

**Vol. 4, Issue 3**

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## Letter to Sen. Ron Johnson on House Budget Reconciliation Medicaid Cuts

On June 4, WHA's Board officers sent a letter to U.S. Senator Ron Johnson urging him to use his role on the Senate Finance Committee to help restore fairness to the Medicaid provisions in the House budget reconciliation legislation that the Senate is now working on.

In the letter, WHA noted that Wisconsin already ranks 13th lowest in the country in terms of federal funding per-Medicaid-beneficiary but would be poised to become even more of a donor state if the legislation passed the U.S. Senate without changes. The House legislation would see Wisconsin's hospital assessment frozen at its current level of 1.7% of net patient revenue, well under the 6% limit many other states are at. Medicaid reimbursements would also be frozen at no more than Medicare rates, which are currently at about 74% of cost.

Wisconsin has not altered its hospital assessment since it originated in 2008, but Republican controlled legislature and Governor Evers are working on proposals to increase Wisconsin's hospital assessment up to the 6% limit given the financial challenges Wisconsin hospitals have been dealing with as a result of poor Medicaid reimbursement. Nearly one-third of Wisconsin hospitals operated in the red in 2023 and Wisconsin saw its first hospital closures in nearly 20 years in early 2024 in Eau Claire and Chippewa Falls. These closures were largely a result of poor Medicaid reimbursement.

Hospitals are also dealing with unhealthy changes in their payor mixes due to aging demographics. Wisconsin is the 11th oldest state in the country in terms of the percentage of its population on Medicare, and we have seen the average payor mix go from 45% Medicare and 37% commercial in 2016 to only 28% commercial but 55% Medicare in 2024. With Medicare rates paying only 74% of cost on average, Wisconsin hospitals saw losses from Medicare underpayments rise to \$3.3 billion in 2023.

WHA noted in the letter that the House legislation would permanently create winners and losers with unequal treatment and was the antithesis of the Graham-Cassidy-Heller-Johnson amendment authored by Senator Johnson in 2017 that treated states fairly. Instead of treating states fairly, the letter pointed out that the House legislation being pushed by a Republican majority would ironically punish states like Wisconsin who have made decisions about their Medicaid programs that Republicans have held up as ideal.

The letter also pointed out a recent Breitbart news article that has drawn a similar conclusion: the House legislation would punish states that have been fiscally responsible while rewarding liberal states that have spent to the max. The article also pointed out that conservative governors like Louisiana Republican Governor Jeff Landry have viewed provider assessments as a way to keep taxes down in their own states.

Republican Senators have said they would like to have the budget reconciliation legislation ready for President Trump to sign by July 4<sup>th</sup>, but some have acknowledged this will be difficult due to numerous disagreements between different Senators. Senator Ron Johnson has publicly said he intends to oppose the legislation because he believes it spends too much, and he would like to get federal spending levels more in line with pre-pandemic spending levels. Meanwhile, numerous Senators have also mentioned concerns about Medicaid cuts, and in particular, their impact on rural hospitals.

WHA is continuing to engage with Senator Johnson and Wisconsin's Congressional delegation to remove the provisions that would unfairly harm Wisconsin.

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### EDUCATION EVENTS

Aug. 8, 2025

WHA Financial Workshop

**Sep. 17, 2025**

2025 Annual Wisconsin Organization of Nurse Leaders Conference

**Jan. 28, 2026**

2026 WHA Health Care Leadership Academy