



### *Wisconsin Hospital Association*

## **Despite Uncertainty in Washington, WI Health Care Steadily Leads the Nation**

*By Eric Borgerding, WHA President and CEO*

2017 was another year of outstanding performance from Wisconsin's health care system. The highly regarded Agency for Healthcare Quality and Research (AHRQ) ranked Wisconsin health care **#1 in the country**. This was one of several studies last year that Wisconsin health care, including having the highest quality rural hospitals, being one of the best states for physicians, the best state for nurses and the best provider-owned health plans in the country.

While these accolades are noteworthy, more remarkable is Wisconsin's sustained performance. Last year's top AHRQ ranking was laudable, but even more impressive is that in the 11 years these rankings have been released, Wisconsin has never shown worse than seventh (#1 three times, #2 four times). Our top ranked health care also delivers downstream benefits for Wisconsin businesses. In times of severe labor shortages, every day on the job matters, and Wisconsin leads the nation in returning injured workers back to their jobs, back to productivity.

Wisconsin's health care has been so good for so long that most people take it for granted. However, a recent WHA poll of our member hospital and health system leaders, those in part responsible for sustaining that excellence, revealed growing concern over the instability of the insurance market and its impact in Wisconsin.

In my column last year, I said repealing Obamacare, which seemed a certainty in the wake of the election, would prove easier said than done... and it has. Love or hate it, nearly a quarter million Wisconsinites get health insurance from the Obamacare exchange (and probably three times that number are happy their kids, parents, or friends have that coverage). Since Obamacare went into effect in 2014, Wisconsin's

uninsured rate, now at 5.7%, has been nearly cut in half. That's the good news. At the same time, insurance premiums on the exchanges have been steadily rising, indeed spiking in 2018 by an average of 36% in Wisconsin. Generous federal subsidies mean most exchange enrollees won't feel these increases, but those subsidies cost money and Uncle Sam is picking up the growing tab.

One of the key ingredients for high-performing health care systems is access to insurance coverage. It's one of the reasons Wisconsin has performed so well for so long. But if Congress can't deliver on its pledge to *replace* Obamacare, where does that leave us? The current system could limp along, crippled by incrementally dismantling its components which, absent a comprehensive replacement, will exacerbate both premium increases and taxpayer costs. And if the exchanges eventually fall apart (as some policymakers desire) with nothing to replace them, the ranks of uninsured could swell.

These are not armchair contemplations for Wisconsin health care leaders. As noted in our member survey, the fragmented state of Obamacare is one of the "keep you up at night" concerns most gripping health care today. Since becoming law in 2010, our members have been redesigning care systems and realigning resources within the policy and regulatory frameworks of Obamacare. Given a relative level of stability, some semblance of certainty, Wisconsin health care leaders will not only adapt, but as the record shows, they will excel under any environment. After years of dealing with Dodd-Frank and its related regulatory upheavals, Wisconsin's banking industry can certainly empathize with health care's desire for stability and clarity.

Amidst unprecedented uncertainty one thing has, unfortunately, remained constant: the price-inflating dynamic of government "cost shifting." To be sure, more insurance coverage has meant fewer unpaid medical bills and "uncompensated care" in hospitals has fallen along with our uninsured rate. But wiping out those gains are growing losses from government programs like Medicaid and Medicare.

Medicaid reimburses Wisconsin hospitals about 65 cents for every dollar they spend providing care, Medicare about 78 cents. Those pennies add up to about \$2.8 billion/year in unpaid costs (not charges) that must be shifted to everyone else. According to the Greater Milwaukee Business Foundation on Health, below cost hospital reimbursement from these two programs accounts for about 31% of the price of hospital care for businesses in southeastern Wisconsin. It's a phenomena WMC dubbed "the hidden health care tax" and adds billions to the health care spend for employers, workers, and families. For Medicaid alone the "hidden health care tax" now tops \$1 billion annually, **higher than any actual tax** in Wisconsin, including the corporate income tax. The piecemeal disassembly of Obamacare won't address that ongoing problem and could actually make it worse.

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*Established in 1920, WHA's mission is advocating for the ability of its members to lead in the provision of high quality, affordable, and accessible health care services, resulting in healthier Wisconsin communities. WHA is committed to serving member needs, keeping members informed of important local and national legislative issues, interpreting clinical and quality issues for members, providing up-to-date educational information and encouraging member participation in Association activities.*