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United States Senate

WASHINGTON, DC 20510-1605

April 2, 2008

Mr. Kerry Weems
Acting Administrator
Centers for Medicare and Medicaid Services
Department of Health and Human Services
Washington, DC 20201

Dear Mr. Weems:

As you know, the fiscal year 2009 budget proposes to reduce Medicare skilled nursing spending by \$1.74 billion in 2009 and \$23.0 billion over five years. As part of this effort, the Centers for Medicare and Medicaid Services (CMS) is proposing rulemaking to cut \$4.7 billion over five years in payments to skilled nursing facilities (SNFs). In a proposed rule, expected later this year, CMS intends to cut Medicare Resource Utilization Group (RUGs) rates.

I am concerned about the impact these cuts would have on America's most vulnerable seniors. My concern stems from the fact that SNFs already lose an average of \$13 per day when caring for Medicaid patients, and the situation is expected to worsen as states are forced to cut spending due to recession. Medicare payments are critical to shoring up inadequate Medicaid spending and ensuring access to quality care. Therefore, I am concerned that these regulations, promulgated without legislative input, would have a devastating impact on an industry that serves seniors across the country.

These proposed cuts come on top of other budget proposals that would cut spending for SNF care. The budget also proposes a SNF market basket payment update freeze from 2009-2011, and a reduction of 0.65 percentage points to the annual update thereafter. This proposal cuts \$990 million in 2009 and \$17.4 billion over five years. Additionally, the budget proposes to phase out Medicare bad debt payments over four years – a reduction of \$30 million for 2008 and \$930 million over five years.

SNFs provide rehabilitative, health care, and related services to 3 million Medicare beneficiaries each year. The substantial reductions in Medicare funding for SNF care will have a negative impact on seniors and the 2.1 million workers who provide their daily care. The implementation of these regulations will jeopardize the quality of care for Medicare beneficiaries and the quality of life for their caregivers.

Of significant concern is the fact that SNFs increasingly are caring for high-acuity, post-acute patients. Payment policy should support, not undercut, SNFs' ability to take on more of these patients. Adequate Medicare payments are essential to maintaining – and increasing – SNF ability to care for these high-acuity, post-acute beneficiaries.

I urge you to not proceed with the proposed regulatory action cutting RUG payments for SNFs. Medicare cuts of this magnitude will create serious instability in the nation's skilled nursing care system and undermine ongoing efforts to continue to improve quality. I thank you in advance for consideration of my request, and I look forward to your response.

With every best wish,

Sincerely,



Pat Roberts