

# United States Senate

WASHINGTON, DC 20510

June 25, 2008

The Honorable Michael Leavitt  
Secretary  
Department of Health and Human Services  
200 Independence Avenue, SW  
Washington, DC 20201

Dear Secretary Leavitt:

We are deeply concerned that high-quality skilled nursing care for America's seniors will be threatened if the Centers for Medicare and Medicaid Services (CMS) moves forward with an administrative proposal that would cut \$770 million in Medicare funding for skilled nursing facility (SNF) care in 2009 and more than \$4 billion over the next five years. Consequently, we urge the Department to reject the proposed rule to correct the agency's forecasting error related to the adoption of the new patient classification categories.

As you know, in 2005, CMS revised and expanded the Medicare patient classification categories – called resource utilization groups (RUGs) – which are used to set Medicare Part A daily payment rates for beneficiaries needing SNF care. In a July 2005 statement, the agency stated, “The new payment plan will more accurately compensate providers for the care of medically complex patients by creating new payment categories that more closely match the kind of services being provided to them.” At the same time, CMS implemented changes that encouraged the movement of certain high-acuity Medicare beneficiaries to SNFs. As a result of these policy changes, the site of care for a significant number of high acuity patients appropriately shifted to SNFs, saving the Medicare program an estimated \$709 million.

CMS' proposal to correct a “forecast error” will jeopardize the significant quality improvements made by the SNF community in recent years as well as the ability of SNFs to continue caring for high acuity patients. Because SNFs rely on Medicare to make up for chronic underfunding by the Medicaid program – an average of \$13 per day for every Medicaid beneficiary in nursing homes nationwide – it is critically important that Medicare reimbursement remain fair and consistent. We believe that if CMS were to finalize its proposed rule, the ability of providers to care for our nation's most vulnerable population – the frail elderly and disabled – would be severely threatened.

We urge you not to proceed with the proposed “forecast error” correction. By rejecting this proposed policy, we are seeking to protect Medicare and Medicaid patients in our nation's nursing homes. We look forward to working with you to assure high quality care for seniors needing skilled nursing care.

Sincerely,



KENT CONRAD  
United States Senator



NORM COLEMAN  
United States Senator

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RON WYDEN

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PAT ROBERTS

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BLANCHE LINCOLN

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Arlen Specter SNF  
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ROBERT P. CASEY, Jr.

Mike Crapo  
MIKE CRAPO

Byron L. Dorgan  
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Johnny Isakson  
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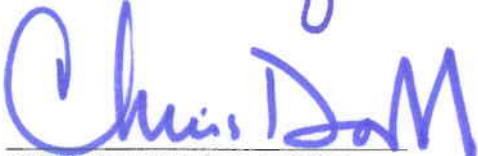
  
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