negative 0.8%. This is the second year in a row where Wisconsin health system operating margins were negative (it was -0.1% in 2022), and it is the result of including the many – and often money-losing – non-hospital services they alone create or sustain in their communities.

Unlike other industries (and unlike most of the for-profit hospitals and surgery centers now springing up across Wisconsin), Wisconsin's non-profit hospitals take all "customers" – in other words, patients. Among other things, this means two-thirds of hospital revenues are dictated by the government through Medicare and Medicaid. In 2023, Medicaid reimbursed hospitals 37%

below their cost to provide care, with Medicare 26% below cost. In 2023, that amounted to about \$1.6 billion less than the actual cost to provide care for Medicaid alone. No other industry provides a service to Wisconsin state government where they lose money on every service provided – except for non-profit hospitals and health care providers.

The remainder of hospital payments are determined largely by insurance companies, and through increasingly “take-it-or-leave-it” contracts. Often today, this devolves into public relations campaigns that leverage disruption to patient care and foment hostility towards local community hospitals so they will “take it.”

Insurance company red tape exploding, adding to costs

This is all happening as insurance company red tape explodes. Physicians, nurses and other hospital staff now spend as much time on the phone fighting with insurance company middlemen for approval to provide care as they do actually delivering care.

This [burden of waste](#) takes billions of dollars every year away from patients and their care.

The impact on patients and the already stretched thin health care workforce is now well-documented and undeniable. In fact, the numbers are staggering, [with 45 cents of every healthcare dollar](#) now going to these middlemen that increasingly occupy, [and make money within](#), the space between patients and health care providers.

But we can begin mitigating, if not reversing, some of these challenges by enacting public policies to improve reimbursement for care provided to Medicaid patients, doubling-down on investments in our healthcare workforce, and shedding much needed light on and reforming the “middlemen” in health care who take so much out of our health care system.

This column originally appeared in *Milwaukee Journal Sentinel* on Dec. 1, 2024.

Other Articles in this Issue

- [President’s Column: Wisconsin hospital safety net in danger. Two have already closed for good.](#)
- [Registration Now Open for WHA Wisconsin Health Care Workforce Salary Survey.](#)
- [Wisconsin Hospitals State PAC & Conduit Reaches 95% of Goal, Three Weeks Left to Contribute](#)
- [Only 10 Days Left to Register for the 2025 WHA Health Care Leadership Academy – The Business of Healthcare](#)
- [Register Today for Next Week’s WHA Hospital Members Only Webinar – Beyond Advocacy.](#)