



State of Our State “Calm” Before the Storm?

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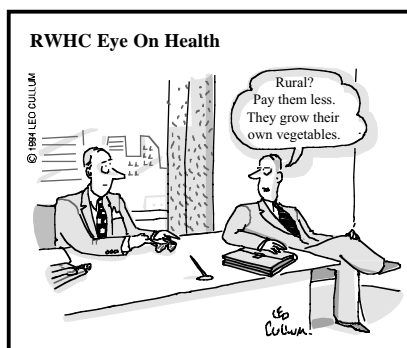
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Overview of Opportunities/Threats

- Myths that Undermine Rural Health
- Medicare Issues in Play
- Workforce Shortage/Maldistribution
- Cost of Care & Insurance
- Quality Accountability/Transparency
- Workforce Shortage/Maldistribution
- Community Focus Increasing
- Partisan Brinkmanship/Gridlock

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Myths that Undermine Rural Health

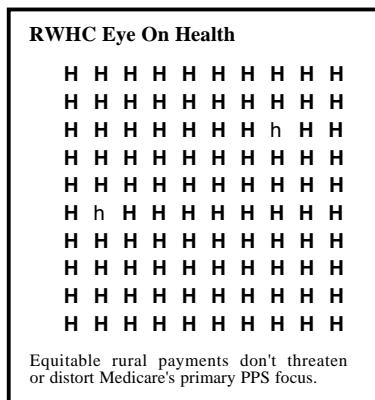


- Rural health care should be cheap
- Rural health care is inordinately expensive
- Rural residents don't care about local access to care
- Rural health care needs can be met by urban centers; urban is better
- Rural America is a homogenous healthy agrarian society
- Rural populations are disappearing

Medicare Reform, A Rural Perspective, The 2001 NACRH Report to the Secretary U.S. Dept. of Health and Human Services.

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Medicare: Legislative Issues

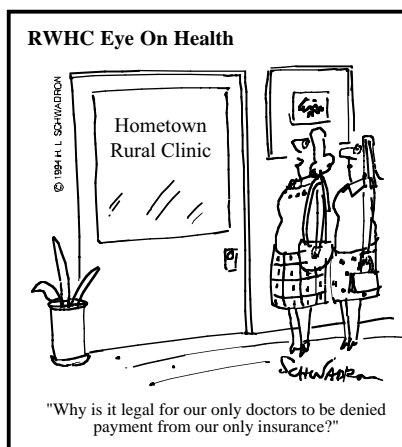


- Medicare Modernization Act caused "health care fatigue" re any "major" additional hospital help*
- Conrad State 30 J-1 Visa Waivers*
- Restoration \$100 m FLEX/SHIP*
- Expand RCH Pilot as placeholder*
- **Budget problems "on horizon," focus on preparing for BBA II***
- Rural essential provider wrap around under Medicare Advantage

*Lisa Kidder, AHA Fed. Relations at NRHA Annual Conference, 5/27/04

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Medicare: Regulatory Issues

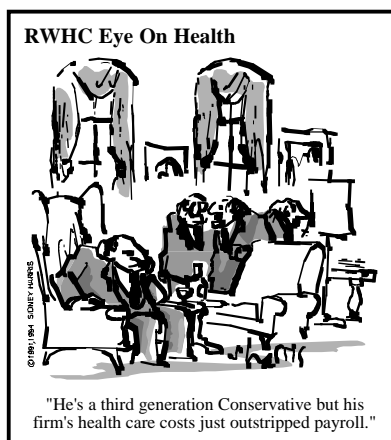


- **Implementation Medicare Modernization Act provisions***
- Cardiac Rehab Phys. Supervision*
- Occupational Mix & Wage Index*
- CAH Lab \$ For Off Site Draws*
- Medical Education changes*
- Metropolitan Statistical Areas*
- Medicare Advantage Access standards respect or undermine Wisconsin's regulatory requirement of "reflecting usual medical travel times within the community"?

*Don May, AHA VP Policy at NRHA Annual Conference, 5/27/04

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Cost: Health Care

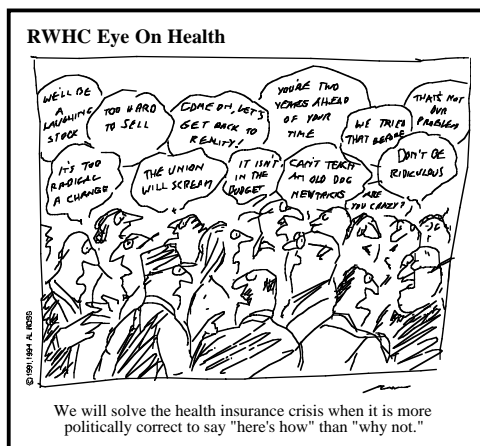


- Increased overall health care costs leading to concern re hospital charges and their transparency*
- Increased number of uninsured leading to concern re hospital collection & billing practices*
- Increased overall scrutiny leading to concern re community benefit & not for profit status*
- Medicaid & Taxpayer Bill of Rights (TABOR)

*Lisa Kidder, AHA Fed. Relations at NRHA Annual Conference, 5/27/04

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Cost: Insurance

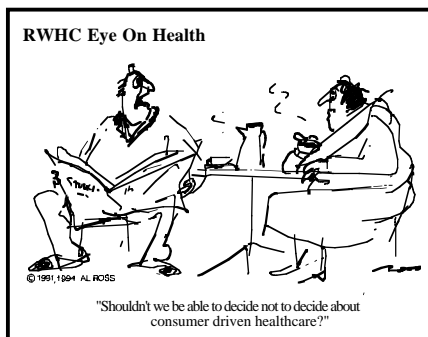


- Average health care premiums will exceed \$12,000 per capita in two years
- Responses: shift costs to employees, more low-wage workers uninsured, abandon health benefits for employees or to cut employee positions.
- Many believe it will be almost impossible to sustain the employer-based health care system in the future.

Wisconsin Economic Summit IV, Health Care Workgroup, 10/03

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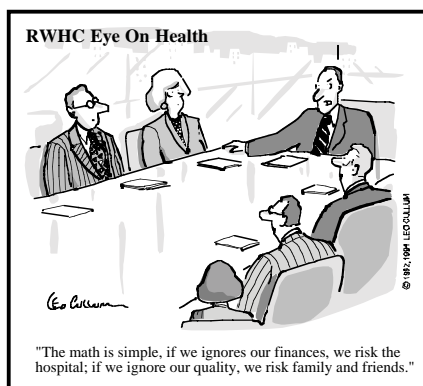
Cost: Shift from Defined Benefit to Defined Contribution



- More about employer cost and risk shift then overall cost containment?
- Problem is 80% of population uses only 20% resources while the 20% who use 80% of care "blow" past high deductibles and still may not get needed case management.
- Poorly designed plans may discourage preventive care, actually increasing costs over time.
- **Will this radicalize the middle to accept new government controls?**

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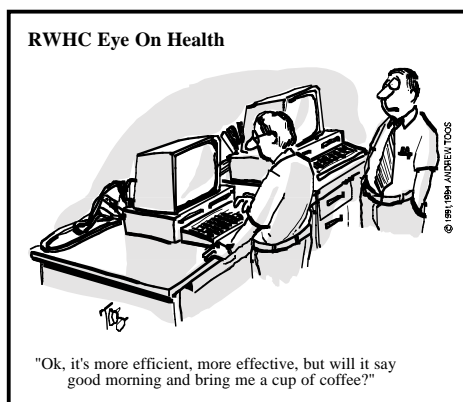
Quality: Growing Consensus Re Public Accountability



- Rural confronts same quality challenges as urban; health care quality is seen as too variable and falling short of what is possible
- Quality infrastructure needed: (1) leadership and quality improvement knowledge, (2) practice guidelines and local protocols, (3) standardized performance measures, (4) measurement, data feedback and (5) quality improvement programs
- Cacophony of voices still an issue

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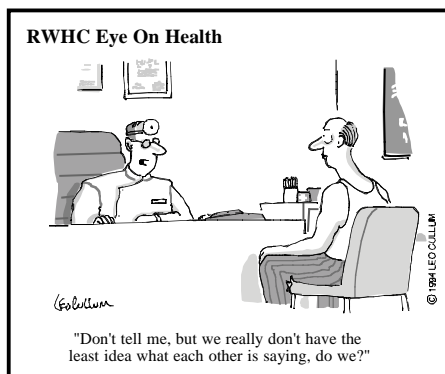
Quality: Information & Communications Technology



- Move from episodic-institutional care treating illnesses to greater consumer involvement in the prevention and management of illness across the life-span.
- ICT is critical element of transition to gain more immediate access to clinical knowledge, specialized expertise, and services not readily available.
- **Rural need Hill-Burton II?**

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Quality: Health Literacy

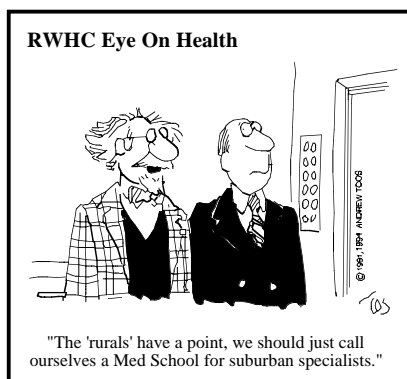


- Nearly half of all American adults, 90 million, have difficulty understanding and using health information causing significant preventable hospitalization & emergency care.
- Increasing consumer role makes this issue increasingly critical.
- Responsibility for improving health literacy must be borne not only by the health system, but also by educators, employers, community organizations...

Health Literacy: A Prescription to End Confusion, IOM, 4/04

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Workforce: Shortage & Maldistribution

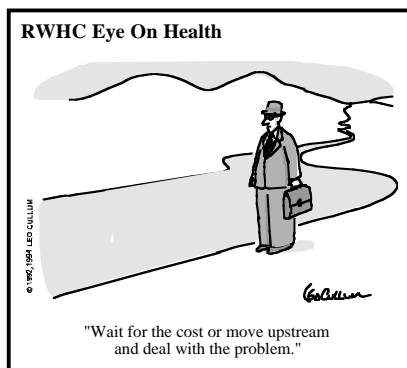


- Recruit, enroll and train in schools individuals likely to practice in underserved areas
- Develop care models that enhance, leverage practitioner resources
- Create policy/practices to encourage retention, return to WI
- Provide adequate/targeted funding for education.
- Develop statewide Council to guide WI medical education policy.

WHA/SMS 2004 Task Force on Wisconsin's Future Physician Workforce

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Community Focus: Population Health

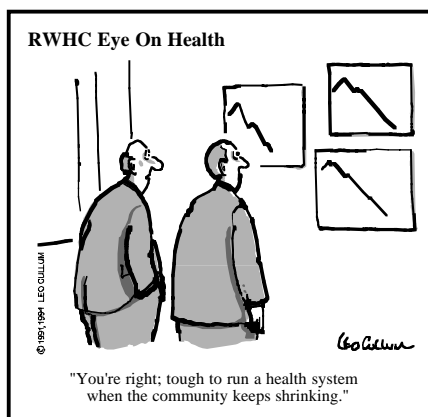


*Wisconsin County Health Rankings 2003,
Wisconsin Public Health and Health Policy Institute

- Growing awareness that we need to reduce future need for services
- Health outcomes (mortality and general health status) are driven by health determinants as follows:
 - Access to Health Care (10%)*
 - Health Behaviors (40%)* e.g. smoking, physical inactivity, overweight, sexually transmitted disease, motor vehicle crashes.
 - Socioeconomic factors (40%)* e.g. education, poverty, divorce rates.
 - Physical environment (10%)*

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Community Focus: Economic Development

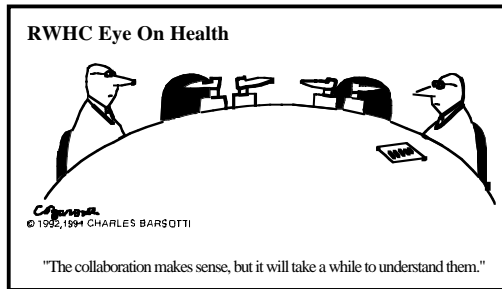


Toward a Place-Based Rural Policy Keith Mueller, Director, RUPRI
Center for Rural Health Policy Analysis, 6/03

- Rural development must become a major state policy goal, associated with ag. policy, not secondary to it
- State rural development policy must be cross-sectoral and cross-jurisdictional
- Communities must (1) foster new economic engines, (2) be change agents and (3) support entrepreneurs, public and private.
- Rural hospital leadership must join other community leadership to make it happen

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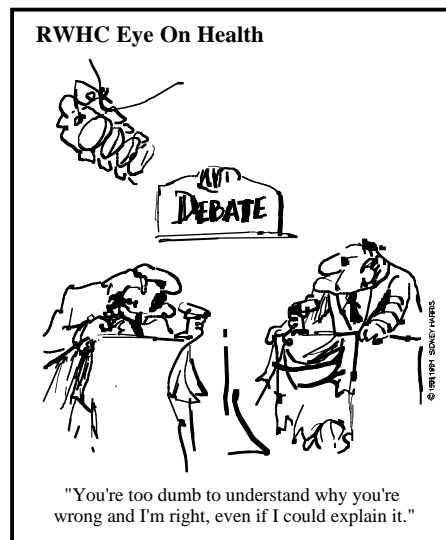
Community Focus: Collaboration



- Increasingly limited resources make it a necessity
- It is the only way to address population health threats
- It a traditional approach in many rural communities
- Basis of most major rural health grant opportunities (Flex, Outreach, Network, BlueCross, Kellogg, RWJ)

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Partisan Brinkmanship/Gridlock Not Future Most Want



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