

An Open Letter from Wisconsin's Hospital Leaders

April 14, 2021

Dear members of the State Legislature's Joint Finance Committee,

We are honored to write to you today, having gone through what is undoubtedly the most challenging time we've ever faced in health care. We have now lived through a moment that created concern with the availability of hospital care; something that many couldn't imagine possible. Our planning, innovative thinking and our respective teams' unwavering passion for patient care has served your constituents and our state well. Throughout the pandemic, every function within our hospital was utilized or redeployed in response to this pandemic – all facets of our operations were tested.

But when your constituents needed us, we were there. When the State of Wisconsin needed vaccination and testing infrastructure, we provided it – in fact, the majority of it, with hospitals and health systems providing millions of tests and vaccines across the state and also helping support the efforts of local public health departments. When employers needed a vaccination partner, we answered their call. As more Wisconsinites become vaccinated for COVID-19, we – like you – are excited to welcome a more normal way of life.

While the most recent past is important perspective, it cannot be the sole lens by which we view health care policy into the future. We are looking forward, not behind us, as we figure out how we maintain Wisconsin's spot as the top state in the country to receive health care.

Indeed, the challenges are great. Our workforce, which is the largest expense category for most hospitals, has been stressed. During the pandemic, hospitals lost employees to traveling staff agencies offering multiples of three or four times the staff person's regular wage. Some employees may be permanently lost from health care due to challenges with public and patient perception to the pandemic. Fierce competition for providers and staff is just one of many financial challenges facing hospitals as we begin coming out of the pandemic.

The solutions to these challenges require us to sustain, not cut, critical funding to our state's hospitals.

The pandemic should not skew anyone's perspective on the fundamental reimbursement challenge we faced pre-pandemic, during the pandemic and will need to continue to address post-pandemic. Wisconsin's Medicaid program under-reimburses hospitals for the cost of care they provide. Our hospitals are reimbursed less than 66% of their costs associated with treating Medicaid patients – well below the national average of 90%. When government payers underfund hospitals, it results in less resources to hire needed staff and providers, less access to care and longer wait times for all patients – not just those on Medicaid.

While federal aid provided to hospitals by Congress helped us survive the pandemic, this one-time funding is limited in its use and only addresses a fraction of losses and increased expenses we faced throughout the pandemic. In the first three months of the pandemic, Wisconsin hospitals and health systems lost \$2.5 billion. In total, we expect to recoup only half of these losses through federal aid – roughly \$1.2 billion.

Importantly, federal aid is limited to only those losses and expenses which occurred due to COVID-19. If any aid exceeds these losses and expenses, it will be audited and recouped. **Hospitals cannot use federal COVID funding to make up for Medicaid reimbursement losses, which amounted to \$1.2 billion in 2019 alone.** The

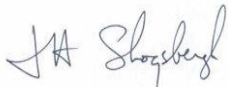
need for Medicaid Disproportionate Share Hospital (DSH) funding is not lessened by COVID, if anything it makes the resources you provide through DSH even more important.

Fortunately, you have supported us in the past as we address our fundamental Medicaid reimbursement challenges through both the Medicaid DSH program and the Rural Critical Care supplement. In the last budget, the Governor and the Legislature enacted an additional \$40 million in General Purpose Revenue (over \$100 million All Funds) to increase Medicaid DSH reimbursement for hospitals. This reimbursement increase was funded only for two years. We thank you for your previous support of DSH and the Rural Critical Care supplement and respectfully request you now permanently reauthorize this DSH increase. **If this critical funding is not reauthorized, nearly 100 hospitals will face a combined \$100 million cut in funding.**

As hospital leaders, we need funding certainty to plan additional commitments to our workforce, expand service lines that enhance access to care for patients and help us reduce the cost-shift forced on other patients resulting from Medicaid losses to hospitals. We respectfully request your support to permanently reauthorize the current Medicaid Disproportionate Share Hospital (DSH) program in the 2021-2023 biennial state budget.

Please reach out to any one of us regarding this request.

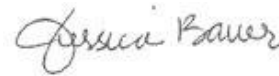
Sincerely,



Jim Skogsbergh
Advocate Aurora Health



Jeff Bard, North Region Market
President
Advocate Aurora Health



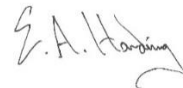
Jessica Bauer, President
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Pete Carlson, President
Aurora Psychiatric Hospital



David Graebner, President
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Edward Harding
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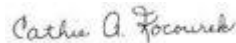
Donna Jamieson, President
Aurora Medical Center in Kenosha



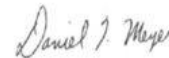
Lisa Just, President, South WI
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Cumberland Healthcare

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Door County Medical Center

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Eric Conley, Froedtert Hospital &
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Froedtert & the Medical College of
Wisconsin – Froedtert Hospital

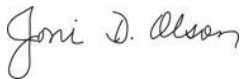
Allen Ericson, Pres. of Froedtert
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HSHS Wisconsin Division



Andy Barth, President & CEO
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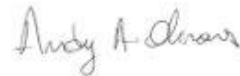
Justin Selle, President and CEO
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John Wagner, President and CEO
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Indianhead Medical Center/Shell
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Andy Olivares, CEO
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Patrick Board, Chief Administrative
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Jeff Euclide, Chief Administrative
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Adm. Officer -Wausau Region
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Ryan Neville, Chief Advisory Officer
Marshfield Medical Center –
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Bill Priest, Chief Administrative
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James O'Keefe, President
Mile Bluff Medical Center

John Russell, President & CEO
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Monroe Clinic, a member of SSM
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Kyle Nondorf, President
SSM Health St. Mary's Hospital

Eric Thornton, President
SSM Health St. Mary's Hospital –
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DeAnn Thurmer, President
Waupun Memorial Hospital

Katherine Vergos, President
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Daniel DeGroot, President/CEO
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Bruce Roesler, CEO
The Richland Hospital, Inc

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Julie Chikowski, Vice President
ThedaCare Medical Center –
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David Corso, VP Critical Access
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ThedaCare Medical Center –
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Appleton; President of ThedaCare
Central



Mark Thompson, System CFO/COO
ThedaCare Regional Medical
Center-Neenah



Sue Erickson, President and CEO
UnityPoint Health – Meriter



Lisa Schnedler, President & CEO
Upland Hills Health, Inc.



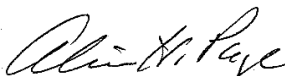
Alan Kaplan, CEO
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David Hartberg, CEO
Vernon Memorial Healthcare



Richard Keddington, CEO
Watertown Regional Medical
Center



Alison Page, CEO
Western Wisconsin Health



Steven Massey, President/CEO
Westfields Hospital & Clinic