

MAR 14 2007

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# SENATE RESOLUTION

URGING THE UNITED STATES CONGRESS TO INCREASE THE MEDICARE  
REIMBURSEMENT RATES FOR HAWAII.

1           WHEREAS, Medicare uses monthly per person, or per capita,  
2 county rates to determine payments to managed care plans; and  
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4           WHEREAS, in the last decade, the United States Congress has  
5 made several changes to how the Centers for Medicare and  
6 Medicaid Services calculate these county rates; and  
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8           WHEREAS, under the old system, managed care rates and local  
9 fee-for-service costs were linked and payment rates per county  
10 varied widely; and  
11

12           WHEREAS, a new rate-setting methodology was created under  
13 the Balanced Budget Act of 1997, that eliminated this link and  
14 reduced the wide disparities in county capitation rates; and  
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16           WHEREAS, the Medicare Prescription Drug, Improvement, and  
17 Modernization Act of 2003, returned to the concept of linking  
18 managed care rates and local fee-for-service costs; and  
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20           WHEREAS, Hawaii is among the states that receive the lowest  
21 Medicare reimbursement in the nation; and  
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23           WHEREAS, the current formula used to set the Medicare  
24 reimbursement rates strives to control overall spending without  
25 calculating the overall costs of providing healthcare or  
26 including the cost of living in a particular area; and  
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28           WHEREAS, as a result, reimbursement rates are not keeping  
29 pace with the rising cost of delivering healthcare in this  
30 State; and  
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32           WHEREAS, while costs in Hawaii are comparable to other  
33 states such as California, Hawaii's Medicare reimbursement rates  
34 are lower; and  
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1 WHEREAS, this is causing an immeasurable strain on our  
 2 healthcare system as physicians leave the State and hospitals  
 3 try to absorb the unfunded costs because of inadequate  
 4 reimbursement rates; now, therefore,

5  
 6 BE IT RESOLVED by the Senate of the Twenty-fourth  
 7 Legislature of the State of Hawaii, Regular Session of 2007,  
 8 that the United States Congress is urged to reexamine the way  
 9 that Medicare is administered and funded; and

10  
 11 BE IT FURTHER RESOLVED that the United States Congress is  
 12 urged to create a more equitable formula that considers the  
 13 overall costs of providing healthcare and reduces the disparity  
 14 in reimbursement rates between areas with comparable costs of  
 15 living; and

16  
 17 BE IT FURTHER RESOLVED that certified copies of this  
 18 Resolution be transmitted to the Majority Leader of the United  
 19 States Senate, the Speaker of the United States House of  
 20 Representatives, and the members of the Hawaii Congressional  
 21 delegation.

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