

WHA Expresses Concerns with Inadequate Payment Update in FY 2023 Inpatient Rule

WHA has raised objections to the inadequate payment adjustment for hospitals in the Centers for Medicare and Medicaid Services' (CMS) FY 2023 proposed Inpatient Prospective Payment System update.

In its comment letter, WHA cited a number of reasons why CMS's proposed 3.2% market basket update was not keeping up with the true level of inflation impacting health care, including:

- Rising labor costs (which often make up 60% or more of hospitals' operating costs) from a nationwide workforce shortage.
- Stagnant reimbursement from government payers like Medicare and Medicaid, which make up more than half of inpatient care for 94% of Wisconsin hospitals.
- Longer average lengths of stay due to hospitals treating higher-acuity patients and the lack of available long-term care settings for patients. These patients require more staffing resources; and yet, the antiquated payment structure does not take this into account.
- A return of the Medicare Sequester cuts at 1% on April 1, and 2% on July 1.
- The expiration of the Medicare-Dependent and Low Volume Hospital adjustment designations, which would lower payments by up to \$19 million in 2023 for Wisconsin hospitals if not renewed by Congress.

WHA urged CMS to take these factors into account and adjust 2023 rates for the true level of inflation.

WHA also expressed strong concerns with CMS's proposal to require hospitals to continue reporting COVID-19 infectious disease data beyond the length of the public health emergency, given hospitals are already dealing with too many complex regulations and a dwindling workforce pool to balance patient care needs and federal regulatory compliance.

One of the more significant areas where CMS proposed numerous updates was in its quality reporting programs. WHA commended CMS for recognizing the uniqueness of the pandemic and taking reasonable steps to suppress the impact of data reported during the COVID-19 pandemic from impacting quality scores. While recognizing the importance of efforts to improve disparities in health equity, WHA also urged caution that CMS should not create penalties for hospitals making efforts to address these disparities that are often the result of a more complex set of factors that require community collaboration to address.

Read WHA's [full comment letter](#).