

I MINA'TRENTAI UNU NA LIHESLATURAN GUÅHAN
2012(SECOND) Regular Session

2012 MAY 25
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Resolution No. 433-31 (COR)

Introduced by:

Dennis G. Rodriguez, Jr. 

Relative to requesting the United States Department of Health and Human Services Secretary Kathleen Sebelius to prioritize and approve the Guam Memorial Hospital Authority's request for relief of Medicare reimbursement rates under the Tax Equity and Fiscal Responsibility Act of 1982 and to express the dire and emergent situation the only civilian hospital on Guam faces due to the large disparity in collecting reimbursements from Medicare.

1 **BE IT RESOLVED BY THE COMMITTEE ON RULES OF *I***
2 ***MINA'TRENTAI UNU NA LIHESLATURAN GUÅHAN:***

3 **WHEREAS**, the Guam Memorial Hospital Authority (GMHA) plays an
4 integral role in Guam's health care infrastructure as Guam's only public hospital
5 serving the civilian community with a 158 bed acute care hospital facility located
6 in the western U.S. Pacific Territory of Guam; and

7 **WHEREAS**, GMHA not only provides hospital services for the 160,000
8 plus residents of Guam, but also provides health care services for migrants from
9 the Freely Associated States of Micronesia, the Republic of the Marshal Islands,
10 the Republic of Palau, the Commonwealth of the Northern Mariana Islands, the
11 civilian support personnel for two (2) major U.S. military installations on Guam,
12 and is the only hospital available to the one million plus tourists who annually visit
13 Guam; and

1 **WHEREAS**, the island of Guam has been facing various economic and
2 social changes that are resulting in raising concerns in the government’s ability to
3 adequately address the health care needs of the island population, as incidence
4 rates of disease and associated morbidities are higher now than ever in Guam’s
5 history; and

6 **WHEREAS**, the Guam Memorial Hospital has taken certain measures to
7 address the ongoing population shifts and demands imposed relative to the
8 increasing number of cases of non-communicable diseases that currently plagued
9 the island; and

10 **WHEREAS**, among these are heart diseases, which led to the establishment
11 of a GMHA heart program for cardiology consults, cardiac-catherizations, and
12 open heart surgeries; while increases in Type II Diabetes and associated
13 morbidities have led to the establishment of an Inpatient Hemodialysis Unit and
14 Interventional Radiology Department; in addition to which other trending levels of
15 non-communicable diseases have called for establishing oncology services to deal
16 with increasing incidence of various cancers, orthopedics to address musculo-
17 skeletal and degenerative arthritis, and a neurosurgical department to address
18 cerebrovascular diseases and conditions; and

19 **WHEREAS**, with the re-emergence of challenges relative to communicable
20 diseases, drug resistant tuberculosis, an aging population with high rates of
21 immune deficiency has led to challenges with multi-drug resistant organisms and
22 increased risks of Hospital acquired infection; and

23 **WHEREAS**, Southeast Asia / Western Pacific concerns such as influenza,
24 regional challenges such as Tuberculosis, and incidence rates of sexually
25 transmitted diseases are also on the rise, GMHA has worked to address these
26 ongoing concerns with previously unprecedented infection control initiatives and a
27 continually evolving drug library; and

1 **WHEREAS**, improvements in quality of care and expansion in the scope of
2 services at GMH is one of the most significant contributing factors to the island’s
3 expanded health care system and improved health outcomes over this period; and

4 **WHEREAS**, GMH is financially unable to sustain improvements to the
5 quality of care expansion of services without supplemental funding and a
6 reimbursement rate reflective of the actual cost of services; and

7 **WHEREAS**, the increase in life expectancy has led to an increase of
8 Medicare beneficiaries, with more than 8% of Guam’s residents being currently
9 covered by Medicare; compared with only 5% in 2000, and 3% in 1990; and

10 **WHEREAS**, in 1982, Congress passed the Tax Equity and Fiscal
11 Responsibility Act (TEFRA) that included changes to Medicare, and subsequently,
12 in 1997, passed legislation to create Prospective Payment for Psychiatric and
13 Rehabilitation Hospitals (Psychs PPS and Rehab PPS), whereby, Medicare allowed
14 for TEFRA providers to request additional reimbursements annually, due to the
15 fact that the TEFRA rate no longer represented a fair reimbursement cap to the
16 facility because the patients and services were no longer similar to the Base Period
17 (1982); and

18 **WHEREAS**, as a result of TEFRA rate that was based on the 1992-1994
19 base years, the Guam Memorial Hospital has reported a net loss \$9.5 million in
20 Fiscal Year 2010; and

21 **WHEREAS**, the most recent Office of Public Accountability (OPA) report
22 issued on March 23, 2012 highlighted GMHA’s financial loss of \$28.7 million
23 dollars in Fiscal Year 2011, the highest loss in a decade, and during which \$7.89
24 million is the disparity between the actual costs for treatment and Medicare
25 reimbursements to the hospital; and

1 **WHEREAS**, the total disparity on Medicare reimbursement loss for Fiscal
2 Years 2010 and 2011 adds up to a total of \$17,413,000, a significant loss that could
3 have benefited various outlets in the Guam Memorial Hospital; and

4 **WHEREAS**, by 2006, the Medicare reimbursement shortfalls due to the
5 TEFRA rate has continued to cause the GMHA to be reimbursed at less than the
6 cost of treating Medicare patients, with losses having grown from \$1,500,000 for
7 2006 to over \$9,500,000 for 2010, which further exacerbated the challenges and
8 changes being faced directly related to socio-economic impacts and improvement
9 of services in the hospital; and

10 **WHEREAS**, Medicare allows hospitals to request an annual exception to
11 the TEFRA Rate based on the variances in patient demographics, patient acuity,
12 and patients treatments to which GMHA has filed. However, Medicare has asked
13 for additional information to compare the current year to the base year twice,
14 requiring more detailed information;

15 **WHEREAS**, GMHA has been reimbursed by Medicare at less than its
16 actual cost of treatment for the Medicare patients as a result of the TEFRA rate that
17 was set utilizing 1992-1994 as base years; and

18 **WHEREAS**, GMHA does not have the detailed patient and financial
19 records that Medicare requests due to their computer overhaul that was
20 implemented in 1995-1996, resulting in the loss of the records which are no longer
21 in existence and cannot be reconstructed, and now greatly hinders the justification
22 to Medicare that GMHA is entitled to additional compensation; and

23 **WHEREAS**, Guam's expanding population, accompanied by the necessary
24 development and enhancement of services at GMHA, has led to an increase in the
25 cost of care, with which Medicare reimbursement rates have not kept pace directly
26 due to the lack of documentation which hinders their ability to acquire proper
27 annual TEFRA Exception payments; and

1 **WHEREAS**, that in order to remedy this disparity, GMHA proposes that the
2 Centers for Medicare and Medicaid Services approve the GMHA (Provider No.:
3 65-001) relief requests for 2006 through 2011, as submitted to the Department of
4 Health and Human Services on February 21,2012 and allow for the rebasing of
5 GMHA’s TEFRA limit to FY 2011; and

6 **WHEREAS**, in February of 2012, the Guam Memorial Hospital Authority,
7 in conjunction with the Office of the Governor of Guam, the Honorable Madeleine
8 Z. Bordallo, Guam’s Delegate to Congress, and the Chairman of the Committee on
9 Health & Human Services, Senator Dennis G. Rodriguez, Jr., of the 31st Guam
10 Legislature, began coordinating with the Health & Human Services Office of
11 Intergovernmental and External Affairs to address this disparity; and

12 **WHEREAS**, in March of 2012, the Federal Regional Council took up the
13 issue of these relief requests at their annual conference in San Francisco,
14 California; and

15 **WHEREAS**, this initiative has since been brought to the attention of the
16 Centers for Medicare and Medicaid Services, Acute Care Division; and now, be it
17 therefore

18 **RESOLVED**, *I Liheslaturan Guåhan* requests that the Department of
19 Health and Human Services to prioritize the consideration and subsequently
20 approve the Guam Memorial Hospital Authority's request for relief of Medicare
21 reimbursement rates under the Tax Equity and Fiscal Responsibility Act of 1982,
22 as amended (1997 - Prospective Payment for Psychiatric and Rehabilitation
23 Hospitals), and to express the dire and emergent situation Guam’s only civilian
24 hospital faces due to the significant disparity between the costs of treatment and

1 the outdated 1992-1994 base rate set reimbursements from Medicare; and be it,
2 further

3 **RESOLVED**, *I Liheslaturan Guåhan* requests that the proposes GMHA
4 relief requests be approved based upon the available comparative analysis between
5 the base year and respective years of the relief request (2006-2011), the rebasing of
6 which can be justified using a dual comparative analysis which would include a
7 comparison of the 1992-1994 base year and subsequent costs data through 2011,
8 the earliest full years of data available, which if combined, the two approached
9 provide positive justification for GMHA’s rebasing request; and be it, further

10 **RESOLVED**, that the Speaker and the Chairperson of the Committee on
11 Rules certify, and the Secretary of the Legislature attest to, the adoption hereof,
12 and that copies of the same be thereafter transmitted to Ms. Kathleen Sebelius,
13 Secretary, United States Department of Health and Human Services; to the
14 Honorable Madeleine Z. Bordallo, Guam’s Delegate to Congress, and to the
15 Honorable Edward J.B. Calvo, *I Maga’lahen Guåhan* (Governor of Guam).

**DULY AND REGULARLY ADOPTED BY THE COMMITTEE ON RULES
OF *I MINA'TRENTAI UNU NA LIHESLATURAN GUÅHAN* ON THE
_____ DAY OF MAY, 2012.**

JUDITH T. WON PAT, Ed.D
Speaker

RORY RESPICIO
Chairman, Committee on Rules

TINA ROSE MUÑA BARNES
Legislative Secretary