

1 HJR15  
2 136397-3  
3 By Representative Johnson (R)  
4 RFD: Rules  
5 First Read: 05-FEB-13

8 URGING THE UNITED STATES CONGRESS TO FIX THE  
9 INEQUITABLE MEDICARE PAYMENT FORMULA FOR ALABAMA HOSPITALS.  
10

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 \$4.2 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 eight hospitals were left out of the average, the  
14 average drops to a negative 1.4 percent. In total, out of the  
15 92 facilities that responded to the survey, 44 hospitals had  
16 negative margins and the worst margin reported was a negative  
17 14 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

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

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