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Still No State Budget

Last week, Governor Doyle called the Special Session in an attempt to bring the Legislature together to pass a new state budget. Never before has a governor submitted a second revised budget to the Legislature for consideration. The budget was introduced 247 days ago and is now more than three months overdue.

On October 15, Governor Doyle's Special Session budget bill passed the Senate along party lines with Democrats voting in favor and Republicans voting against. The bill was then rejected by the Assembly that evening on essentially a party line vote as well, with three Democrats (Wasserman, Ziegelbauer and Vruwink) voting against and one Republican (Davis) voting for the bill.

Included in Governor Doyle's new Special Session budget was the revised hospital assessment, which as now drafted would bring in nearly \$420 million to the state and return over \$700 million (including federal matching dollars) via higher Medicaid payments to Wisconsin hospitals. Also included were a \$1.25 increase in the cigarette tax and a \$175 million transfer from the Injured Patients and Families Compensation Fund (IPFCF), a \$3 million increase in the Rural Hospital Medicaid Supplement and a \$3 million increase in MA payments to behavioral health hospitals.



Rep. Sheryl Albers

In discussion on the Assembly floor October 15, several legislators spoke about the revised hospital proposal. Assembly Minority Leader Jim Kreuser (R-Kenosha) said, "When I tell people about the hospital tax and that it will bring in a lot of federal dollars, they say, 'Why not do that?' I've gotten a lot of calls from people I haven't heard from before telling me to support it." Though she voted against the budget, Rep. Sheryl Albers (R-Reedsburg) lauded WHA for revising its position on the assessment, stating, "It's how compromise gets done."



Rep. Jim Kreuser

Other comments weren't as positive, with Rep. Leah Vukmir (R-Wauwatosa) indicating that she's extremely committed to voting against tax increases of any kind. *(continued on page 8)*

Full Plate of Issues Discussed at WHA Board Meeting this Week

State Budget Update

Executive Vice President Eric Borgerding provided members with an update on the budget stalemate and the hospital assessment. He said the three key differences among Republicans and the Governor and Democrats are the amount of increase in the tobacco tax, the amount of dollars to be taken from the Injured Patients and Families Compensation Fund and whether to implement a hospital assessment. Borgerding discussed the dynamics within the Assembly Republican caucus, as well as Governor Doyle's latest efforts to reach a budget compromise (see story above).

Borgerding said we face a highly politically charged environment and that it is difficult to predict when a budget will get done or what exactly will be included in a final compromise. He believes there will eventually be a budget compromise, and it could come quicker than some may expect. He said the public is clearly becoming impatient with, if not angered by, the failure to reach a compromise and that is resulting in greater pressure to get the budget done. *(continued on page 4)*

Governor Doyle Meets with Hospital Leaders in Milwaukee and Menasha



Clockwise, from left: John Oliverio, Wheaton Franciscan Healthcare; Nick Turkal, Aurora Health Care; Tom Gazzana, Children's Hospital; Governor Jim Doyle; DHFS Secretary Kevin Hayden; Leo Brideau, Columbia St. Mary's; C.C. Henderson, Milwaukee Health Services

Wisconsin Governor Jim Doyle held health care roundtables in Milwaukee and Menasha this week to discuss the urgency of finishing a state budget. Roundtable participants included senior executives from area hospitals and health systems as well as DHFS Secretary Kevin Hayden. Governor Doyle said "there will be unfortunate consequences" should the log jam continue, noting that without a new budget, Medicaid "is underfunded by 7 percent in the first year of the biennium and by 11 percent in year two."

Roundtable participants shared stories about the growing number of uninsured patients who are using hospital emergency departments as their portal to primary care services and documented the impact that inadequate

Medicaid payment has on cost-shifting losses to private payers. Participants reminded the Governor that hospitals "are the ultimate safety net for our most vulnerable populations."

Governor Doyle said the hospital assessment initiative included in his budget legislation has the potential of bringing "hundreds of millions of federal dollars to Wisconsin over the next two years," representing a real opportunity to improve access to health care services and reduce the "hidden tax" that the industry has rightfully identified as a major cost driver. He expressed appreciation to Wisconsin hospitals for "working closely with my Administration" to make the plan work.

Wisconsin Hospitals ALL Receive CMS Full Market Basket Update

It came as no surprise when the Centers for Medicare and Medicaid Services (CMS) announced that ALL Wisconsin hospitals were eligible for their full market basket update. Wisconsin hospitals have publicly reported quality and safety information to the CheckPoint program for three and a half years. Today, 128 hospitals report nearly 50 quality and safety measures to the CheckPoint program. So Wisconsin hospitals were well prepared when CMS added a requirement that hospitals must submit data on 21 clinical measures to avoid a two percent reduction in payment.

The CMS market baskets are used to update payments and cost limits in the various CMS payment systems. The CMS market basket updates adjust for inflation in the cost of providing health care services.

Dana Richardson, WHA vice president, quality initiatives, said, "In addition to their experience in public reporting, Wisconsin hospitals receive ongoing support from MetaStar, Wisconsin's quality improvement organization, to meet the CMS Reporting Hospital Quality Data for Annual Payment Update (RHQDAPU) requirement."

MetaStar President and CEO Greg Simmons said, "Wisconsin hospitals are among the most focused and committed health care institutions in the country when it comes to reporting quality results in a timely and accurate manner. It has been a pleasure to partner with health information management professionals from hospitals across the state in this successful effort."

President 's Column

The Time Has Come to Finish the Wisconsin Budget

July 1 was 111 days ago. That date, legally, was the first day of the 2008-09 State of Wisconsin budget biennium. We will soon have been without a new state budget for one third of the first year of that biennium. And there is little doubt, despite rhetoric to the contrary, that the absence of a budget will have dire consequences on a variety of programs that Wisconsin citizens count on—like education, health care, corrections and local government services.

The time has come to finish the Wisconsin budget. The hospital tax and Medicaid improvements, included in Governor Doyle's extraordinary session budget legislation (defeated by four votes in the Wisconsin Assembly), should be part of a final budget compromise.

WHA's initial objections to the hospital tax were linked to uncertainties about collecting the assessment dollars, federal approvability of the plan, and whether higher payments would actually flow to hospitals. Our concerns were well founded given the fact that Administration officials spent 90 days revamping the February initiative and recent discussions resulted in nine pages of statutory changes that address those issues. The resulting effort represents a "win-win" for Wisconsin hospitals, our patients, and employers and employees who ultimately are paying the health care bill.

The hospital tax will net over \$400 million in new federal monies that have been left on the table for far too long. This is an absolute *fact* that has been ignored by critics of the proposal who choose to only cite the tax itself (most of which is also directly returned to hospitals).

These new federal funds will be invested in improving access for our growing indigent patient population, a group who often find the hospital emergency department to be their only gateway to necessary health care services. The initiative also paves the way for a reduction in the "hidden tax" of cost shifting losses from government programs. We estimate that **over the next two years, as much as \$280 million of current "cost shifting" can be eliminated as a direct result of the new federal funding.**

Most Wisconsin hospitals have not received a general revenue financed Medicaid rate increase in over a decade. Our *safety net* hospitals have actually suffered tens of millions of dollars in Medicaid cuts (medical education funding) over the past four years. The Assembly Republican's last budget proposal/offer included no hospital payment increases. The likelihood of any address of the Medicaid payment crisis, absent this initiative, over the next several years is close to nil. Those series of facts...lead to a compelling case for embrace of the revised hospital tax plan.

Steve Brenton,
President

Association Weighs in on the Fund's Decision to Pursue Claim Against Provider

WHA General Counsel Laura Leitch told the Board that WHA intends to file an amicus brief supporting a member hospital's request to dismiss an action taken by the Injured Patients and Families Compensation Fund ("the Fund"). The Fund is seeking to proceed "in the shoes of" the plaintiff in bringing a third-party complaint against the health care provider. "The Fund's third-party complaint here is extraordinary," said Leitch, noting that the plaintiff himself has declined to bring suit.

The Fund alleges that injuries that resulted from an act of medical malpractice were caused at least in part by negligent training and supervision by the health care provider. The Fund argues that injuries caused by negligent training and supervision should be paid by a health care provider's corporate general liability insurance policy rather than its medical malpractice policy and the Fund. WHA's position, however, has been that, regardless of the labels attached by the Fund, the Fund is alleging medical malpractice claims against the health care provider and the actions, thus, are governed by Chapter 655.

"An effort at artful pleading is immaterial in the face of the medical-malpractice nature of the claims," said Leitch.

Leitch said WHA believes that if the third party complaint proceeds, the case could raise havoc in the general liability insurance market and have profound consequences on hospitals, nursing homes, and physician clinics. She said that if the Fund succeeds, new claims might circumvent Wisconsin's medical liability reforms, such as the cap on non-economic damages.

Health Care Providers to Challenge any "Raid" of the Fund

The Board heard that as part of the ongoing budget discussions, the Legislature continues to consider using money from the Fund to support general government programs. If such a "raid" of the Fund occurs, the Medical Society and other health care provider groups are likely to challenge the legality of using money from the Fund for purposes other than for which the Fund was established and for which hospitals and physicians were assessed.

The Medical Society has retained Tom Pyper, Whyte Hirschboeck Dudek, who successfully challenged an attempted raid of the Employees Trust Fund, and is currently developing its strategy.

The WHA Board encouraged staff to continue discussions with Medical Society staff and report back to the Board should Fund reserves be taken as part of a final budget compromise.

WHA Requests Hospital Seat on Worker's Compensation Advisory Council

WHA and other provider organizations were recently successful in avoiding workers compensation provider payment cuts, but concerns still exist on how Wisconsin can keep one of the highest quality programs in the country while maintaining some of the lowest insurance rates. The WHA Board approved a letter to Wisconsin Manufacturers and Commerce President James Haney from WHA President Steve Brenton requesting that WMC support the appointment of a hospital representative to serve as an employer representative on the Worker's Compensation Council, the group that develops recommendations regarding workers compensation policy changes.

"A hospital representative would provide a unique perspective as an employer who understands the impact that an injured worker has on the workforce, the treatment issues, and is familiar with the administrative burdens associated with the system," Brenton said in his letter to Haney.

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WHA's George Quinn and Laura Leitch both participated in the workers compensation negotiations between labor and management. Quinn said a more rational approach is to work together throughout the year to identify ways to help reduce employer's costs and continue to deliver excellent medical care when a worker is injured that will enable them to resume their normal work activities.

Staff Collects Billing and Collection Communications Best Practices

It seems the best way to answer questions related to "How much is my hospital stay going to cost?" are still coming directly from the hospital billing office. After looking at many examples of how hospitals are working with patients in advance to advise them of their responsibility for a bill, the most accurate way to convey that information is still face to face.

WHA's Brian Potter and Mary Kay Grasmick headed up two subcommittees charged with collecting best practices in communicating with patients about billing questions. They developed two white papers, which were approved by the Board. They found hospitals are:

- Providing estimates over the phone;
- Providing written estimates upon request, along with discount and charity care policies;
- Creating and updating patient brochures to include billing and collection information;
- Simplifying the actual bill using models from the utility industry; and,
- Starting to use their Web sites to help patients access their actual bill online along with detailed explanations on how to read them.

WHA staff said the white papers, along with examples they will continue to gather of best practices in billing and collections, will be posted to the WHA Web site soon.

Wristband Color Standardization Task Force Forms

Across Wisconsin, definitions vary among hospitals on color-coded "alert" wristbands. Hospitals within the same community may use different color standards resulting in potential confusion for physicians, nurses and other staff that work in more than one hospital.

The WHA Board directed staff to evaluate the level of variation in wristband colors in Wisconsin and make a recommendation to the WHA Board at a later date whether further action is needed. Dana Richardson, WHA vice president, quality, and Chuck Shabino, MD, WHA senior medical advisor, said if the task force finds that standardizing the wristband color would be advantageous, they will also form a recommendation on the standard Wisconsin hospitals would use.

Strategic Plan Guides Association's Program Activities

The WHA Board approved revisions to the 2007-2010 Strategic Plan. The plan incorporates a continuous four-year set of strategic objectives that provide guidance for WHA's overall program activities. In his President's Report, Steve Brenton said the dynamics of the health care environment require strategies that allow WHA member hospitals to be leaders in providing high quality, affordable and accessible health care services that result in healthier Wisconsin communities.

WHA Budget Results on Target; 2008 Budget Approved

The Association's projected results for 2007 show good financial performance, both from an operational and a net income perspective. Revenue is projected to be 2.3 percent higher than budgeted levels. Grant revenue is 27.7 percent higher than budgeted with revenue from education programs coming in 10.4 percent higher than budget. The Board also reviewed and approved the WHA 2008 budget as presented by staff. The 2008 budget includes a three percent increase in member dues.

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WHA Financial Solutions

The WHA Board approved three new members and one outside director to the WHA Financial Solutions Board of Directors. They are:

First Term Directors

- Mike Sanders-The Monroe Clinic, Monroe
- Phil Stuart-Tomah Memorial Hospital, Tomah
- Mike Wallace-Fort HealthCare, Fort Atkinson

Outside Director

- Glen Grady- Retiring CEO/Memorial Medical Center, Neillsville

WHA Educational Opportunities

Last Chance to Register for Diversity and Cultural Competence Workshop, Oct. 30

To assist Wisconsin hospitals with understanding the Joint Commission focus on linguistic and culturally appropriate care, WHA is offering a one-day seminar, "Diversity and Cultural Competence in Health Care" on Tuesday, October 30 in Madison.

This seminar is an introductory session to cross-cultural medical care and is intended to raise awareness of the issue, the requirements, and the changing health care environment. Practical steps to address racial, cultural, and linguistic disparities that are occurring in health care throughout Wisconsin will be discussed.

This program is designed for quality managers, performance measurement and improvement managers, human resource managers, nurse executives, and other hospital senior management staff. A brochure with registration form is included in this week's packet and on the Web site at www.wha.org. Easy, online registration is available. For registration questions, contact Lisa Geishirt, WHA's education coordinator, at 608-274-1820 or lgeishirt@wha.org.

Best Practices for HR Professionals Focus of November 8 Seminar

Register today for the annual "Best Practices for Human Resources (HR) Departments" seminar, scheduled for November 8 in Stevens Point. WHA and the Wisconsin Society of Healthcare Human Resources Administration (WSHHRA) are co-sponsoring this fourth annual event, focused on best practices for health care human resource professionals.

This is an opportunity to find out what strategies and programs your colleagues are implementing that have had proven success in improving their HR departments. Sessions will include an overview of FMLA process improvement, increased exposure to health careers for children, providing an affordable health plan to all employees, and addressing the needs of an aging workforce.

The "Best Practices for HR Departments" seminar will be held on November 8, 2007, at the new Holiday Inn Hotel in Stevens Point. A brochure with registration form is included in this week's packet and on the Web site at www.wha.org. Easy, online registration is also available.

For more information or for registration questions, contact Lisa Geishirt at 608-274-1820 or email lgeishirt@wha.org.



Stories From Our Hospitals

Upland Hills Health, Dodgeville

Upland Hills Health co-sponsors senior Tai Chi classes

Thanks to the sponsors, Grant County Center on Aging and Upland Hills Health, an eight week Tai Chi class began at the Monfort Meal Site in the Monfort Community Building. A certified RN that specializes in senior exercise programs teaches the weekly sessions for eight weeks.

Area seniors taking advantage of this unique opportunity will build strength and balance. Tai Chi fundamentals combine the traditions of the Chinese practice with modern therapeutic principles to form an exercise plan that is beneficial to adults struggling with health conditions ranging from arthritis to heart disease.

Ideally suited to their physical needs and limitations, seniors over 60 that are able to walk and stand benefit from this exercise program. Individuals can reduce the chance of falls, improve their balance, and increase their endurance and strength for daily activities, thus adding to their overall quality of life.

Upland Hills Health's sponsorship role includes promotions and 50 percent of the funding for students enrolling in the class.

Burnett Medical Center, Grantsburg

Burnett Medical Center donates profits from 5K event

Burnett Medical Center, located in Grantsburg, Wis., organizes and promotes a summertime racing event called The Carlyle Sherstad 5K Walk/Run. They also donate all of the event advertising costs, including flyers, radio and newspaper ads, as well as their marketing director's time spent coordinating this community event.

The 5K race offers local businesses the opportunity to show their support by donating needed items or making cash donations. In return, their business name is printed on the back of all event t-shirts.

This second annual event took place in June and had 167 registrants. Profits totaled \$1,751.36 and were donated to Faith's Lodge in Webster, Wisconsin—a newly established and unique retreat facility for couples and families dealing with the serious illness or death of a child.

The Carlyle Sherstad 5K was named by a member of the community who entered a naming contest that Burnett Medical Center advertised. Carlyle Sherstad was a great promoter of running in the Grantsburg area for many years. He was also the founder and organizer of a 16.2 mile Grantsburg race, called the "Syttende Mai."

Submit hospital community benefit stories to Mary Kay Grasmick, editor, at mgrasmick@wha.org.

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The revised hospital assessment addresses, statutorily in budget language, all of the technical concerns WHA had consistently raised during its initial opposition, including: requiring federal approval of the repayment plan to hospitals; ensuring the promised increases that will flow to hospitals through HMOs are actually delivered; exempting Wisconsin's Critical Access Hospitals (CAHs); and ensuring the dollars earmarked for hospital payments are protected. These statutory changes, combined with the lack of any Medicaid reimbursement increases in over a decade, led the WHA Board to drop its opposition to the hospital assessment.

Years of woefully inadequate Medicaid reimbursement mean Wisconsin hospitals are now paid roughly 48 percent of what it costs them to provide care to Medicaid patients. That shortfall means more than \$550 million in unpaid hospital Medicaid costs were shifted to the private sector in 2006. The hospital assessment is viewed by many as a means to begin addressing this "hidden health care tax."

"Cost-shifting from Medicaid has been going on for years. Everyone talks about it, acknowledges it's a problem, says it needs to be addressed, but nothing gets done, and the impact on health care costs and our safety net hospitals is getting worse," said WHA President Steve Brenton. "We think the current assessment proposal is a workable solution to finally begin addressing this issue. Unfortunately, the alternative appears to be nothing, except more cost-shifting and higher health care costs."

Behind the scenes, legislators continue to discuss compromises it will take to complete the state budget. It is not known at this time if the hospital assessment will be included in a compromise version of the budget bill. All indications are that a budget could be done very soon and that a tobacco tax increase and some level of transfer from the IPFCF will be included.