



April 12, 2010

TO: Members of the Legislature



University of Wisconsin
SCHOOL OF MEDICINE
AND PUBLIC HEALTH

FROM: Wisconsin Hospital Association
Rural Wisconsin Health Cooperative
Wisconsin Primary Health Care Association
Wisconsin Nurses Association
UW School of Medicine and Public Health
Wisconsin Council on Medical Education & Workforce



Wisconsin Council on
Medical Education & Workforce

Re: Support the Rural Healthcare Access Act—AB 770 / SB 553

The organizations listed above, representing health care providers and educators, **urge you to support the *Rural Healthcare Access Act (AB 770 / SB 553)***, which enacts an assessment on critical access hospitals, protects and enhances the Medicaid Program, and increases funding for vital rural workforce programs.

The 2009-2011 state budget directed DHS to make hundreds of millions in unspecified cuts to Medicaid. The plan to implement these reductions includes a 10% (\$15 million) cut in Medicaid payments to rural, Critical Access Hospitals (CAHs). The cut began January 1, 2010, affecting 59 CAHs – from Sturgeon Bay to Superior, from Boscobel to Waupaca – that serve large geographic areas with round-the-clock care and employ thousands of people in rural areas. The cuts will have a damaging impact on many of these communities, located in 29 Assembly and 17 Senate districts across Wisconsin.

The CAHs typically have lower patient volumes, with more than half of their patients enrolled in government programs (Medicare and Medicaid). Due to the recession, they continue to struggle with growing Medicaid losses, skyrocketing charity care and bad debt. In 2008, half of the state’s CAHs reported operating margins that were either marginally positive or in the red. Many are already facing the necessary realities of scaling back staffing/hiring and reducing services. These cuts could not come at a worse time.

A bipartisan group of legislators proposed a solution – the Rural Healthcare Access Act. Modeled after the successful existing hospital assessment for “urban” hospitals, the bill imposes a modest assessment (1.6%) on each CAH’s revenues that will generate roughly \$10.6 million in FY11. The revenue will be used in the following ways:

- About \$3.6 million will be used to restore the 10% cut in FY11, thereby preventing further harm to the rural safety net and *keeping* roughly \$7 million in matching federal Medicaid dollars right here in Wisconsin that would otherwise be lost because of the cut.
- Approximately \$6 million will be matched with federal Medicaid dollars and used to improve payments to CAHs and strengthen the rural health care safety net.
- The remaining \$1 million will fund additional residencies for graduating physicians and increase loan forgiveness programs for health care professionals who practice in rural Wisconsin. Both of these provisions are investments in the future that will help address chronic health care workforce shortages projected to become much worse.

AB 770/SB 553 has over 41 bipartisan co-sponsors and the support of several health care organizations. We strongly believe the Rural Healthcare Access Act is a “win” for everyone and presents a special opportunity to not only preserve, but also improve rural access to health care. **We respectfully request that you to support companion bills AB 770 and SB 553**