

Editor's Note: This Oklahoma Rural Health Brief is the first in a series that will be published by the OSU Center for Rural Health. The Center's goal for the Briefs is to provide an objective overview of relevant issues affecting health care in rural Oklahoma. To subscribe to the Center's electronic distribution list or to suggest topics for future Briefs, please contact chad.landgraf@okstate.edu.

Oklahoma Rural Health Brief ***Medicare Reimbursement Rate Cuts***

Earlier this month, physicians across the nation narrowly averted a 10.6% cut in the reimbursement rate they receive for treating Medicare patients. The U.S. House of Representatives passed H.R. 6331 by a vote of 355-59 while the U.S. Senate passed the bill 69-30. However, President Bush has now vetoed the bill, which will require the House and Senate to pass the bill with a two-thirds majority to avoid physician payment cuts.

While President Bush and a number of representatives and senators oppose the bill in its current form, they say that they do not oppose the bill on the basis that it would avert payment cuts to physicians. Rather, they say their primary opposition to the bill is how it will pay for averting the payment cuts. The current bill would maintain the current physician payment rate by reducing spending on Medicare Advantage plans.

Medicare Advantage is a product of the Balanced Budget Act of 1997. This act allowed Medicare recipients to choose to receive their Medicare benefits from private insurance plans rather than through the standard Medicare plan administered by the Centers for Medicare and Medicaid Services. These plans were then known as Medicare+Choice or Part C plans. The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (which created Medicare Part D for prescription drug coverage) changed how private Medicare insurers could offer these plans and be reimbursed, and these plans became known as Medicare Advantage.

This Health Brief examines how the issues raised by this bill affect the State of Oklahoma, with a rural vs. urban comparison of impact (setting aside the fact that H.R. 6331 would provide \$2 billion in necessary rural health care dollars according to the National Rural Health Association).¹

Of Oklahoma's 571,171 Medicare enrollees, over 53% (305,066) live in rural counties while 39% (221,421) reside in the state's urban counties (with the remainder living in mixed counties).^{2,3} One out of every five residents in rural Oklahoma is a Medicare enrollee versus one out of every seven in urban Oklahoma. **Figure 1** shows the percentage of the population that is enrolled in Medicare by county.

Total enrollment of Oklahomans in Medicare Advantage programs is 67,311 (13% of Medicare enrollees). The penetration rate of Medicare Advantage programs is limited in rural Oklahoma – only 7% (21,566) of rural Medicare enrollees choose to participate in a Medicare Advantage plan. Contrast this with urban Oklahoma where over 20% (45,745) of Medicare enrollees participate in Medicare Advantage. **Figure 2** shows the relatively high penetration rates of Medicare Advantage around the state's urban cores and relatively low enrollment rates in the rural areas of the state.

¹ National Rural Health Association, <http://newsmanager.commpartners.com/nrha/issues/2008-07-15/1.html>.

² All data (unless otherwise noted) is from the Centers for Medicare & Medicaid (CMS) (June 2008) and the U.S. Census Bureau (2006).

³ See *State of the State's Rural Health, 2008 Edition* for a definition of rural, urban, and mixed counties.

Figure 1. Medicare Population by County, June 2008

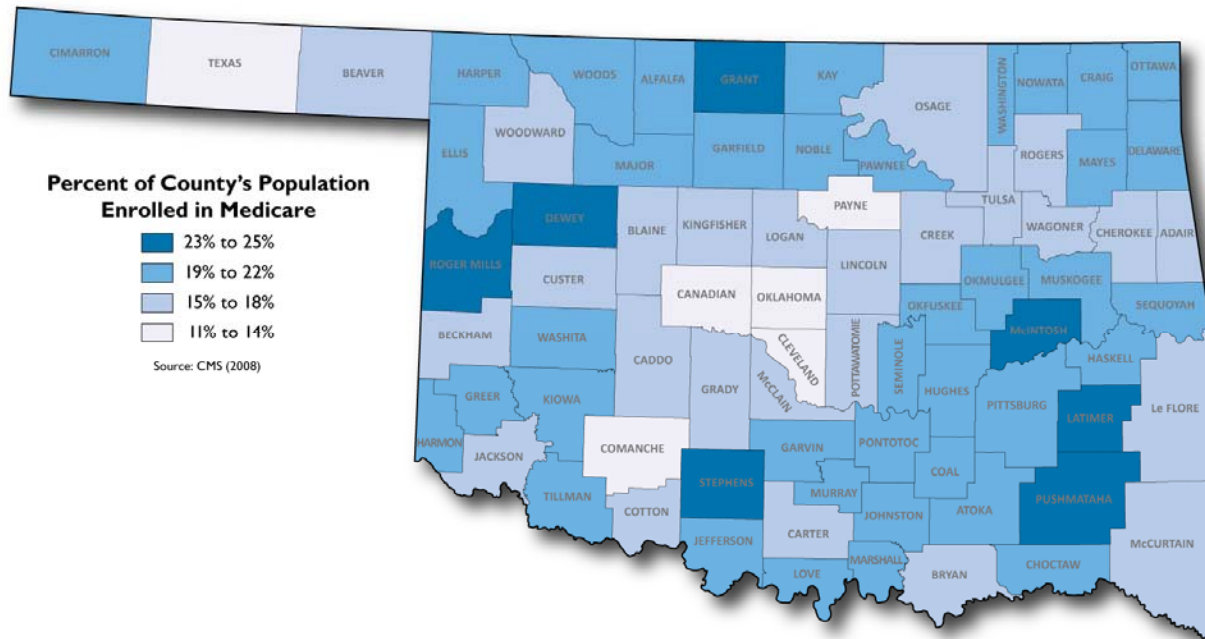


Figure 2. Medicare Advantage Penetration by County, June 2008

