



# Rural Wisconsin Hospital Cooperative

## Executive Director's Report

as of November 2, 2010

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**A monthly report of experiences and observations to RWHC hospitals.**

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### **WI Pursuing Single Payment District**

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Wisconsin's Rural Health Development Council has committed itself to assisting other state organizations in a renewed effort to gain federal approval for the consolidation of Wisconsin's eleven Medicare physician payment districts into one. The State Medical Society of Wisconsin's House of Delegates had approved this action but been rebuffed by HCFA claiming that the existence of some Milwaukee area opposition proved a lack of "overwhelming" state support. This action followed a very productive meeting of the Council with representatives from HCFA, their Wisconsin intermediary, WPS, the State Medical Society, the Wisconsin Society of Internal Medicine and Marshfield Medical Research Foundation.

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### **Prepaid Capitation Dominates By '99**

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In a recent WHA sponsored survey more than 40% of the respondents (hospital, business and health leaders) stated that they expected prepaid capitation to constitute more

than 61% of the urban market by 1999. While only 20% of the respondents gave this answer for rural markets, 42% stated that they expected prepaid capitation to constitute more than 41% of the rural market by 1999. In either case, this degree of "HMO" market share will cause a radical change in the financial incentives faced by rural providers.

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### **People: Equity–Yes, Exclusivity–No**

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A poll by the Gallop organization for the Rural Policy Research Institute indicates that 77 percent of a random survey of urban and rural citizens agree that "the government should pay rural health care providers the same as urban health care providers for identical services provided to Medicare patients." An overwhelming 94 percent "reject the notion that primary care providers and hospitals should only be allowed to affiliate with one regional medical center." Among a variety of other interesting responses, it is particularly notable that "65 percent of the rural sample considered a Licensed physician's assistant to be acceptable compared to 53 percent in

the urban sample.”

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### **Consumers Indicate Co-op Preference**

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“U.S. consumers prefer cooperatives to privately owned businesses for their quality, trust, service and price according to a national Gallop poll of Americans released on July 19” by the National Cooperative Business Association. In the area of health care, “51 percent were more likely to use a cooperatively owned mutual insurance company and 43 percent were more likely to join a mutually owned health insurance purchasing cooperative than an alliance of small businesses or government-run program.”

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### **Universal Coverage Helps The Haves**

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The much used computer simulations of the Washington based Lewin-VHI, Inc. were used at the request of the Catholic Health Association of the United States to look at the coverage, premium and household spending implications of health reform. Their analysis estimated that “middle income families that currently have insurance will pay more in general for health care under partial reform than under reform that includes universal coverage. In addition for currently insured households earning less than \$100,000 annually, health spending will decline under universal coverage with an employer mandate and cost constraints.”

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### **WHEFA Meets In Sauk-Prairie**

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The Wisconsin Health & Educational Facilities Authority met at the Sauk-Prairie Hospital last week as part of their ongoing

outreach program to past and future users of the state bond authority. The members approved (I abstained due to a conflict) a grant of \$10,000 to the Wisconsin Primary Care Consortium in order to further their development and implementation of a Primary Care Loan Fund.

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### **Clarification Re UW Hospital Leaders**

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If you read a recent major news story in the Wisconsin State Journal it sounded as if Gordon Derzon was no longer the Superintendent. UW-Madison Chancellor has assumed the role of Vice Chancellor for Health Sciences on an interim basis. (This was our old “friend” Dr. Jay Noreen’s position that for all practical purposes had been eliminated.) The more direct involvement of Chancellor Ward along with his executive assistant, Wayne McGowen is clearly intended to deal with recent criticisms from the Board of Regents and the Legislature. At the same time, Hospital Administration will “continue to maintain direct responsibility for hospital operations.” Gordon in a letter to employees and staff stated his belief that these changes “will place the Hospital in a stronger position to address the many difficult and complex issues confronting our institution.”

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### **A RWHC Telecommunication Update**

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A review of the state of the art of health related telecommunications in Wisconsin will be presented immediately following October’s RWHC Board meeting. The presenter, Michele DeYoe, chairs the Consortium for Primary Care in Wisconsin’s Telecommunication Committee and is the Program Coordinator, Office of Research, Technology and Information at the Medical

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### **Needed AHEC System Restructuring?**

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At a recent statewide Area Health Education Center system strategic planning session, I proposed that serious consideration be given to reorganizing the system as a cooperative. The system has a co-director at each medical school overseeing federal and state AHEC grants that they receive and then redistribute to four regional freestanding non profit centers. A statewide advisory committee is consulted re both program and fiscal issues but has no governing authority. A cooperative would create a

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### **Appointment To NACRH Confirmed**

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My rumored invitation to serve on the National Advisory Committee on Rural Health has been confirmed by a letter from Donna Shalala. The eighteen member Committee meets three times a year to advise the Secretary concerning the provision and financing of health care services in rural areas.

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### **Upcoming Rural Conferences Of Note**

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The following National Rural Health Association conferences should be of particular interest to rural hospitals:

**The Ups and Downs of Rural Health** – the 2nd Annual National Symposium on Rural Hospital Issues sponsored by the NRHA hospital constituency group will be hosted 9/21-23 by the Chester County Hospital and Nursing Home in Chester, South Carolina. Last year’s meeting was in Prairie du Chien,

**Second Annual Conference of Rural Health Clinics** is cosponsored with the National Association of Rural Health Clinics and the federal Office of Rural Health Policy on 9/29-10/1 at the Hyatt Regency Crystal City in Arlington, Virginia (across river from WDC).

**National Conference on Community Development** is cosponsored with the American Hospital Association, the federal Office of Rural Health Policy and the north-west Area Foundation 12/8-12/10 at the Minneapolis Hilton and Towers Hotel. This conference will provide rural individuals, communities and public policy makers the opportunity to benefit from successful models of community development and planning.

If you’ve not received a flyer, call NRHA at 816-756-3140 for more information.

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### **WI Health Policy Program Agenda Set**

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The Health Policy Program’s External Advisory Committee has recommended a number of “analytic projects that would focus on issues specifically related to state and/or local health care system needs.”

Those expected to be completed during the program’s first year include:

- Non-physician providers in WI: supply, distribution, and training capacity.
- State health data: what exists and what do we need to evaluate provider/health plan performance?
- Anti-trust implications of large, managed care or health care organizations in rural areas.

- Teen-age pregnancy: models of prevention and success rates in Wisconsin.

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### **Current Reform Debate Heard Before**

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In “Medicare Revisited”, the September issue of *American Heritage* gave us a reminder that we have heard most of the pros and cons of health reform all before. “Liberals testifying before the House Ways and Means Committee defended the principle of mandatory social insurance... Conservatives countered that Social Security was basically a scheme that forced prudent and thrifty workers to contribute to the support of the lazy and shortsighted. Eisenhower’s Secretary of Health, Education and Welfare said that a national health-insurance program ‘would become frozen in a vast and unfair government system.’ Ike himself had recorded a crisper summation: ‘If all that Americans want is security, they can go to prison.’” The American Medical Association warned “that federal intervention into health-care delivery would ‘undermine or destroy’ medical progress.” Louisiana’s Russell Long thought that “the aged would flock to hospitals as vacation spots.” For better or worse, Medicare’s gestation took from spring of 1958 until Lyndon Johnson signed the bill on July 30th, 1965.

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### **Happy 150th Birthday, Cooperatives**

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The following page doubles as a flyer celebrating one hundred and fifty years of the cooperative way of doing business. Please feel free to copy and share with board and staff.

