

JOHN WARNER

www.warner.senate.gov

COMMITTEES

ARMED SERVICES

ENVIRONMENT AND PUBLIC WORKS

SELECT COMMITTEE ON INTELLIGENCE

HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS

## United States Senate

225 RUSSELL SENATE OFFICE BUILDING

WASHINGTON, DC 20510-4801

(202) 224-3322

<http://www.warner.senate.gov>

CONSTITUENT SERVICE OFFICES

400 WORLD TRADE CENTER  
101 WEST MAIN STREET  
NORFOLK, VA 23514-1899  
(757) 441-3075

6308 COMMONWEALTH CENTRAL  
PARKWAY  
VALENTIA, VA 22113  
(800) 738-6247

226 FEDERAL BUILDING  
P O BOX 817  
ARRINGTON, VA 22212-0867  
(703) 429-8156

100 FIRST UNION BANK BUILDING  
215 SOUTH JEFFERSON STREET  
ROANOKE, VA 24011-1774  
(540) 977-3226

May 21, 2008

The Honorable Michael Leavitt  
Secretary  
U. S. Department of Health and Human Services  
200 Independence Avenue, Southwest  
Washington, D. C. 20201

Dear Secretary Leavitt:

We are deeply concerned that high quality skilled nursing care for America's seniors will be seriously 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. The 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.

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 Medicare policy 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. A recent analysis shows that this shift saved Medicare an estimated \$709 million.

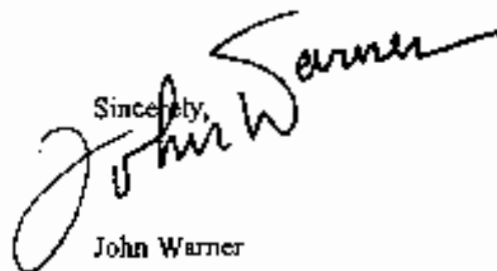
Because SNFs rely on Medicare to make up for chronic underfunding by the Medicaid program - an average of \$13 per day for every Medicaid beneficiary in nursing homes nationwide - the critical relationship between these two domestic programs cannot be ignored. We believe that if CMS were to finalize its proposed rule, CMS would weaken the ability of providers to care for our nation's most vulnerable population, the frail elderly and disabled.

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 the nation's nursing homes.

We look forward to working with you to assure high quality care for seniors needing skilled nursing care.

With kind regards, I am

Sincerely,



John Warner