

United States Senate
WASHINGTON, DC 20510

May 3, 2007

Dear Colleague,

Please join us in sending the attached letter to the Centers for Medicare and Medicaid Services (CMS) to express our concern about proposed changes to the hospital inpatient prospective payment system, which could severely restrict beneficiary access to critical hospital services in urban and rural areas.

CMS has proposed nearly \$25 billion in cuts over five years to hospital payments for providing care to seniors and the disabled under Medicare. A key misstep in the proposed rule is the 2.4 percent so-called "behavioral offset" payment cut to all inpatient operating and capital payments of \$24 billion over five years. CMS proposed this cut to eliminate what the agency inaccurately claims will be the effect of greater use of coding as hospitals move to the new system. These draconian cuts in reimbursements, which are based on conjecture, will impose an added burden on all hospitals.

In addition, the proposed rule would freeze capital payments for all hospitals in urban areas and would eliminate additional capital payments made to hospitals in large urban areas. All told, proposed cuts to capital payments that keep the latest medical technology available for patients will reach nearly \$1 billion over the next five years.

For additional information or to sign this letter, please contact Karen Howard with Senator Salazar (4-5852) or Kate Anderson with Senator Roberts (4-4774).

Sincerely,



Ken Salazar
United States Senator



Pat Roberts
United States Senator

In addition, the proposed rule restricts beneficiary access to hospital services by freezing and/or altogether eliminating reimbursements to hospitals for capital-related costs of inpatient hospital services. As you are aware, for years, the Medicare program has paid for its share of the capital-related costs of inpatient hospital services. The proposed rule would freeze capital payments for all hospitals in urban areas and would eliminate additional capital payments made to large hospitals in urban areas. Taken together, these cuts would amount to nearly \$1 billion over the next five years.

Payment reductions of this magnitude would make it difficult for hospitals to buy advanced technology and equipment and would slow clinical innovation in the hospitals most likely to conduct cutting edge research. Additionally, freezing capital payments would stall much-needed health information technology and the long-term commitments that hospitals have made to capital acquisitions. As you know, health care reform is predicated on our ability to increase quality care and efficiency through technological advances, including health information technology. We strongly urge CMS to take actions that foster health care innovation through technology.

The proposed rule will jeopardize beneficiary access to critical hospital services. In addition, the proposed rule will stifle hospital investment in technology that will increase patient quality and reduce health care costs. We therefore urge CMS to eliminate the behavioral offset and restore Medicare reimbursements to hospitals for capital investments in your final regulation.

Sincerely,




