



MISSOURI CHAMBER
OF COMMERCE AND INDUSTRY

July 26, 2007

Honorable Michael Leavitt
Secretary, U.S. Dept. of Health and Human Services
200 Independence Avenue, SW
Washington D.C. 20201

Dear Secretary Leavitt:

On behalf of the members of the Missouri Chamber of Commerce and Industry, I am writing to express our opposition to two provisions in the Centers for Medicare and Medicaid Services (CMS) proposed regulations addressing the Hospital Inpatient Prospective Payment System (IPPS).

The first provision would cut Medicare-related operating and capital inpatient payments by 2.4 percent for fiscal years 2008 and 2009. This is essentially a cut of about \$24 billion in payment for hospitals services over the next five years, primarily based on the misguided premise of a "behavioral offset." CMS proposed this cut to eliminate what the agency inaccurately claims will be the effect of greater use of coding as hospitals move to a new coding system. This is an unfair cut based on no documentation.

The second proposal would reduce payments to hospitals in urban areas for capital related costs for inpatient services – which is another cut of \$1 billion over five years. At the local level, these two provisions could mean the loss of jobs, local income and much needed hospital services for our community. The impact of these cuts means that my local hospitals may not be able to afford long-term capital investments. In turn, hospitals will face severe financial pressures having difficulty acquiring newer and advanced medical technology, enhanced health information systems that can improve health outcomes and reduce errors and ultimately lower the cost of health care through better coordination.

These changes would create an excessive increase in costs for the public sector as hospitals could shift more of the cost burden to the private sector. This would decrease the number of business that are able to provide health insurance to their employees. Increased costs to private health insurance should not be the result of changes to our health care delivery system.

More than half of the Senate and the House recently sent letters to Acting CMS Administrator Leslie Norwalk expressing their strong objection to these provisions. The Missouri Chamber joins with these elected officials and add my voice to the call to eliminate both provisions when the final IPPS regulation is published.

Best regards,

Daniel P. Mehan
President & C.E.O