



Rural Wisconsin Hospital Cooperative

Executive Director's Report

as of May, 1994

A monthly report of experiences and observations to RWHC hospitals.

HCFA's Managed Care Rural Focus

Consistent with Bruce Vladeck's comments to us at the last Office of Managed Care rural advisory committee meeting, a second meeting has been scheduled in Washington, DC on June 20-21 for HCFA to obtain further input from the field regarding how HMOs should be developed and operated in rural communities. If time allows, I will circulate the draft recommendations to anyone expressing an interest in providing input for the meeting.

HCFA's 'Response' Re Rural Losses

Enclosed is a copy of a response from HCFA to our letter stating a concern about adopting the Medicare fee schedule as the basis for all payments to rural hospitals under reform as originally proposed by Congressman Stark. To me the response is a classic polite non-response and sidestep. Your comments and suggestions for further action or inquiry would be very welcome.

An "Any Willing Provider" Opinion

Battle lines are being drawn across the country with legislation that requires HMOs to contract with "any willing provider" that is willing to live by the terms of other contracted parties. Opponents argue that it weakens the ability of networks to be mean and lean in their choice of providers and consequent ability to control quality and costs. In an urban area such as Madison this argument makes a good deal of sense. However rural providers may need to take a position of support that "any willing provider" statutes are appropriate and necessary for rural areas; the reasoning is as follows:

From a rural perspective, "any willing provider" protection will become increasingly important because it takes away from some large corporate systems the potential club of being able to force exclusive relationships and "capture" rural communities. I.e. rural providers need to be concerned about the potential threat of "you have to send us all your patients and not contract with other insurers if you want to be retained on our list of providers." "Any willing provider" legislation takes away a

large system's option of using the threat of not contracting with a provider to gain most or all of that practitioner's referrals. To support "any willing provider" legislation being applied in rural areas is to support reducing the potential threat of rural communities being forced into exclusive relationships.

Need Rural Medical Center Speed Up

WHA and RWHC worked with DHSS in 1992 to secure a federal \$450,000 consortium transition grant from the Health Care Financing Administration with \$100,000 allocated to each of three rural community hospital pilots and \$150,000 to the Department. The Department's role is to update and consolidate the multiple regulations and surveys faced by increasingly diversified rural health care facilities as well as eventually applying for the federal waivers necessary to fully implement the Rural Medical Center model.

A concern about the slow progress being made in the implementation Wisconsin's the Rural Medical Center has developed. While good work has been accomplished, there is a growing concern that the Division of Health has not been able to consistently maintain this critical project as a high priority. While recognizing the many demands on limited staff time we are half way through the three year implementation grant and the State piece is already over a half-year behind the original timetable.

Wisconsin has been a national leader in developing private-public partnerships to reconfigure a more appropriate, cost effective model for rural hospitals. It is our perception that this leadership may be in jeopardy. Bob

Taylor and myself have requested the opportunity to meet with Secretary Whitburn to discuss what steps must be taken to put us back on course. In particular we are at a point where authorizing legislation is needed for Rural Medical Centers as well as the need for addition state staff time to be dedicated to regulatory and statutory drafting that is by definition an essential State task.

WHA Task Force on Health Reform

The sixteen member Task Force is being reconvened with a full day meeting on June 1st. Unfortunately, of the four RWHC associated members, only Bill Beach and I are able to be in attendance. I haven't spoken with Bill, but I am sure he would agree for you to feel free to contact either of us about any ideas that you would hope to have brought forward.

Cooperatives Celebrate 150th Year

The 150th anniversary of the modern cooperative movement is being celebrated in Washington, DC at an event in July sponsored by the National Council of Farmer Cooperatives. (The first cooperative is credited as having begun in Rochdale, England in 1844.) I have been invited to speak on the topic of "Cooperatives and Health Care Reform."

RWHC's 15th Birthday

Given the above item, Thomas Jefferson's seasonable quote "though I may be an old man I'm a young gardener" applies rather well to RWHC and most other rural health

networks. In any event our 15th anniversary is also this year (June) and the plan is to celebrate with a golf outing for the RWHC members at University Ridge this August and a staff/board appreciation banquet on November 15th. The latter later date is to hopefully accommodate Governor Thompson whom I recently had the opportunity to personally invite when I was in his office. (Given recent news reports, I subsequently told his staff that this is a good opportunity for him to speak with rural hospitals without the risk of raising funds.)

\$1 Billion '95-'97 WI Budget Cuts?

You have heard about the State hiring freeze but more appears to be on the way. An unprecedented and intensive "zero base" budgeting approach is expected this fall aimed at carving out of the existing budget as much as possible to fund the recently approved expansion of public school aids.

Hospital-Community Integration Pilot

Two RWHC hospitals (Prairie du Chien and Viroqua) along with large hospitals in New York, Philadelphia and Phoenix have been participating in a community integration demonstration project supported by Robert Wood Johnson Foundation and the United Hospitals Fund of New York and managed by Hospital Research and Education Trust, an A.H.A. affiliate. Enclosed is a comprehensive update published in *Health Care Strategic Management*..

Rural Hospitals Access Capital

In 1987 RWHC determined that the state

bonding authority used by large hospitals was relatively inaccessible to rural hospitals. The problem was here, and still is in many states, something like the old saw that "everyone is free to buy health insurance." Buyers in the national bond market understandably focus on maximizing the return and security of their investment which is not always consistent with our need for capitalizing local health care. However at a recent meeting of the Wisconsin Health and Educational Facilities Authority, it was apparent from a report prepared for other purposes that since 1988, six RWHC hospitals had been able to work with the Authority and access tax-exempt bonds averaging five million dollars each for critical remodeling and projects related primarily to diversification into outpatient services.

NRHA Award To RWJF By RWHC

Next week I will be in Denver with Robert Wood Johnson's as a member of their Media Resource Committee for Health Care Reporting. As previously reported, this is RWJF's "radio free rural" initiative funded to facilitate health care reporting by three rural oriented radio networks serving about 500 stations in Alaska, the southwest and northern plains.

Denise Denton, NRHA President has asked me to use this occasion to present on behalf of the National Rural Health Association a special award to the Foundation's Communication's Department for the excellent dissemination of the results of their national Hospital-Based Rural Health Care Program. This was the six tape work book series recently made available free of charge to rural hospitals and practitioners around the country. The RWHC connection with the Program goes back to the mid '80's when

we helped to develop the four year national initiative. Our subsequent involvement as a grantee was the basis for much of our current work in benchmarking, quality improvement and financial management services.

Medical Education & Competition

A recently adopted statute requires the Office of the Commissioner of Insurance create a special committee, Task Force on Hospital and Academic Medical Center Costs, to “develop recommendations for legislative or administrative action that are designed to ensure that graduate medical education is equitably financed to provide academic medical centers and hospitals that provide for primary care training with sufficient resources to operate in a competitive market place”

As a state it is very important that we carefully address issues related to these threatened entities but the required composition of the task force is heavily weighted to historical rather than future medical training sites. A potential problem echoes in the words of a prominent probable member of this Committee who was recently heard to say “that if Milwaukee gets anymore primary care physicians it will have to start importing patients.” This task force bears watching with the hope that it recommends good public policy related to medical education rather than preservation of a yesterday’s medical education infrastructure.

UW Health Policy Program Launched

The Health Policy Program at the University

of Wisconsin has been established as a pilot to support and enhance the health policy and health services research activities of the University and of the state. Under the direction of David Kindig, its mission is to provide academic leadership to address key health policy issues of importance to state constituents, and which may have national relevance. The program aspires, in the spirit of the Wisconsin Idea, to become a model of policy research of both academic rigor and significance to key public policy interests.

It appears that the first two projects will be (1) a review of community-based long term care with an eye to alternatives and improved screening and (2) a review of the distribution of uncompensated in order to obtain a better understanding of factors that influence its demand and the allocation of its burden.

The first meeting of the External Advisory Committee is on June 2nd. I already reported to you that I had been invited to participate; now I have a list the whole group: Richard Boxer (Milwaukee physician), Keith Bronstein (Chicago manufacturer), Gordon DeFrieze (University North Carolina research center), Ann Haney, Ed Howe (Aurora), William Lawson (Employer’s Health), Patrick McManus (Black Health Coalition of WI), Gene Lehrmann (AARP), Jo Musser (OCI), David Newby (AFL-CIO), Kermit Newcomer (Gunderson Clinic), Judy Robson, Peggy Rosenzweig and Bill Wineke (Wisconsin State Journal).

2nd Annual Monato Essay Selected

I will be representing the Cooperative at the annual awards dinner Friday of the University of Wisconsin Program in Health Administration. The Hermes Monato award of \$750 sponsored by RWHC this year will

be presented by Hermes's faculty mentor, Dr. Betty Chewning. The essay is excellent and will be distributed to the rural radio networks meeting in Denver next week.

RWHC Support For Primary Care

As fund raising for the Monato Essay Prize endowment nears its current goal, the RWHC Executive Director's "Discretionary Fund" (consulting and speaking honorarium) will be redirected to establish a three year challenge grant for the Wisconsin Primary Care Consortium. A base of unrestricted funding for the Consortium is critical to assuring a smooth transition off of the current Robert Wood Johnson Foundation funding, whether it be this year or after a three year implementation grant. Other contributions would be very useful, please contact me if you have any suggestions.

