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Hospitals Cannot be Taken for Granted: Sen. Jeff Smith Discusses Closures, Challenges with WHA's Public Policy Council

Eau Claire-area lawmaker, ranking senate health committee member discusses the impact of hospital closures on access to care

Sen. Jeff Smith (D-Brunswick), Ranking Member of the Senate Health Committee and Assistant Democratic Leader, joined WHA's Public Policy Council as a guest speaker during its March 12, 2025 meeting to discuss the impact of hospital closures in the Chippewa Valley, challenges with Medicaid reimbursement and regulation and key WHA priorities like passing a next of kin decision-making process for transferring certain incapacitated patients from an acute-care hospital to a post-acute care setting.



L to R: WHA President and CEO Eric Borgerding, Sen. Jeff Smith, Council Chair and Westfields Hospital CEO Steve Massey, WHA Senior Vice President of Government Relations Kyle O'Brien, WHA Vice President of Federal and State Relations Jon Hoelter.

"What you all do is taken for granted, it's always been there," said Sen. Smith about hospitals generally and the 2024 closure of a hospital in Eau Claire that had existed for 125 years. Smith

recognized that it wasn't just the closure of acute-care hospital services that impacted access to care in the community, it was other critical services that the community had depended on.

"A big loss that came with the closure of our hospitals was behavioral health in the Chippewa Valley. The costs are incredible and difficult for our hospitals to be able to absorb and I think that's when the state needs to be a partner," said Smith.

Council Chair and Westfields Hospital CEO Steve Massey asked Smith what surprised him most following the closures. "Capacity was a big surprise, the lack of capacity," said Smith.

Smith discussed his own experience as a caretaker for his parents, where he witnessed the ripple effects of a hospital closure, including wait-times in remaining emergency departments. Smith also discussed how the reduction in non-hospital behavioral health services also contributed to "clogging up" hospital emergency departments in the region.

"I'm sure you've heard some of the causes of these closures, including Medicaid reimbursement," said Massey. "Being in an organization that operates in Minnesota, we see the difference between the two states in reimbursement." Wisconsin's Medicaid program reimburses hospitals at only 63% of the cost to provide care, resulting in a \$1.6 billion annual loss to hospitals for serving Medicaid patients and one of the lowest reimbursement rates in the country.

Smith also referenced the challenges faced by some patients in need of labor and delivery services, sometimes having to travel long distances to deliver their newborn.

"Door County Medical Center is one of the lowest volume birthing centers in the state," said Brian Stephens, CEO of Door County Medical Center (DCMC). Stephens said that DCMC retains this service because of geography and access to care for patients who would need to otherwise travel over an hour to deliver a baby. But Stephens highlighted challenges to keep this service-line open, including recruitment and covering costs as nearly half of their deliveries are from patients who receive Medicaid. "In order to keep our birthing center sustainable, we need a Medicaid payment rate that helps us do that."

Shifting into health care costs and transparency, WHA President and CEO Eric Borgerding discussed the frustrations hospitals have when their efforts to improve care or reduce costs don't translate through health care middlemen into savings for employers.

"Hospitals work very hard to come to the table with insurance companies and put reasonable rate increases on the table," said Borgerding. "But we have zero line of sight into what happens with those savings between the time a hospital puts it on the table and the time an employer pays their insurance premium, because those savings go to somebody else—they go to all the fingers and hands that are in the pie—the insurance industry, the agents, the third party administrators in-between the hospital and the premium payer."

"Normal people just want direct access," said Smith. "They are tired of that middleman, too."

While western Wisconsin lost behavioral health care access in the region due to the closure of facilities, other health care organizations have discussed opening new services. Several have cited

regulatory complexity and government underfunding as reasons that they have resisted expansions into behavioral health, even though patient demand exists.

“Wisconsin DHS has increased complexity to our behavioral health environment that is unique to Wisconsin. We have onerous regulations in place that we’ve tried passionately to work on, to reduce the administrative complexity,” said Black River Health CEO Carl Selvick.

“In other services, if I just hired a provider, I can bring in the service. That’s not true in behavioral health,” said Selvick. “I could put more beds into the western Wisconsin region. We have the expertise to be able to do that, but we are not doing that because of the business environment Wisconsin has with behavioral health regulations and Medicaid reimbursement.”

“We have the framework in place, but here is why we are not moving forward. Medicaid creates uncertainty due to underfunding. When we go into service lines, we want to make sure that we can offer this service long-term,” said Selvick. “It is extremely hard to offer a service and then pull it back.”

Smith referenced a recent meeting with a group of physicians in Menomonie, where the issue of post-acute care placements for incapacitated patients through “next of kin” was one of the most frequently discussed topics.

“When you asked earlier about what surprised me most following the hospital closures, next of kin was another one. People don’t think about it until they need it or until it’s too late,” said Smith.

The Council also discussed the importance of maintaining a balanced medical malpractice environment to recruit and retain physicians into Wisconsin, especially in higher-risk specialties, like obstetrics, or geographic areas across the state.