

# Medicaid Advisory Hospital Group



Division of Medicaid Services  
Bureau of Rate Setting

September 9, 2025

Wisconsin Department of Health Services

# Agenda

1. Introduction and Welcome
2. Overview of 2025 Wisconsin Act 15
3. Hospital Assessment Changes
4. Hospital Access Payment Changes
5. Supplemental “Big” DSH Elimination
6. October MAHG meeting





# Introductions

# 2025 Wisconsin Act 15

- 2025 Wisconsin Act 15 (i.e., Executive Budget Act) was enacted on July 3, 2025, and makes several changes to the Wisconsin hospital assessment and access payment programs (**all subject to CMS approval**):
  - **Assessments:** Increases total State Fiscal Year (SFY) 2026 assessments to approximately \$1,507.1M annually for acute hospitals, rehabilitation hospitals, and Critical Access Hospitals (CAHs) combined, and exempts long-term acute care (LTAC) hospitals.
  - **Access payments:** Increases total access payments to approximately \$2,686.4M annually (up from \$679.6M in SFY 2025), makes the BadgerCare Plus Childless Adult (CLA) population eligible for access payments, and exempts LTACs
  - **DSH:** Eliminates the Supplemental (“Big”) DSH payments (approximately \$181.2M in SFY 2025) if access payment increases are approved by CMS



# Hospital Assessment Changes

- SFY 2026 total hospital target assessments increase from approximately \$419.2M in SFY 2025 to \$1,507.1M in SFY 2026 (effective July 1, 2025)
  - **Acute and rehabilitation** hospital target assessments increase from approximately \$414.5M in SFY 2025 to \$1,490.8M in SFY 2026 (and will continue to be assessed on both inpatient and outpatient gross patient revenues)
  - **CAH** target assessments increase from approximately \$4.7M in SFY 2025 to \$16.3M in SFY 2026 (CAHs are now included in the total fixed aggregate hospital assessment target, and will continue to be assessed only for inpatient gross patient revenues)
  - **LTACs and psychiatric hospitals** are exempt from SFY 2026 assessments



# Hospital Assessment Changes

- ❑ DHS will share hospital-specific “estimate sheets” with preliminary SFY 2026 hospital assessments and estimated access payments
  - “Estimate sheets” will include **two assessment versions** for review by hospitals - one under the legacy assessment rates, and one under new assessment rates (subject to CMS approval).
  - Preliminary SFY 2026 hospital assessments are based on fiscal year ending (FYE) 2024 gross patient revenues data provided by the Wisconsin Hospital Association
- ❑ DHS plans to invoice hospitals under the *legacy* assessment rates (lower) for the **1<sup>st</sup> quarter SFY 2026**
- ❑ DHS plans to invoice hospitals under the *new* assessment rates (higher) for **subsequent quarters upon CMS approval**, including a “make up” adjustment for the lower Q1 assessments,<sup>(1)</sup> and will refund LTAC assessments



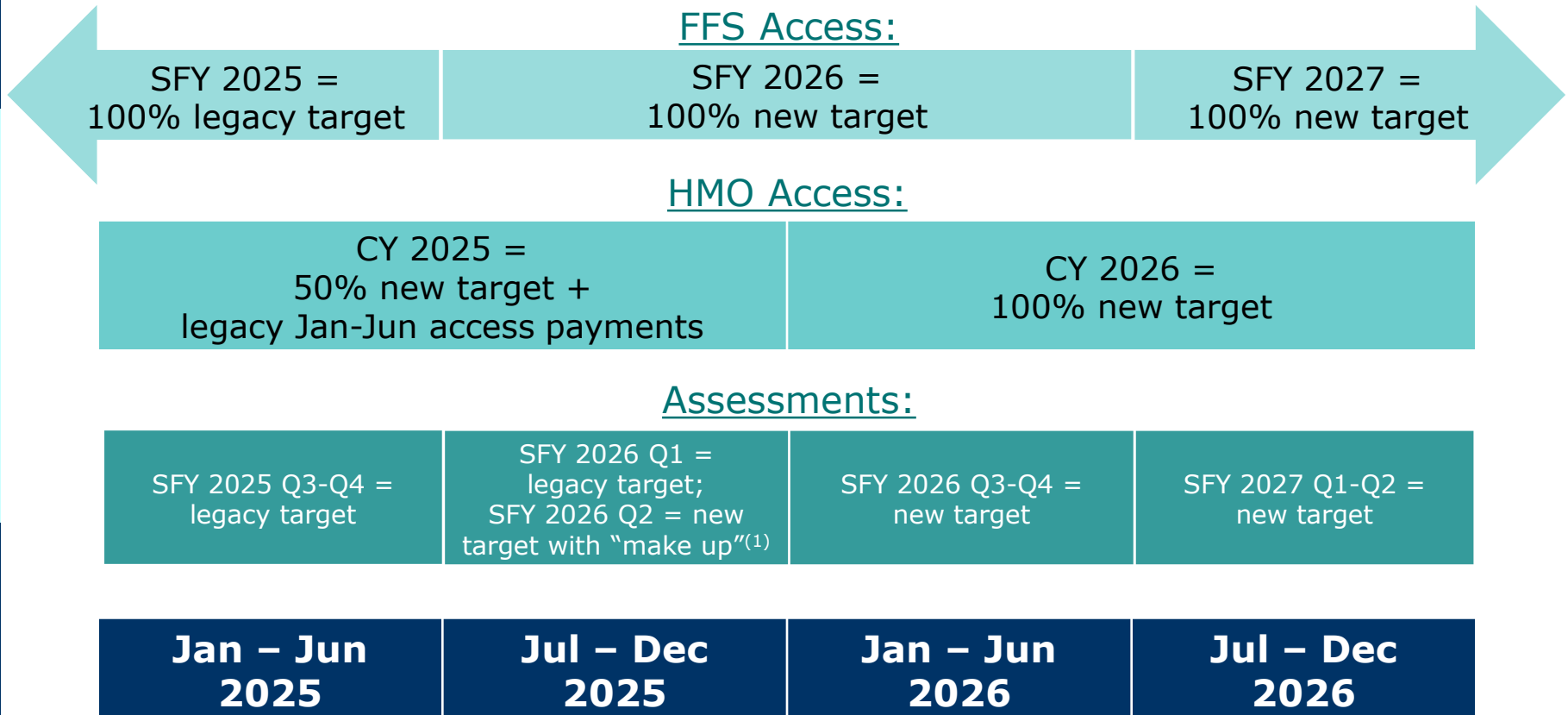
# Hospital Access Payment Changes

- Key hospital access payment changes **subject to CMS approval:**
  - **New FFS access** payment pool target of **\$417.2M**
    - FFS access add-on rates effective July 1, 2025 will prospectively target the annual aggregate FFS access payment pool for SFY 2026
    - CLA population will be eligible for access payments and LTACs will be ineligible for access payments as of July 1, 2025
  - **New Health Maintenance Organization (HMO) access** payment pool target of **\$2,269.3M**
    - **CY 2025** HMO access payment target (retroactive back to January 1, 2025) will be **\$1,367.2M**, based on 50% of the new annual payment pool **plus** actual legacy HMO access payments from January – June 2025 (to align with assessments collected during CY 2025)
    - **CY 2026** HMO access payment target will be 100% of the **\$2,269.3M** new annual payment pool
    - CLA population will be eligible for access payments and LTACs will be ineligible for access payments as of January 1, 2025



# Hospital Access Payment Changes

- Access and assessment timeline, **subject to CMS approval**



*Note: 1. Illustrative example reflecting CMS approval in Q2 SFY 2026, with adjustment for lower legacy assessments collected in Q1 SFY 2026*



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# Hospital Access Payment Changes

- Under H.R. 1, directed payments such as Wisconsin's HMO access payments will need to phase down **starting CY 2028** based on "the total amount of such payment" **reduced by 10 percentage points each year** until the "total payment rate" is equal to 110% of the Medicare rate (for non-expansion states)
- Illustrative phase-down example** assuming no utilization or rate increases:

Illustrative Average Rate Per Unit Type	CY 2027 – 0% reduction	CY 2028 – 10% reduction	CY 2029 – 20% reduction	CY 2030 – 30% reduction	CY 2031 – 40% reduction	CY 2032 – 50% reduction
Illustrative Medicaid Base Payments	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000
Illustrative HMO Directed Payment	\$4,000	\$3,600	\$3,200	\$2,800	\$2,400	\$2,000
Illustrative Total Medicaid Rate	\$10,000	\$9,600	\$9,200	\$8,800	\$8,400	\$8,000
Illustrative 110% of Medicare Target	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000

- Actual phase-down process has **not yet been operationalized by CMS**, and may be a **moving target** affected by changes to Medicare rates and Medicaid utilization



# DSH Payments

- ❑ Per 2025 Wisconsin Act 15 and **pending CMS' approval** of hospital assessment and access payment increases, the Wisconsin Supplemental "Big" Disproportionate Share Hospital (DSH) payments will be **discontinued**
- ❑ The Executive Budget Act did not include changes to the Standard "Little" DSH or Rural Critical Care Supplement (CCS) payments
- ❑ "Little" DSH payments will be impacted by hospital-specific DSH limits once access payment increases are made
- ❑ SFY 2022 – 2025 DSH audits will continue as normal



# Next Steps

## October MAHG Meeting

Next MAHG meeting will be:

***Thursday, October 2 at 2PM CT***

We will review proposed hospital payment rates for rate year (RY) 2026 and other hospital payment changes



# Questions

Questions on today's presentation and comments can be sent by email to: [DHSDMSBRS@dhs.Wisconsin.gov](mailto:DHSDMSBRS@dhs.Wisconsin.gov)



# Caveats and Limitations

*The results shown in this presentation are preliminary for discussion purposes only, and do not represent final hospital assessments or access payments. **Hospital assessment and access payment changes are subject to CMS approval.***

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