



# Rural Wisconsin Hospital Cooperative

## Executive Director's Report

as of April 1994

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### Obey Asks HCFA About Wage Equity

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David Obey formally asked Bruce Vladick to respond to our letter re the three interrelated issue of Medicare wage equity, Medicare losses and the possible expanded use of Medicare rates under health reform. Mr. Vladick was asked to respond to both of us. The Congressman's very powerful position as Chairman of Appropriations makes any inquiry from him a priority for DHHS. Kathy Sykes in his office was probably responsible for this very important assistance so please thank her if you have the opportunity.

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### HCFA Consultation, April 11th-12th

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This year HCFA is granting 1.7 million to stimulate development of rural networks as a part of state health reform efforts. Next year the President's budget asks for 7 million with about 3.5 expected to be allocated. Twenty five grant requests were received and I had the opportunity to serve on the panel that recommended who should be funded. It was an excellent opportunity to learn in some detail about what is happening across the country; I left with the impression that RWHC continues on the right track to stay on the leading edge.

The review panel did not contain a lot of "field" experience but I was generally impressed with its and staff's sensitivity to rural issues. (As the Office of Research and Demonstrations, less rigidity was to be expected). Of note was their understanding that in many areas of the country, public dollars are needed to facilitate alternatives to for-profit or urban, large clinic or hospital based networks. There was a general consensus that networks are going to become very widespread and that the real issue is who will control them, local communities and providers or urban based corporations.

Traveler's note: do not take the first motel on HCFA's recommended list for Baltimore; \$40 a night gets you a taxi-cab driver expressing his appreciation for picking some one up from this location other than a drug pusher (evidently they tend not to pay their fare).

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### HCFA Consultation, April 13th-14th

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My second two day stint was with HCFA's newly formed Office of Managed Care (merger of three previously fragmented HMO related initiatives) as part of an invitational work group to advise them on expanding rural managed care (Medicare, Medicaid and private sector).

Bruce Vladeck, HCFA Administrator, met with us briefly and expressed his sentiment that the meeting's agenda was central to HCFA's role in health reform and that the consultation process being initiated was paradigmatic (yes he actually used this word, effortlessly) to a "new" HCFA. He stated a desire for the Agency to become less inward in its consultation and development of ideas. When I was introduced to him, he nodded and acknowledged that we had corresponded.

A significant split in those present was between "the suits" representing a variety of HMO's and other corporate types that had a vision for acquiring rural "franchises" (i.e. total ownership or control of a particular rural network) and the rest of us that came more from a rural health background, advocating the development of networks that would be locally owned and operated, contracting with a number (3-5) large insurers.

I expect to have the opportunity to comment on a draft of the recommendations from this meeting and will be asking for your input if they give me more than a day or two to respond. It also seemed that the group might be reconvened this summer to continue this policy discussion.

Traveler's note: do not take the first motel on HCFA's recommended list in Washington; \$90 a night gets you haphazard phones, no air-conditioning and zero water pressure; the latter wasn't much of a disadvantage as the bath soap was the size of an eraser.

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### **Van Hook Now White House Contact**

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Bob Van Hook, for many years the Executive Director of the National Rural

Health Association, is now working in the DHHS Secretary's Office. Before going to Washington last week, I had been told is being used by the White House as a key point person for rural health issues.

As good luck would have it, Bob was at the above meeting and during the meeting he was asked by the White House to comment on the current status of rural/urban Medicare equity issues. He knows the issues very well but was kind enough to give me the chance to talk to him about his draft.

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### **Networks-Consolidation Alternatives**

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This month I came across two separate "non-healthcare" articles that demonstrate the growing recognition that strong local services do not require corporate consolidation and are enhanced by multicomunity networking.

The first is an article about rural school districts that seems very relevant to some people's conventional about how to best organize rural providers—"Small schools find ways to survive; no longer are large consolidated districts most desirable... These days, staying small appears to be as much of a trend as getting larger once was."

The second is by an old friend in the UW Department of Agricultural Economics, Ron Shaffer. His bottom line—"The more intense the linkage the more important it is to nurture an ability to network (people, money, and other resources). Viable multicomunity collaboration requires that the actors and organizations involved support collective action."

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### **Summer Medical Student Stipends**

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Contact Selma VanEyck (608-263-4606) at the U.W. Medical School if you might be interesting in having a medical student work on a self-directed research project in your community this summer. Stipends are available from the University but local support may also be needed or useful in some cases. This is a good opportunity for more medical students to gain rural health experience in general and your community in particular.

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### **Rural Medical Center Project Update**

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The RMC Advisory Group met this morning (includes Glen, George and myself from RWHC). While the project continues to move forward there was substantial discussion around the need to accelerate the delivery of tangible outcomes in order to meet the timetable promised to the Feds as well as to meet the growing need for alternative models driven by the pressures of reform and competition. Tom and I will draft a joint letter to go to DHSS leadership to support the Division's budget request for enabling legislation as well as state dollars for project.

