

WISCONSIN HOSPITAL ASSOCIATION, INC.



January 14, 2010

The Honorable Herb Kohl
United States Senate
Washington, DC 20510

Dear Senator Kohl:

On behalf of the 134 hospitals in Wisconsin, I am writing to offer the Wisconsin Hospital Association's positions on provisions contained within health care reform legislation passed individually by the House and the Senate. WHA has actively participated in the process to date, particularly as it relates to provisions advocated by the Healthcare Quality Coalition, of which we are a founding member, and would like to offer these comments during important House-Senate negotiations.

- **Value/Geographic Disparities.** WHA is a founding member of a multi-state coalition, the Healthcare Quality Coalition, which has worked diligently to see important Medicare payment provisions included in both the Senate and House bills. WHA is grateful for the work of many Wisconsin Members of Congress in support of these provisions. We fully support the position of the Coalition, **as outlined in the attached letter**, that Medicare must pay for value over volume and address issues of geographic disparity in Medicare payments.
- **Public Plan Option.** For months WHA has expressed opposition to a public plan option, even one based on negotiated rates, due to the strong potential for such a plan to only exacerbate already underfunded government program reimbursements. We are, therefore, opposed to the public plan option contained in the House bill. As a compromise position, we support the Senate's provision to create health care co-operatives.
- **Medicaid Increase.** Wisconsin has been a national leader in extending coverage to targeted, vulnerable populations—the most recent example is BadgerCare Plus Core Plan (adults with no dependent children). Therefore, WHA strongly supports provisions that give states like Wisconsin who have already expanded coverage the same enhanced Medicaid increases for covered populations.
- **ARRA FMAP Extension.** WHA strongly supports the House provision extending for another six months temporary Federal Medical Assistance Percentage (FMAP) increases. These FMAP increases were originally included in the American Recovery & Reinvestment Act. We continue to be worried that sunseting the increases prematurely ignores the reality that our economy has yet to fully stabilize, Wisconsin's Medicaid rolls continue to grow as does its Medicaid budget, and our hospitals continue to see the impact of the recession. We urge support for this six month FMAP extension so coverage can continue for the over 1 million Medicaid recipients in Wisconsin.
- **Medicare Cuts.** Almost half of all Medicare savings in both the House and Senate reforms bills are accomplished through reductions to Medicare's annual market basket updates and productivity adjustments for hospitals and other providers. While the American Hospital Association and others agreed to \$155 billion in reductions, they did so on the premise that coverage would meet certain expectations. Unfortunately, the Senate does not meet these coverage expectations and both bills begin Medicare reductions in the years prior to coverage expansions going into effect. Therefore, at a minimum we urge the following: a) that hospital market basket reductions be minimized in 2010 through 2013 unless coverage is extended in those years; b) that productivity adjustments contained in both Senate and House bills be sunsetted starting after 2019; and c) that a floor of zero be placed on the annual inflation updates so no hospital receives a negative update due to the various reductions.

- **Coverage.** We support efforts to provide health coverage to those in need. Wisconsin has been a national leader in this regard as evidenced by Wisconsin's BadgerCare Plus expansions. Both the Senate and House versions offer coverage expansions and we applaud these efforts. However, WHA has advocated over the past months that either appropriate levels of coverage be reached or hospital payment reductions reduced accordingly. Additionally, Medicaid add-on payments as outlined earlier in this letter are another important component to making sure coverage expansions down the line do not exacerbate already underfunded government health care programs.
- **Readmissions.** WHA has expressed concerns with the overly aggressive policies on hospital readmissions contained in both the Senate and the House bills. WHA believes the policies go too far, that the financial penalties need to be scaled back and that the focus should be only on *avoidable* readmissions.
- **Low Volume Add-on/Rural Specific Provisions.** The Senate bill includes several provisions of importance to rural hospitals. Specifically, WHA supports a Medicare add-on payment for low-volume hospitals. We believe this could result in almost \$5 million in add-on payments for at least 8 Wisconsin hospitals. Among others, we support making the Medicare Rural Hospital Flexibility Program permanent and ensuring Critical Access Hospitals are paid 101 percent of costs for outpatient services, regardless of billing method elected.
- **Independent Payment Advisory Board (IPAB).** WHA has expressed opposition to the various precursors to the Senate's IPAB provision (formerly referred to as IMAC and IMAB). The House does not contain this provision and WHA supports their position. When Wisconsin hospitals, on average, do not receive actual costs for treating Medicare patients and will now be subject to additional Medicare reductions (productivity adjustments, market basket reductions) under health care reform, allowing another entity like IPAB the authority to make payment policy changes is extremely troubling.
- **Accountable Care Organizations (ACO).** Many Wisconsin hospitals and physician groups are arguably already organized as ACOs and have proven they can provide high quality, cost-efficient care. As such, WHA has advocated hospitals be allowed to take a lead role in an ACO, as contained in the Senate language.
- **Insurance Reforms.** WHA supports a variety of insurance reforms, including guaranteed issue (assuming a strong individual mandate), prohibitions against pre-existing conditions, renewability among others.
- **Workforce Provisions.** WHA has expressed support for provisions contained within both the Senate and House proposal to expand and address the nation's health care workforce. To that end, WHA supports: a) retaining current payment levels for indirect medical education and allowing resident time spent in non-hospital settings to qualify; b) redistributing unused residency positions; and c) creating a national workforce commission.
- **Recovery Audit Contractors (RAC).** WHA opposes extension of the RAC program to Medicare Parts C and D and Medicaid. Any number of audits are currently required under law. This is yet another layer of burden and redundancy that will require hospital resources – both staff and financial – in order to comply. Our resources are better used providing care to patients.

Please contact WHA with questions on any of these provisions.

Sincerely,



Steve Brenton, President
Wisconsin Hospital Association