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President's Column: House Budget Proposal Unfairly Penalizes Wisconsin

By Eric Borgerding, President and CEO, WHA

As it stands today, the budget reconciliation bill moving through the U.S. House of Representatives will have severe and unfair consequences for Wisconsin health care. It creates Medicaid winners and losers, with Wisconsin at the bottom.

The problem? Wisconsin ranks among the lowest states in the nation in federal support for our Medicaid program. As a result, Wisconsin hospitals already suffer some of the worst Medicaid payments in the country, losing 38 cents for every dollar they spend providing care to Medicaid patients—an annual shortfall of \$1.6 billion for Wisconsin. We are effectively penalized for being high quality and low cost, and the shortfall jeopardizes the health care safety net for everyone, including those not on Medicaid.

Here's what else we know: In 2023, one-third of Wisconsin's hospitals operated in the red, many of those in rural areas. We also know Wisconsin's low reimbursement from Medicaid contributed to the closure of two hospitals in 2024 and the shuttering of 16 labor and delivery programs in the past decade—one of the largest numbers of closures in the country and mostly in rural areas. In some parts of the state, parents now drive 50 or more miles just to have their baby.

In Eau Claire and Chippewa counties, communities are still reeling from the closure of two area hospitals and the many other services they supported, damaging their safety net and economic stability. Recent polling shows that hospital closures have rattled voters who are concerned about losing access to care. With Wisconsin already receiving the 12th lowest amount of federal dollars per Medicaid enrollee in the country, Congress shortchanging Wisconsin could not come at a worse time.

If the House proposal passes as is, Medicaid payment rates will be locked in for Wisconsin, penalizing our patients and taxpayers simply for living and raising a family here. And while most states will be allowed to use federal Medicaid dollars to reimburse their hospitals well above the cost to provide care, the House bill actually prohibits Wisconsin from paying its hospitals more than 74% of what it costs to provide care.

Our congressional delegation must work now to remedy these glaring inequities that unfairly punish our state.

Practical solutions exist to address this unfairness, but the House bill takes them away for Wisconsin. The current House package will halt any effort to secure our fair share of federal Medicaid support through "provider assessments," a mechanism used by nearly every state and that Wisconsin has relied on since 2007 to improve Medicaid funding. The House bill would freeze Wisconsin's provider assessment at 2007 levels while allowing states with assessments up to three times higher than Wisconsin's to keep their full amount in perpetuity.

That is wrong and penalizes Wisconsin for being historically fiscally responsible. It leaves our residents, patients and taxpayers with the short end of the stick.

Instead of creating winners and losers, Congress should treat all states fairly by allowing them equal access to these funding tools.

Wisconsin's nonprofit hospitals are the foundation of our safety net for health care, caring for everyone who walks through their doors. Adequate and fair Medicaid funding is a critical component of sustaining many services that only Wisconsin's nonprofit hospitals step up to deliver. But in the effort to find health care spending cuts in Washington, D.C., Congress is forcing Wisconsin to bear an unequal share.

Time is running out to remedy these glaring inequities. We need our congressional delegation to work quickly and together to change the House legislation and allow us the same opportunities now being guaranteed for nearly every other state but being taken away for Wisconsin.

This column was originally published in the Wisconsin State Journal on May 19, 2025. View it here.



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WHA Financial Workshop

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2025 Annual Wisconsin Organization of Nurse Leaders Conference