

The President of the United States of America  
The White House  
1600 Pennsylvania Avenue, N.W.  
Washington, DC 20500

Dear Mr. President:

I write to ask your administration to refrain from implementing a provision in the fiscal year (FY) 2013 proposed Inpatient Prospective Payment System (IPPS) rule – the rule that governs payments to hospitals treating the nation’s Medicare patients. This provision – a so-called “coding offset” – would cut nearly \$1 billion from hospitals in FY 2013 at a time when hospitals in my district are already facing increasing fiscal challenges in providing access to Medicare beneficiaries.

In FY 2008, the Centers for Medicare & Medicaid Services (CMS) adopted a new and improved system to measure patient severity across hospitals, with the promised goal of more accurate payments to hospitals. In every year since then, CMS has claimed that any increases in payments to hospitals have been due solely to these changes in coding, and not to any changes in patients’ actual severity of illness. As a result, CMS has cut nearly \$10 billion out of hospitals’ payments over the past five years, asserting that these represent overpayments due solely to coding changes. This ignores the fact that more and more patients are successfully treated in outpatient settings, meaning that those who are admitted to hospitals as inpatients are more severely ill.

CMS has made many improvements to the hospital payment system in recent years, yet still seeks more cuts – \$3 billion overall in 2013 alone – based on comparisons to the payments hospitals received in 2008. We are particularly disappointed that CMS has proposed an additional 0.8 coding cut related to FY 2010, representing approximately \$1 billion of the overall level of reductions. It is inappropriate for the agency to continue to compare hospital documentation and coding in the substantially improved Medicare Severity Diagnosis-Related Group (MS-DRG) system in FY 2010 to documentation and coding under the DRG system in FY 2007.

Given that hospitals are being paid substantially less than the cost of the care being delivered to Medicare patients, I urge you to eliminate this proposed 0.8 percent payment reduction related to FY 2010 so that hospitals’ ability to provide high-quality services to patients and their communities is not weakened.

Thank you for considering this request.

Sincerely,