



July 19, 2007

The Honorable Michael O. Leavitt, Secretary
U.S. Department of Health & Human Services
200 Independence Avenue, S.W.
Washington, D.C. 20201

Dear Secretary Leavitt:

On behalf of the Louisiana Association of Business and Industry (LABI), I write to express my opposition to two provisions in the Centers for Medicare and Medicaid Services' (CMS) proposed regulation dealing with the Hospital Inpatient Prospective Payment System (IPPS).

Specifically, the two provisions include a 2.4 percent cut to both operating and capital payments in both FY 2008 and 2009 through the so-called "behavioral offset" and a reduction in capital payments for urban hospitals. According to the Louisiana Hospital Association (LHA), the estimated impact to Louisiana hospitals exceeds \$370 million over five years.

Businesses and healthcare providers face unique challenges in Louisiana. We believe that affordable healthcare coverage should be expanded to allow more people to obtain private insurance. Cuts in public programs are likely to result in cost-shifting to the private sector, thus increasing costs for employers and employees. Furthermore, these cuts to hospitals would be counterproductive as we continue to strive to redesign our antiquated healthcare system.

Again, LABI urges you to eliminate both provisions when the final IPPS regulation is published in the coming weeks.

Thank you for your attention to this important matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'Dan Juneau', is written over the name of the sender.

Daniel L. Juneau
President