

# United States Senate

WASHINGTON, DC 20510

July 28, 2011

Dr. Donald Berwick  
Administrator  
Centers for Medicare and Medicaid Services  
Department of Health and Human Services  
Attention: CMS-1503-P  
Mail Stop C4-26-05  
7500 Security Boulevard  
Baltimore, MD 21244-1850

Dear Dr. Berwick:

We are writing to express concerns that Tennessee hospitals have voiced regarding the 3.15 percent coding cut to hospital payment rates contained in the proposed rule governing Medicare hospital inpatient payments for FY12. We urge your agency to exercise its regulatory discretion to include a more gradual transition of the payment reductions in the final rule in order to help avert the second negative payment update borne by hospitals in two years.

While we understand questions have been raised regarding the methodology used by the Centers for Medicare & Medicaid Services (CMS) to calculate the amount of the coding offset, we have some concerns with the proposed transition schedule of the payment reduction included in the rule. An alternative approach would be to transition the required reductions equally over two or three years, thus helping to cushion the financial impact of the coding cuts while also taking into account MedPAC's analysis that indicates that CMS's coding offset through FY09 could be overstated. We feel this approach would minimize any potential disruption in the services to Medicare patients as hospitals adjust to new payment levels.

We would be happy to provide additional information, or you may have your staff contact Anne Oswald with Senator Corker at 224-3344 or Mary-Sumpter Lapinski with Senator Alexander at 224-4944.

Thank you for your consideration of this important matter.

Sincerely,



Lamar Alexander  
U.S. Senator



Bob Corker  
U.S. Senator