

1 HJR50
2 136397-2
3 By Representatives Johnson (R) and McClendon
4 RFD:
5 First Read: 08-FEB-12

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2 ENROLLED, House Joint Resolution,
3 URGING THE UNITED STATES CONGRESS TO FIX THE
4 INEQUITABLE MEDICARE PAYMENT FORMULA FOR ALABAMA HOSPITALS.
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6 WHEREAS, hospitals in Alabama have provided
7 excellent care to their communities for many years and were
8 the forerunners for modern hospitals across the country due to
9 the influence of Senator Lister Hill and his vision for
10 community-supported modern medical facilities; and

11 WHEREAS, hospitals in Alabama are a major employer
12 in the state providing 81,500 direct jobs with an annual
13 payroll of \$4.1 billion and indirectly creating thousands of
14 additional jobs in the community adding billions more to the
15 state's economy; and

16 WHEREAS, over time, hospitals in Alabama have not
17 only provided good care to patients, but have done so in a
18 very efficient manner. A recent study showed that Alabama's
19 hospitals had the lowest average cost per hospital stay in the
20 country and received the lowest average payments for their
21 services; and

22 WHEREAS, the formula for calculating Medicare
23 hospital payments has been especially challenging for
24 hospitals in this state due to the inequities built into the

1 payment calculation, specifically the factor used to
2 incorporate variations in wages; and

3 WHEREAS, by applying this factor, some hospitals in
4 the country receive a significantly higher payment for the
5 exact same procedure as those performed in Alabama, and with
6 approximately 40 percent of Alabama's patients covered by
7 Medicare, this inequity is crippling for many hospitals; and

8 WHEREAS, in the most recent survey of hospitals in
9 this state, the average hospital margin was one percent, and
10 if the top seven hospitals were left out of the average, the
11 average drops to a negative 1.2 percent. In total, out of the
12 92 facilities that responded to the survey, 46 hospitals had
13 negative margins and the worst margin reported was a negative
14 17 percent; and

15 WHEREAS, as legislators, we understand the
16 tremendous financial pressures Congress is facing with the
17 federal deficit and know that spending reductions have to be
18 made; however, we also believe it is our responsibility to
19 speak on behalf of Alabama's hospitals that are currently in a
20 very precarious financial situation. Within the past few
21 months, three Alabama rural hospitals have closed, and many
22 others face significant financial challenges; and

23 WHEREAS, while there are national groups working to
24 address some of these issues, we worry that their
25 recommendations and subsequent actions may come too late for

1 many of our hospitals, and we are concerned about what this
2 could mean for access to health care in Alabama; now
3 therefore,

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

