

1 HJR50
2 136397-1
3 By Representatives Johnson (R) and McClendon
4 RFD:
5 First Read: 08-FEB-12

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8 URGING THE UNITED STATES CONGRESS TO FIX THE
9 INEQUITABLE MEDICARE PAYMENT FORMULA FOR ALABAMA HOSPITALS.
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11 WHEREAS, hospitals in Alabama have provided
12 excellent care to their communities for many years and were
13 the forerunners for modern hospitals across the country due to
14 the influence of Senator Lister Hill and his vision for
15 community-supported modern medical facilities; and

16 WHEREAS, hospitals in Alabama are a major employer
17 in the state providing 81,500 direct jobs with an annual
18 payroll of \$4.1 billion and indirectly creating thousands of
19 additional jobs in the community adding billions more to the
20 state's economy; and

21 WHEREAS, over time, hospitals in Alabama have not
22 only provided good care to patients, but have done so in a
23 very efficient manner. A recent study showed that Alabama's
24 hospitals had the lowest average cost per hospital stay in the
25 country and received the lowest average payments for their
26 services; and

1 WHEREAS, the formula for calculating Medicare
2 hospital payments has been especially challenging for
3 hospitals in this state due to the inequities built into the
4 payment calculation, specifically the factor used to
5 incorporate variations in wages; and

6 WHEREAS, by applying this factor, some hospitals in
7 the country receive a significantly higher payment for the
8 exact same procedure as those performed in Alabama, and with
9 approximately 40 percent of Alabama's patients covered by
10 Medicare, this inequity is crippling for many hospitals; and

11 WHEREAS, in the most recent survey of hospitals in
12 this state, the average hospital margin was one percent, and
13 if the top seven hospitals were left out of the average, the
14 average drops to a negative 1.2 percent. In total, out of the
15 92 facilities that responded to the survey, 46 hospitals had
16 negative margins and the worst margin reported was a negative
17 17 percent; and

18 WHEREAS, as legislators, we understand the
19 tremendous financial pressures Congress is facing with the
20 federal deficit and know that spending reductions have to be
21 made; however, we also believe it is our responsibility to
22 speak on behalf of Alabama's hospitals that are currently in a
23 very precarious financial situation. Within the past few
24 months, three Alabama rural hospitals have closed, and many
25 others face significant financial challenges; and

26 WHEREAS, while there are national groups working to
27 address some of these issues, we worry that their

1 recommendations and subsequent actions may come too late for
2 many of our hospitals, and we are concerned about what this
3 could mean for access to health care in Alabama; now
4 therefore,

5 BE IT RESOLVED BY THE LEGISLATURE OF ALABAMA, BOTH
6 HOUSES THEREOF CONCURRING, That we express our gratitude for
7 the previous leadership of the Alabama Congressional
8 Delegation to fix the formula to calculate Medicare payments
9 to hospitals and urge continued efforts to ensure an equitable
10 Medicare payment formula for all hospitals.