

Proposed 'bed tax' could jeopardize rural hospitals
By Ashley Speagle

ATLANTA - A representative for rural hospitals Wednesday during a hearing said the rural hospital industry would collapse under proposed hospital provider fees.

"As many as 20 rural hospitals could be lost in a very short time," Jimmy Lewis said, CEO of HomeTown Health. "We've got to be sure we don't decimate an industry."

House Bill 307 from last session proposes a 1.6 percent provider fee for hospitals and health insurance providers.

Gov. Sonny Perdue included the fees in his fiscal 2011 recommended budget to fund Medicare which will lose one-time funds and need new funding for an increasing eligible population.

Representatives of many health organizations opposed the fees at an House Appropriations subcommittee, which they said would critically hurt many hospitals that would pass the costs to patients.

Several people who testified, including Lewis, said many hospitals would not be able to operate under the imposed fees and may fold under, especially hospitals that do not serve high numbers of Medicare recipients and would not see a high return in state funding.

Julie Windom , vice president of the Georgia Alliance of Community Hospitals, said this would hurt the state's economy because many of these hospitals are major employers in their communities.

A Georgia Chamber of Commerce representative said the fee is important to other businesses as well who provide health insurance to employees.

"Hospitals will shift costs to those that can pay, and businesses would be forced to drop coverage or increase costs to employees," Joe Fleming said, senior vice president of government affairs. "This would drive up the number of people uninsured and may exacerbate the health care problem."

In addition, the fee could decrease the number of physicians in Georgia, already with fewer physicians than many states, and thus decrease access to care, Donald Palmisano said, director of government relations for the Medical Association of Georgia.

The state may even reach a crisis stage in physicians available by 2020, Palmisano said.

Gov. Perdue said the only other option to fill budget holes and continue Medicaid funding would be a 16.5 percent cut across all health departments.

Many people that opposed the bill said they supported increased tobacco tax as an alternative to fund Medicaid.

Windom said a dollar increase on tobacco tax would help fund Medicaid and prevent people from smoking, and state tobacco tax is currently lower than the national average.

"I don't generally favor specific taxes that single people out," Rep. Tom Dickson said, R-Cohutta. "Everyone should contribute, and we need to figure out other ways to balance the budget."

Other legislators on the House Appropriations Committee said they also do not support the fees in HB 307 nor a tax increase on tobacco.

"I'm opposed to both measures in the bill," Rep. Roger Williams said, R-Dalton. "It's gotten to the point where any cuts we make are gonna be painful, but tax increases are not the way to get under it."

"I'm holding onto the hope that we can balance the budget without tax increases," Rep. Jay Neal said, R-LaFayette. "We need to make as many cuts as possible."

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HB 307

-Each hospital shall be assessed a provider fee in the amount of 1.6 percent of the net patient revenue of the hospital that shall be paid quarterly by each hospital to the department.

-No less than 90 percent of revenues shall be deposited into the segregated account and dedicated and used for the sole purpose of obtaining federal financial participation for medical assistance payments to providers on behalf of Medicaid recipients.

-Any hospital that fails to pay the provider fee within the time required shall pay, in addition to the outstanding provider fee, a 6 percent penalty for each month or fraction thereof that the payment is due.

-Each care management organization shall be assessed a quality assessment fee that shall not exceed 1.6 percent of the gross direct premium of the care management organization.