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Medicare

Background

The passage of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (MMA) was a watershed action to the most ambitious overhaul of the Medicare program since its inception in 1965. The MMA put into motion proposals that had been discussed and never acted upon in over 30 years of congressional debate. In addition to adjusting payment rates to providers, long overdue after the draconian cuts made in the Balanced Budget Act of 1997, beneficiaries will have a broader array of coverage options, more closely mirroring the private insurance market. The Wisconsin health care environment differs from the rest of the country in a number of ways. These differences create reasons for concern regarding how the proposed implementation of the Medicare Advantage programs will impact Wisconsin's health care environment, the beneficiaries and providers for the Medicare Advantage program.

Issues

- While the MMA has some noteworthy changes to how care is provided and paid for by the Medicare program, there continue to be a number of areas that require clarification, adjustment and revision before the Medicare Advantage Plan begins enrolling beneficiaries in January 2006.

WHA Position

- The proposed rule does not include critical access hospitals (CAH) in its definition of "essential hospital," yet CAHs have received that designation for all other aspects of the Medicare program.
- Pharmacists in rural communities are not designated as "essential providers," and yet they provide local dispensing services, as well as typical clinical services within the local community hospital.
- The rule proposes using the "TRICARE" methodology in determining the adequacy of access, which could result in many rural beneficiaries without a local pharmacist at "in-network" cost sharing levels.
- The proposed rule sets up a non-level playing field between local and regional health plans. Local plans in Wisconsin tend to be provider-sponsored and have historically served the purpose of making low-cost, high-quality health insurance available to many in their communities. Because regional plans will be eligible for monetary incentives as an attractor to provide service in an area, regional plans and PPOs must be held to the



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same quality standards as those achieved by Wisconsin's local plans, and should not be able to "crowd out" local plans.

- Wisconsin beneficiaries, plans and providers continue to be disadvantaged because the proposed benchmarks for the health plans are significantly affected by our state's historically low utilization rates.

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Related Resources

- Medicare Payment Updates, April 2004
<http://www.wha.org/financeAndData/pdf/4-13-04medicarepayment.pdf>
- WHA website: Finance and Data/Reimbursement
<http://www.wha.org/financeAndData/reimbursement.aspx>
- CMS Information on the Medicare+ Choice Program
<http://www.cms.hhs.gov/healthplans/default.asp?>
- PricePoint website:
<http://www.wipricepoint.org/>

Localize The Message

Be prepared to talk about:

- Your hospital's reimbursement situation regarding Medicare.
- How you are preparing to serve a larger number of people on Medicare in the future.

