

America's Hospitals and Health Systems

June 18, 2010

Dear Senators:

On behalf of the membership of the undersigned hospital organizations, we want to express our strong support for Senate action to provide a true fix to reductions in physician payment by Medicare due to the current Sustainable Growth Rate formula (SGR), and the desperate need to fund an extension of the critical Federal Medical Assistance Percentage (FMAP) payment. **However, the offset to finance the short-term physician payment patch partially paid for by reductions in hospital payments by changing the so-called Medicare "72 Hour Rule" must be removed.**

Our hospital organizations understand that the SGR must be fixed to assure physicians fair payment for services provided to Medicare beneficiaries. We support real SGR reform to achieve this goal. And, this latest SGR proposal offsets the cost of the physician payment extension on the backs of hospitals while only postponing the SGR problem to December of this year.

Under this proposal, hospital cuts are achieved by preventing hospitals from justifiably re-filing underpaid claims. This provision would take away the option for hospitals to bill retrospectively for these services, unless they had already done so by the date of enactment. Both CMS and the Recovery Audit Contractors (RACs) directed hospitals to re-file in this manner. But now re-filing for underpayments would be retrospectively prohibited. This is unfair on its face.

The Congressional Budget Office has estimated that this provision would cut hospitals by over \$4 billion. On top of hospital reductions of \$155 billion included in the recently passed health reform bill, and an additional reduction of \$3.7 billion being proposed by CMS for FY 2011 alone, we believe such additional savings from hospitals are unfair and unwarranted.

We, therefore, ask that you modify this proposal and opt for a more responsible solution that fairly addresses the needs of the physicians, provides critical FMAP funding to allow states to continue to adequately fund their Medicaid programs, and eliminates the 72-hour rule provision.

Sincerely,

American Hospital Association
Association of American Medical Colleges
Catholic Health Association of the United States
Federation of American Hospitals
National Association of Public Hospitals and Health Systems