



1995 SENATE JOINT RESOLUTION 26

May 3, 1995 - Introduced by Senators JAUCH, RUDE, MOEN, SCHULTZ and CLAUSING, cosponsored by Representatives BOYLE, BALDUS, ALBERS, TURNER, FREESE, MUSSER, AINSWORTH, OWENS and HUBER. Referred to Special committee on State and Federal Relations.

1 **Relating to:** memorializing Congress to require that Wisconsin be made a single
2 payment locality under the federal medicare program.

3 Whereas, Wisconsin currently has 11 payment localities under the federal
4 medicare program and, for each locality, the federal Health Care Financing
5 Administration calculates a geographic adjustment factor, which adjusts the
6 payment of each procedure to account for the cost-of-practice differentials among
7 these localities; and

8 Whereas, the way in which the federal Health Care Financing Administration
9 calculates geographic adjustment factors generally results in higher levels of
10 medicare reimbursement for urban areas than for rural areas; and

11 Whereas, the lower reimbursement rates in rural areas have had an adverse
12 effect on the ability of rural areas of the state to recruit and retain physicians and
13 on rural health care infrastructure as a whole; and

14 Whereas, a number of factors indicate that the cost of providing health care in
15 rural areas is at least as high as in urban areas, including the fact that rural clinics
16 and hospitals must offer competitive compensation, guarantee and benefit packages
17 in order to attract primary care physicians to rural areas; the fact that specialized

1 equipment maintenance and continuing education costs are significantly higher in
2 rural areas; the fact that rural hospitals and clinics do not have the benefit of
3 economics of scale and the fact that lower usage rates of necessary equipment result
4 in a higher cost per use; and the fact that lack of adequate clinic space in rural areas
5 often forces new construction, which is often more costly than similar construction
6 in urban areas; and

7 Whereas, rural areas typically have higher percentages of medicare, medical
8 assistance, underinsured and uninsured populations than urban areas; and

9 Whereas, lower rural reimbursement rates discourage specialists from
10 providing outreach to rural areas on certain days of the week or month, because it
11 is more profitable for the specialist to remain in the urban area and to have the rural
12 patients travel to the specialist; and

13 Whereas, the federal Health Care Financing Administration is considering
14 reducing the number of payment localities nationwide; and

15 Whereas, reducing the number of different payment localities from 11 localities
16 to one locality would greatly reduce administrative costs; and

17 Whereas, the creation of one payment locality could result in an 8% increase in
18 rates for some rural practitioners in the most critical physician shortage areas and
19 would reduce rates in the highest rate payment localities by only roughly 4%; and

20 Whereas, in 1992, the Wisconsin Medical Society House of Delegates voted in
21 favor of a single payment locality with only one opposing vote; and

22 Whereas, the Wisconsin Rural Health Development Council, established by the
23 legislature in 1989 and charged with reviewing ways to strengthen health care
24 infrastructure in rural areas in order to improve health care access and the economic
25 well-being of rural communities, supports the recommendation of the Wisconsin

1 Medical Society House of Delegates to convert to a single payment locality under the
2 federal medicare program; now, therefore, be it

3 ***Resolved by the senate, the Assembly concurring, That*** the Wisconsin
4 legislature urges Congress to require that the federal Health Care Financing
5 Administration make the state of Wisconsin a one payment locality under the federal
6 medicare program; and, be it further

7 ***Resolved, That*** the senate chief clerk shall provide a copy of this joint
8 resolution to the administrator of the federal Health Care Financing
9 Administration, to the secretary of the U.S. Department of Health and Human
10 Services, to each member of this state's congressional delegation and to the President
11 of the United States.

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(END)