

# United States Senate

WASHINGTON, DC 20510-7012

July 21, 2010


The Honorable Kathleen Sebelius  
Department of Health and Human Services  
200 Independence Ave, SW  
Washington, D.C. 20201

Dear Secretary Sebelius:

I am writing today regarding the proposed Medicare Inpatient Prospective Payment System (IPPS) regulation. I am very concerned that this proposal will result in a net reduction in payment to Nevada's hospitals at a time when they are unable to absorb such a cut. As I understand that there are questions about the methodology used to calculate the adjustment, I urge you to re-examine it to ensure that the Centers for Medicare and Medicaid Services (CMS) are appropriately accounting for patient severity. I am very concerned about potential effects on beneficiary access if this regulation is finalized without adjustment.

The proposed IPPS regulation would apply a 2.9 percent payment adjustment to account for an increase in hospital payments from implementation of Medicare severity diagnosis related groups (MS-DRGs). The adjustment is based on a CMS analysis which attributes the increase to changes in coding practices. Even when this reduction is combined with next year's modest update of 2.4 percent, hospitals will see a net reduction in payments.

Sincerely,



HARRY REID  
Majority Leader