

Congress of the United States
Washington, DC 20515

July 21, 2011

Donald Berwick, MD
Administrator
Centers for Medicare & Medicaid Services
Hubert H. Humphrey Building
200 Independence Avenue, S.W., Room 445-G
Washington, DC 20201

Dear Administrator Berwick:

We have significant concerns with the proposed Medicare Inpatient Prospective Payment System (IPPS) regulation for Fiscal Year (FY) 2012. In the draft rule, the Centers for Medicare & Medicaid Services (CMS) proposes a 3.15 percent cut to hospital reimbursement, as well as a continuation of a past cut of 2.9 percent, to eliminate what CMS claims is the effect of coding or classification changes. Before such changes go into effect, we ask that you ensure that appropriate and correct methodology is used and that the proposed rule takes into consideration any changes in patient severities that have occurred.

Coding offsets are based on the assumption that hospital payments have increased solely due to changes in coding, or classification of patients. However, these increases could be due to other reasons, such as the possibility that certain hospital patients have more serious, complex conditions or illnesses. As we see an increase in patients being successfully cared for by hospital outpatient departments, those who are actually admitted to hospitals would likely be more severely ill, resulting in an increase in real case-mix. The methodology CMS has employed cannot separate the effects of documentation and coding from true case-mix change because it uses claims data alone. We urge you to consider using medical records data to distinguish documentation and coding changes from real case-mix changes.

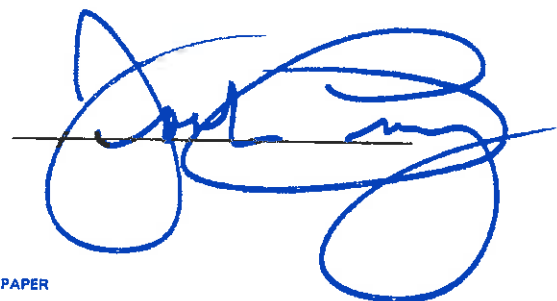
If the proposed rule is enacted, the net impact for hospitals would be an average decrease in inpatient payments. This is a decrease that hospitals can ill afford. When coupled with other policy changes in the rule, it would cut hospital reimbursement by over \$6 billion in FY 2012. We note that MedPAC has shown that hospitals are currently being paid substantially less than the cost of delivering care to Medicare patients. In fact, MedPAC projected a negative 7 percent overall Medicare margin for hospitals in FY 2011. Hospitals must have adequate Medicare reimbursement to ensure that patients and communities receive the care they expect and need.

Again, it is our hope the final rule takes into account potential changes in patient severity and mitigates the cuts as currently proposed. Otherwise, the cuts to hospital payments may adversely affect their ability to care for patients and serve their communities. Thank you for your consideration.

Sincerely,



A handwritten signature in blue ink, appearing to read "Ben Ray Lujan", written over a horizontal line.



A handwritten signature in blue ink, appearing to read "Donald Berwick", written over a horizontal line.

T. V. Johnson

Gene Cash

Hansen Clarke

Jaki Spri

Lawson Pugh

Robert J. Gold

SLK Noh

Git Grog

Ralph M. Hall

Jared Jolly

Laetha Sanchey

Michael M. Haden

Jo M. M.

Steve Cohn

Eric H.A.

Deni Swell

Betty Sutton

Mike J.

Oliver Jeffrey

Ronald M. Payne

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Chaka Fattah

DeLoach

Frank Lautner

Olympic J. Schwartz

Chell R

Na Hayworth

Kiki Wongas

E. Coors

David N. Cicilli

Frank Scott

James Smith

XXXXXXXXXX

J. Ryan

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Martin Rofy

Paul S. Torres

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Spike Pagan (AL)

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Paul De

AK

Jim McFadden

Al

David Phee

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Michael A. Sin

Tom Murphy

Brett Guthrie

Gregg Harper

Steve Curtis

John S.

Bill Owens

Chris Murray

CPM

Lon Barletta

Peter Toback

Peter Welch

Miguel E. Capuano

Van ^W SAM GRAVES (MAY-04)

Ron Kind

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Hank Johnson

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Bob A. Brady

Jim Langevin

Bill Roy

Glenn G. Thompson PA-5

Tim Huelskamp

M. del T. McCal

Maura Blackburn

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Kei Yoder

+

Jeanette Altmire

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Ryann Jenkins

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John B. La

By C. Peter

Ally Blevins

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John L.

John Callahan

Charles B. Rangel

Bill Powell

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Greg V. Costello

T. Cost

Rosa J. DeLauro

T. Hilda

David Beckman

Cathy McNamee Rodgen

Bob Filner

Marion Amodeo

Henry L. Ackerman

Howard Coble

Richard E. Heath

Tom Sallman

Donald M. Smith

Joe Wilson

Lois Capps

F. P. Prewitt

John Bonner

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Jim Moran

John H. Chafee

I. McKeith

George M. Brown

James B. Baker

Barnett Frank

Robert B. Anderson

Barbara Lee

Cl W Pitt

Marcie L. Dudge

Red Daulton

Wille Coffman

Michael H. Michael

~~Wendy Jackson~~

Mo Brooks

Mike Simpson

Buttercup
Todd R. Blatts

Joe Daniels

Ed Felt

Alvin

Robert F. Anderson

Eddie Derrice Johnson

Phun

Bill Johnson

K. Y. King

Steve Chobot

Tim Cole

Walt Ross

Jammy Baldwin

Bill Coley

Barry Higgs

Tom Fitch

Louise M. Staughter

Gene Ross

Don Young

Rice Flores (72-17)

Ben Chandler

Myrle Simpson

J. Arlee

MST

Charles F. Bass

John Bann

Seyd E. Connolly

John Pitt

William R. Keating

Key Sanger

John Lewis

Tracy

Bill Shuster

Scott A. Tipton

Jim Hain

Steve Simon

Ernest Cline

John Labando

Mike Kelly

Judy Biggs

Glen Emerson

Rick Zuercher

Jimmy Long

Leonard L. Brownell

Patrick McHaffey

Carlson

Betsy W. B.

Jack D. Lucas

Leonard Lence

Mike Doyle

Edward J. Markey

John (IL-19)

Sam Tson

Rudie J. Ben

Wife of M. Loney

Anna Lette

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Bob Goodlatte

My Cullen

John W. Bishop J.

Chris Smith

Carolyn McCarty

Heard Howard

~~John P.~~

Gregory M. Meade

Ken Calvert

Robert
Brown

Danny K. Davis

United States Senate

WASHINGTON, DC 20510

July 20, 2011

Donald Berwick, MD
Administrator
Centers for Medicare & Medicaid Services
Hubert H. Humphrey Building
200 Independence Avenue, S.W., Room 445-G
Washington, DC 20201

Dear Administrator Berwick:

We write to express our concerns regarding the proposed Medicare Inpatient Prospective Payment System (IPPS) regulation for Fiscal Year (FY) 2012. In this rule, the Centers for Medicare & Medicaid Services (CMS) proposes to apply a 3.15 percent cut to hospital payments, as well a continuation of a past cut of 2.9 percent, to eliminate what CMS claims is the effect of coding changes. Before such changes go into effect, we need to confirm that the appropriate and correct methodology has been adopted and that the proposed rule takes into consideration any changes in patient severity.

Coding offsets are based on the assumption that hospital payments have increased solely due to changes in coding, or classification of patients. But there could be other reasons for such changes, such as the possibility that certain hospital patients have more serious, complex conditions or illnesses. As more patients are increasingly and successfully cared for in hospital outpatient departments, those who are actually admitted to hospitals would likely be more severely ill.

We have heard concerns from hospitals that CMS's methodology for determining the effect of coding changes on hospital payments may not be able to fully separate documentation and coding effects from true case-mix change. In order to provide a complete assessment, CMS could consider not only claims data alone but also medical records data or trend-based analysis. Recent, newly adjusted trend-based analysis suggests that coding changes may account for a smaller increase in hospital payments than CMS has estimated.

If the proposed rule is enacted, it would cut hospital reimbursement by over \$6 billion in FY 2012. Hospitals must have adequate Medicare reimbursement to ensure that patients and communities receive the care they expect and need. We ask that you ensure that CMS's methodology take into account potential changes in patient severity, and consider an appropriate adjustment to the proposed cuts. Thank you for your consideration.

Sincerely,



Senator Debbie Stabenow



Senator Lisa Murkowski

Olympe Simon

James P. ...

John Hosen

Paul Bezek

Bob ...

John J. Kenny

Ray Bend

Paul ...

Bob Carey, Jr.

Richard Helby

Jeff ...

Jerry Moran

Kirsten E. Gillibrand

Chuck Grassley

Patrick Leahy

Sally Chaudhry

Chuck Sch

Marl Udell

Jeffrey A. Merkle

Ang Klobuchar

Shirrod Brown

Tom Kauli

Jon Testa

te Benjamin Nelson

Kay R. Hazan

May of Garrison

Scott P. Brown

M. W. J.

Daniel K. Spaka

Paul Jackson

John Borzman

Clara Kim

Pat Rooney

Susan Collins

Bob Sanders

Wm F. B. A.

Mark Royce

Frank R. Lautenberg

Al Franken

Robert Menendez

Richard Blumenthal

J. K.

Kelly Ayotte
