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May 22, 2023

Members of the Joint Committee on Finance,

Wisconsin's 140 hospitals are facing some of the most challenging times in recent memory. Demand for patient care continues to outpace the ability for hospitals to provide it. Emergency departments are filling up with sicker patients, as less acute patients wait hours to be seen. Patients awaiting admission into a hospital are delayed because staffed hospital beds remain occupied when they should no longer be. Many of these challenges are out of our control, yet hospitals are expected to manage the ramifications of others' decisions.

Besides the external challenges, hospitals are struggling with the ability to afford staff. One in every ten health care positions in a hospital remain vacant, while competition for labor has solidified its higher costs.

Meanwhile, consumers want to pay less for health care and government fee schedules are not keeping pace with the costs we incur.

In the first six months of 2022, the average Wisconsin hospital had a negative operating margin. According to data from Kaufmann Hall's national hospital flash report, these losses have now become the new normal. Although 95% of Wisconsin hospitals are non-profits, they cannot defy economics by operating at a deficit.

Recent reports in Wisconsin make this national data real at home. Labor and delivery services at three rural Wisconsin hospitals. Closed. A 16-bed psychiatric unit in a suburban Wisconsin community. Closed. "Long waits" reported by patients at an urban tertiary care hospital. Months-long waits to see a specialist. Hundreds of staff positions eliminated at one health system.

And these examples are just in the last six months.

We are now in a financial situation where these losses can no longer be absorbed, and patients are feeling the impact of necessary cuts to sustain a hospital's financial position. Fortunately, this is something you have the power to change.

The budget before you presents an opportunity to make significant progress to help hospitals deal with these challenges. Wisconsin lawmakers have the ability, with a \$796.4 million Medicaid surplus and a multi-billion-dollar general fund surplus, to increase reimbursement for Wisconsin hospitals in a substantial way.

Our ask is simple. We are asking you to cover our costs. **Investing just \$185 million GPR annually – less than 1/4 of the existing Medicaid surplus and less than 3% of the existing general fund surplus – would cut our Medicaid losses in half.** We are not asking to be reimbursed over our cost – we are simply asking that the state not push the unfunded costs of Medicaid onto hospitals any longer, especially when there is a strong surplus in our state budget.

Although the last several years have been among the most challenging we've ever faced, many lawmakers have been at our side as we managed these challenges. For your continued commitment and partnership, we truly thank you. We value the opportunity to care for our community when they need us, and we know you appreciate the work we do for the communities you represent.

We need your help now more than ever to help us fulfill this mission and regain the access to high quality healthcare your constituents have come to expect.

Sincerely,



Debra Rudquist, RN, MSN, FACHE
Chief Executive Officer
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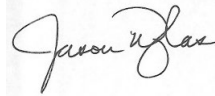
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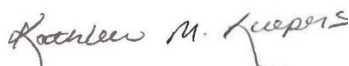
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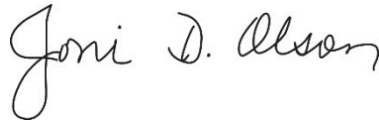
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