

WHA Expresses Concerns with Continued Inadequate Payment Updates in 2025 Proposed Inpatient Rule

On June 10, WHA [expressed its concerns](#) that CMS continues to downplay the severity of cost increases impacting hospitals in its proposed payment update for the 2025 Inpatient Prospective Payment System.

WHA expressed concerns that costs have increased dramatically for hospitals in the last few years, with overall inflation growing by 12.4% from 2021 through 2023 – more than twice as fast as hospital Medicare reimbursements – and that hospitals face severe labor cost pressures due to a persistent workforce shortage and the dependence on contract labor. Further exacerbating the challenges of inflation pressures in health care, hospitals are grappling with demographics challenges, given that Wisconsin is an aging state, and, in fact, the 11th oldest in the country in terms of its share of the population on Medicare. As more Wisconsinites have aged and moved off commercial insurance and onto Medicare, which pays only 73% of what it costs hospitals to provide care, annual underpayments to Wisconsin hospitals have grown from \$1.77 billion in 2015 to \$3.3 billion in 2022, an 86% increase in 6 years. With these challenges in mind, WHA urged CMS to appropriately account for recent and future inflationary trends to ensure Medicare payments more accurately reflect hospital costs in the current and future payment rules.

WHA also expressed concerns against proposals by CMS to institute new regulations in the form of hospital Conditions of Participation in Medicare (CoPs) for both reporting data on respiratory illnesses and for hospitals that provide obstetrical services. CMS is proposing to require hospitals to submit numerous data fields related to COVID-19 and other acute respiratory illnesses while also proposing to give the agency broad authority to make ongoing changes to reporting requirements outside of the rulemaking process if the secretary perceives a "significantly likely" public health emergency even when it has not yet been declared. WHA questioned the importance of this, especially given that CMS allowed previous CoPs to expire as of April 30, 2024, and considering that CMS has never been transparent about how policymakers intend to use this data, noting that Wisconsin hospitals seemed to be at a disadvantage for receiving federal distributions of supplies, therapies and PPE during the height of the pandemic.

"Time and again, hospitals have shown their ability to be nimble in responding to the various challenges thrown their way. CMS should recognize this and opt for a voluntary reporting process rather than a heavy-handed CoP," said WHA President and CEO Eric Borgerding in WHA's comment letter.

CMS also noted it is considering proposing CoPs for obstetrical services in its upcoming 2025 outpatient payment rule, and asked for feedback, saying its goal would be to "ensure that any policy change to obstetrical services improves maternal health care outcomes and addresses preventable disparities in care but does not exacerbate access to care issues." WHA, while agreeing with the importance of improving maternal health outcomes, disagreed with attempting to effectuate such goals through CoPs. WHA said in its comment letter that it is concerned "adding COPs may duplicate, or worse, conflict with requirements already in place, and that this may be the breaking point for hospitals that are already having difficult conversations surrounding whether they can sustain birthing services."

In addition to these concerns, WHA also commented on:

- CMS' estimates of the uninsured used to calculate the DSH allotment.
- Concerns over Medicare Audit Contractors (MACs) not uniformly applying contract labor to a hospital's wage index.
- The potential expiration of the Medicare-Dependent Hospital (MDH) and Low Volume Hospital (LVH) programs.
- Concerns over CMS' planned allotment of GME slots for hospitals in HPSAs as well as proposing a definition of new residency programs.
- Concerns over the added clinical/regulatory burden CMS will place on hospitals in proposing payments for new buffer stocks of essential medicines.
- Feedback on changes to the hospital quality reporting and interoperability programs.

You can read WHA's full comment letter [here](#).

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