

HJR26

189374-2

By Representatives Shedd, Standridge, Crawford, Wingo, Jackson, Fincher,
Howard, Wilcox and Chestnut

RFD: Rules

First Read: 09-JAN-18

URGING THE ALABAMA CONGRESSIONAL DELEGATION TO MAKE A NEW,
EQUITABLE MEDICARE PAYMENT FORMULA.

WHEREAS, Alabama's hospitals have provided excellent care to their communities for many years and were, in fact, the prototype for modern hospitals across the country due to the influence of Senator Lister Hill and his vision for community-supported modern medical facilities; and

WHEREAS, over time, Alabama's hospitals have not only provided good care to patients, but they have done so in a very efficient manner; hospitals have a \$20 billion economic impact in Alabama each year, directly employing nearly 90,000 people and each hospital job supports another job in the community; and

WHEREAS, rural hospitals are often the largest employer in a community; Alabama's rural hospitals contribute over \$550 million in payroll and benefits every year to the state's economy; and

WHEREAS, the formula for calculating Medicare hospital payments has been especially challenging for Alabama's hospitals due to the inequities built into the payment calculation, specifically the factor used to incorporate variations in wages; and

WHEREAS, by applying this factor, some hospitals in the country receive a significantly higher payment for the exact same procedure as

those performed in Alabama, and with approximately 40 percent of Alabama's patients covered by Medicare, this inequity is crippling for many hospitals; and

WHEREAS, rural hospitals in Alabama are facing significant challenges with high rates of uninsured patients, a population with chronic conditions, and lower than average reimbursement rates, forcing six rural hospitals to close since 2011; statewide, 96 percent of rural hospitals are operating in the red, threatening access to care for all Alabamians; and

WHEREAS, Alabama's hospitals are facing a uniquely burdensome situation, reporting in a recent statewide financial survey that the average hospital operating margin has fallen to negative 2.7 percent; in total, 49 percent of hospitals in Alabama had negative total margins; and

WHEREAS, as Alabama's lawmakers, we understand the tremendous financial pressures Congress is facing with the federal deficit and know that spending reductions have to be made; however, we also believe it is our responsibility to speak on behalf of Alabama's hospitals that are currently in a very precarious financial situation; and

WHEREAS, since 2011, 11 Alabama hospitals have closed and many others face significant financial challenges; and

WHEREAS, while there are national groups working to address some of these issues, we worry their recommendations and subsequent actions may come too late for many of our hospitals, and we are concerned about what this could mean for access to health care in Alabama; now therefore,

BE IT RESOLVED BY THE LEGISLATURE OF ALABAMA, BOTH HOUSES THEREOF CONCURRING, That we express our gratitude for the previous leadership of the Alabama Congressional Delegation on this issue, and urge the delegation to make resolving this decades old problem a priority and

find a solution to ensure an equitable Medicare payment formula for all hospitals.

BE IT FURTHER RESOLVED, That a copy of this resolution be provided to each member of the Alabama Congressional Delegation so that the strong sentiments of this body on this important issue shall be known.