

Sen. Nelson's letter on TRICARE.

We are writing to express our serious concerns about the lack of an effective transition in the Department of Defense's (DoD) proposed rule for TRICARE to adopt Medicare's prospective payment system for hospital outpatient services (OPPS).

While we certainly support TRICARE's efforts to adopt reimbursement rules that are, "to the extent practicable", consistent with Medicare, we are troubled that TRICARE's specific proposal, as outlined in the April 1, 2008 Federal Register, will unnecessarily weaken hospitals, disrupt their ability to serve TRICARE enrollees, and potentially threaten health care access for America's active duty military personnel and their families as well as veterans enrolled in TRICARE.

Sudden and severe shifts in payments as have been proposed by DoD could jeopardize providers' ability to care for TRICARE patients. To prevent such disruptions to quality of, and access to care, it is crucial that such new payment policies be implemented with a meaningful transition period.

For example, when Medicare implemented its current OPPS, it included a robust transition over several years that provided crucial transition payments to all hospitals suffering losses. This transition was instrumental in helping hospitals absorb significantly lower payments and continue to deliver health care to seniors.

Moreover, TRICARE provided a sustained transition over several years for physicians -- a 15 percent annual service specific stop-loss -- when it adopted Medicare's physician fee schedule. This seamless transition serves as an important precedent, and a practical, effective alternative, to what TRICARE has proposed. We strongly urge DoD to consider a similar stop-loss transition for hospitals.

As the TRICARE system harmonizes payment methodologies with Medicare, we believe it is important that a period of transition apply to all Tricare network hospitals, cover all services, and be sustained over a multi-year period. Thank you for your consideration of this important matter.