Dr. Donald Berwick  
Administrator  
Centers for Medicare and Medicaid Services  
Hubert H. Humphrey Building  
200 Independence Avenue, SW, Room 445-G  
Washington, DC 20201  

Dear Administrator Berwick:

Recently, the Centers for Medicare and Medicaid Services (CMS) released a proposed Medicare Inpatient Prospective Payment System (IPPS) regulation for Fiscal Year 2011 that would apply a 2.9 percent cut to hospital payments to eliminate what CMS claims is the effect of coding changes not related to the changes in the severity of the patients’ illness. As Members of Congress representing hospitals throughout the country – in urban and rural communities alike - that would be negatively affected by this regulation, we urge you to re-examine this issue and mitigate these reductions in payment.

The coding "offset" assumes that hospital payments have increased solely due to changes in coding, or classification of patients, as opposed to hospitals’ treatment of more complex and more severely ill patients. We believe that this assertion fails to take into consideration that hospital patients are indeed sicker. Increasingly, as more patients are successfully cared for in hospital outpatient departments, hospitals are reporting that those who are actually admitted to the inpatient setting are often times more severely ill.

If the proposed rule is enacted, the projected inflationary increase for next year, 2.4 percent, would be more than eliminated. It is estimated that it would cost hospitals across the country $3.7 billion in FY 2011 in reduced Medicare reimbursement compared to what they would have received absent this proposed policy. Hospitals in our districts inform us that a 2.4 percent inflation adjustment doesn’t come close to the actual rate of cost increases they have faced this year. Yet, CMS is proposing to go further than eliminating it with this proposed coding offset, resulting in hospitals receiving less in Medicare payment for the same services during FY2011 as compared to FY2010.

The Medicare Payment Advisory Commission (MedPAC) analysis has shown that hospitals are being paid substantially less than the cost of delivering care to Medicare patients. These costs include wages and benefits (nearly 70 percent of hospital costs), medical supplies, pharmaceuticals, medical devices, food and utilities. MedPAC has projected a negative 5.9 percent overall Medicare margin for hospitals in FY 2010, and therefore recommended that Congress provide a full inflation update for hospital payments in FY 2011.
A cut of this size in FY 2011 payments to hospitals could weaken their ability to provide high quality services to their patients and communities. We thank you for your consideration of our concerns and look forward to your timely reply.

Sincerely,

Pete Sessions
Member of Congress

Judy Chu
Member of Congress

Dale E. Kildee
Member of Congress

Carolyn C. Kilpatrick
Member of Congress

Ike Skelton
Member of Congress

Frank D. Lucas
Member of Congress

Carolyn B. Maloney
Member of Congress

Bennie G. Thompson
Member of Congress

Roy Blunt
Member of Congress

Adam B. Schiff
Member of Congress
Maurice D. Hinchey  
Member of Congress

Marcy Kaptur  
Member of Congress

Mark Critz  
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Anthony D. Weiner  
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Nick J. Rahall  
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Lucille Roybal-Allard  
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Marion Berry  
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Mike McIntyre  
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Lamar Smith
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Chellie Pingree
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Mike Quigley
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Eddie Bernice Johnson
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Chris Van Hollen
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Travis W. Childers
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Walter B. Jones
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Timothy V. Johnson
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John Hall
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Judy Biggert
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Mary Jo  Klinefelter
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Timothy J. Walz
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Niki Tsongas
Member of Congress
Cathy McMorris Rodgers
Member of Congress

John Boozman
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Daniel Lipinski
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Emanuel Cleaver
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Gary C. Peters
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Bruce L. Braley
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Sam Farr
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Scott Garrett
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Andre Carson
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Candice S. Miller
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Dan Boren
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Artur Davis  
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Timothy H. Bishop  
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Mike Rogers (MI)  
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Peter T. King  
Member of Congress

Paul Tonko  
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Gregg Harper  
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Joe Wilson  
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Aaron Schock  
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Christopher S. Murphy  
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James P. McGovern  
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Pete Olson  
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Jim Marshall  
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Tim Murphy  
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G.K. Butterfield  
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Fred Upton  
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Henry C. "Hank" Johnson, Jr.  
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John B. Larson  
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Greg Walden  
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Bill Pascrell, Jr.  
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Charles A. Gonzalez  
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Kathy Castor  
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Ann Kirkpatrick  
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Russ Carnahan
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