



July 27, 2006

The Honorable Rob Portman
Office of Management and Budget
Eisenhower Executive Office Building
1650 Pennsylvania Ave, NW; Room 252
Washington, DC 20502

Dear Mr. Portman:

The American Hospital Association, the American Medical Rehabilitation Providers Association, and the Federation of American Hospitals urge the Office of Management and Budget (OMB) to support the withdrawal of the 2.9 percent cut proposed by the Centers for Medicare & Medicaid Services (CMS) in the fiscal year (FY) 2007 inpatient rehabilitation facility prospective payment system proposed rule

We encourage the OMB to review and take into consideration a recent study completed by The Lewin Group ([attached](#)). This analysis concludes that the proposed 2.9 percent coding reduction, in combination with FY 2006 refinements, would produce a total cut of 7.0 percent. This over-correction includes two FY 2006 policies, an undisclosed 2.3 percent cut resulting from the transition to a new grouper and a 1.9 percent coding reduction. The 7.0 percent reduction, in conjunction with the volatility being caused by the "75% Rule" and local coverage determinations, is excessive and unwarranted. Therefore, the 2.9 percent cut should be withdrawn.

This analysis was further detailed for your staff during a recent presentation by The Lewin Group. We have also presented this research and our concerns in meetings with CMS and the National Economic Council, and would be pleased to meet with you at your convenience.

Sincerely,

The American Hospital Association
The American Medical Rehabilitation Providers Association
The Federation of American Hospitals

cc: Don Dempsey
Steven Aitken
Herb Kuhn
Laurence Wilson

Attachment