

United States Senate

WASHINGTON, D.C.

June 17, 2013

The Honorable Mark Begich
U.S. Senator
111 Russell Senate Office Building
Washington DC 20510

Dear Senator Begich:

As original sponsors of the Hospital Payment Fairness Act of 2013, we are writing to inform you about our common-sense, bipartisan legislation which addresses a payment disparity in Medicare's hospital wage index system.

As you may know, Section 1886(d)(3)(E) of the Social Security Act requires that the U.S. Department of Health and Human Service must adjust the standardized amounts "for area differences in hospital wage levels by a factor (established by the Secretary) reflecting the relative hospital wage level in the geographic area of the hospital compared to the national average hospital wage level." This wage adjustment factor is a key federal calculation that has a direct impact on Medicare reimbursements to hospitals.

Under current statute, Medicare's current hospital wage index disproportionately benefits a minority of states at the expense of the many. In fact, according to page 1302 of CMS's Proposed Rule for FY 2014 Acute Care and Long-Term Care Hospital payments, the current wage index on net benefits only nine states, while 40 see a negative impact from the provision (one state sees no net impact).

We understand stakeholders' desire to comprehensively address the many problems associated with area wage index. However, for any legislative solution to have credibility within Congress, we believe that solution (1) must be reflective of the current federal budgetary challenges in a timely manner; (2) should be balanced and represent the majority interests of states; (3) reduce, rather than perpetuate or exacerbate, distortions in the funding formula.

As the sponsors of the Hospital Payments Fairness Act of 2013, we are proud to say our legislation achieves these three goals. We believe our legislation would pass if it received a vote today. Our bill enjoys 24 cosponsors, and the amendment version of our legislation received overwhelming support during the recent budget debate, passing by a 2-to-1 margin for a final vote of 68 to 31.

In light of the increasingly broad support for this legislation, we encourage you to consider supporting our legislation. While we realize hospitals in your state are projected to net \$4.7 million more in the FY 2014 proposed rule, the application of current law may modify whether your state is a net "winner" or "loser" from this provision in future years. Therefore, in light of the potential future negative impact of this policy, we encourage you to consider supporting our legislation. Moreover, we would be happy to work with you on ideas to design comprehensive wage index reform.

Thank you for your consideration. We look forward to working with you to ensure hospital wage index payments are more equitable and fair.

Sincerely,

Claire McCaskill
U.S. Senator

Tom Coburn, M.D.
U.S. Senator

United States Senate

WASHINGTON, D.C.

June 17, 2013

The Honorable Lisa Murkowski
U.S. Senator
709 Hart Senate Office Building
Washington DC 20510

Dear Senator Murkowski:

As original sponsors of the Hospital Payment Fairness Act of 2013, we are writing to inform you about our common-sense, bipartisan legislation which addresses a payment disparity in Medicare's hospital wage index system.

As you may know, Section 1886(d)(3)(E) of the Social Security Act requires that the U.S. Department of Health and Human Service must adjust the standardized amounts "for area differences in hospital wage levels by a factor (established by the Secretary) reflecting the relative hospital wage level in the geographic area of the hospital compared to the national average hospital wage level." This wage adjustment factor is a key federal calculation that has a direct impact on Medicare reimbursements to hospitals.

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Sincerely,

Claire McCaskill
U.S. Senator

Tom Coburn
U.S. Senator

United States Senate

WASHINGTON, D.C.

June 17, 2013

The Honorable Barbara Boxer
U.S. Senator
112 Hart Senate Office Building
Washington DC 20510

Dear Senator Boxer:

As original sponsors of the Hospital Payment Fairness Act of 2013, we are writing to inform you about our common-sense, bipartisan legislation which addresses a payment disparity in Medicare's hospital wage index system.

As you may know, Section 1886(d)(3)(E) of the Social Security Act requires that the U.S. Department of Health and Human Service must adjust the standardized amounts "for area differences in hospital wage levels by a factor (established by the Secretary) reflecting the relative hospital wage level in the geographic area of the hospital compared to the national average hospital wage level." This wage adjustment factor is a key federal calculation that has a direct impact on Medicare reimbursements to hospitals.

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In light of the increasingly broad support for this legislation, we encourage you to consider supporting our legislation. While we realize hospitals in your state are projected to net \$86.4 million more in the FY 2014 proposed rule, the application of current law may modify whether your state is a net "winner" or "loser" from this provision in future years. Therefore, in light of the potential future negative impact of this policy, we encourage you to consider supporting our legislation. Moreover, we would be happy to work with you on ideas to design comprehensive wage index reform.

Thank you for your consideration. We look forward to working with you to ensure hospital wage index payments are more equitable and fair.

Sincerely,

Claire McCaskill
U.S. Senator

Tom Coburn
U.S. Senator

United States Senate

WASHINGTON, D.C.

June 17, 2013

The Honorable Dianne Feinstein
U.S. Senator
331 Hart Senate Office Building
Washington DC 20510

Dear Senator Feinstein:

As original sponsors of the Hospital Payment Fairness Act of 2013, we are writing to inform you about our common-sense, bipartisan legislation which addresses a payment disparity in Medicare's hospital wage index system.

As you may know, Section 1886(d)(3)(E) of the Social Security Act requires that the U.S. Department of Health and Human Service must adjust the standardized amounts "for area differences in hospital wage levels by a factor (established by the Secretary) reflecting the relative hospital wage level in the geographic area of the hospital compared to the national average hospital wage level." This wage adjustment factor is a key federal calculation that has a direct impact on Medicare reimbursements to hospitals.

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Sincerely,

Claire McCaskill
U.S. Senator

Tom Coburn
U.S. Senator

United States Senate

WASHINGTON, D.C.

June 17, 2013

The Honorable Michael F. Bennet
U.S. Senator
458 Russell Senate Office Building
Washington DC 20510

Dear Senator Bennet:

As original sponsors of the Hospital Payment Fairness Act of 2013, we are writing to inform you about our common-sense, bipartisan legislation which addresses a payment disparity in Medicare's hospital wage index system.

As you may know, Section 1886(d)(3)(E) of the Social Security Act requires that the U.S. Department of Health and Human Service must adjust the standardized amounts "for area differences in hospital wage levels by a factor (established by the Secretary) reflecting the relative hospital wage level in the geographic area of the hospital compared to the national average hospital wage level." This wage adjustment factor is a key federal calculation that has a direct impact on Medicare reimbursements to hospitals.

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In light of the increasingly broad support for this legislation, we encourage you to consider supporting our legislation. While we realize hospitals in your state are projected to net \$1.5 million more in the FY 2014 proposed rule, the application of current law may modify whether your state is a net "winner" or "loser" from this provision in future years. Therefore, in light of the potential future negative impact of this policy, we encourage you to consider supporting our legislation. Moreover, we would be happy to work with you on ideas to design comprehensive wage index reform.

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Sincerely,

Claire McCaskill
U.S. Senator

Tom Coburn
U.S. Senator

United States Senate

WASHINGTON, D.C.

June 17, 2013

The Honorable Mark Udall
U.S. Senator
730 Hart Senate Office Building
Washington DC 20510

Dear Senator Udall:

As original sponsors of the Hospital Payment Fairness Act of 2013, we are writing to inform you about our common-sense, bipartisan legislation which addresses a payment disparity in Medicare's hospital wage index system.

As you may know, Section 1886(d)(3)(E) of the Social Security Act requires that the U.S. Department of Health and Human Service must adjust the standardized amounts "for area differences in hospital wage levels by a factor (established by the Secretary) reflecting the relative hospital wage level in the geographic area of the hospital compared to the national average hospital wage level." This wage adjustment factor is a key federal calculation that has a direct impact on Medicare reimbursements to hospitals.

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Sincerely,

Claire McCaskill
U.S. Senator

Tom Coburn
U.S. Senator

United States Senate

WASHINGTON, D.C.

June 17, 2013

The Honorable Richard Blumenthal
U.S. Senator
724 Hart Senate Office Building
Washington DC 20510

Dear Senator Blumenthal:

As original sponsors of the Hospital Payment Fairness Act of 2013, we are writing to inform you about our common-sense, bipartisan legislation which addresses a payment disparity in Medicare's hospital wage index system.

As you may know, Section 1886(d)(3)(E) of the Social Security Act requires that the U.S. Department of Health and Human Service must adjust the standardized amounts "for area differences in hospital wage levels by a factor (established by the Secretary) reflecting the relative hospital wage level in the geographic area of the hospital compared to the national average hospital wage level." This wage adjustment factor is a key federal calculation that has a direct impact on Medicare reimbursements to hospitals.

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In light of the increasingly broad support for this legislation, we encourage you to consider supporting our legislation. While we realize hospitals in your state are projected to net \$75 million more in the FY 2014 proposed rule, the application of current law may modify whether your state is a net "winner" or "loser" from this provision in future years. Therefore, in light of the potential future negative impact of this policy, we encourage you to consider supporting our legislation. Moreover, we would be happy to work with you on ideas to design comprehensive wage index reform.

Thank you for your consideration. We look forward to working with you to ensure hospital wage index payments are more equitable and fair.

Sincerely,

Claire McCaskill
U.S. Senator

Tom Coburn
U.S. Senator

United States Senate

WASHINGTON, D.C.

June 17, 2013

The Honorable Christopher Murphy
U.S. Senator
303 Hart Senate Office Building
Washington DC 20510

Dear Senator Murphy:

As original sponsors of the Hospital Payment Fairness Act of 2013, we are writing to inform you about our common-sense, bipartisan legislation which addresses a payment disparity in Medicare's hospital wage index system.

As you may know, Section 1886(d)(3)(E) of the Social Security Act requires that the U.S. Department of Health and Human Service must adjust the standardized amounts "for area differences in hospital wage levels by a factor (established by the Secretary) reflecting the relative hospital wage level in the geographic area of the hospital compared to the national average hospital wage level." This wage adjustment factor is a key federal calculation that has a direct impact on Medicare reimbursements to hospitals.

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Thank you for your consideration. We look forward to working with you to ensure hospital wage index payments are more equitable and fair.

Sincerely,

Claire McCaskill
U.S. Senator

Tom Coburn
U.S. Senator

United States Senate

WASHINGTON, D.C.

June 17, 2013

The Honorable William Cowan
U.S. Senator
218 Russell Senate Office Building
Washington DC 20510

Dear Senator Cowan:

As original sponsors of the Hospital Payment Fairness Act of 2013, we are writing to inform you about our common-sense, bipartisan legislation which addresses a payment disparity in Medicare's hospital wage index system.

As you may know, Section 1886(d)(3)(E) of the Social Security Act requires that the U.S. Department of Health and Human Service must adjust the standardized amounts "for area differences in hospital wage levels by a factor (established by the Secretary) reflecting the relative hospital wage level in the geographic area of the hospital compared to the national average hospital wage level." This wage adjustment factor is a key federal calculation that has a direct impact on Medicare reimbursements to hospitals.

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In light of the increasingly broad support for this legislation, we encourage you to consider supporting our legislation. While we realize hospitals in your state are projected to net \$169.1 million more in the FY 2014 proposed rule, the application of current law may modify whether your state is a net "winner" or "loser" from this provision in future years. Therefore, in light of the potential future negative impact of this policy, we encourage you to consider supporting our legislation. Moreover, we would be happy to work with you on ideas to design comprehensive wage index reform.

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Sincerely,

Claire McCaskill
U.S. Senator

Tom Coburn
U.S. Senator

United States Senate

WASHINGTON, D.C.

June 17, 2013

The Honorable Elizabeth Warren
U.S. Senator
2 Russell Courtyard
Washington DC 20510

Dear Senator Warren:

As original sponsors of the Hospital Payment Fairness Act of 2013, we are writing to inform you about our common-sense, bipartisan legislation which addresses a payment disparity in Medicare's hospital wage index system.

As you may know, Section 1886(d)(3)(E) of the Social Security Act requires that the U.S. Department of Health and Human Service must adjust the standardized amounts "for area differences in hospital wage levels by a factor (established by the Secretary) reflecting the relative hospital wage level in the geographic area of the hospital compared to the national average hospital wage level." This wage adjustment factor is a key federal calculation that has a direct impact on Medicare reimbursements to hospitals.

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Sincerely,

Claire McCaskill
U.S. Senator

Tom Coburn
U.S. Senator

United States Senate
WASHINGTON, D.C.

June 17, 2013

The Honorable Dean Heller
U.S. Senator
324 Hart Senate Office Building
Washington DC 20510

Dear Senator Heller:

As original sponsors of the Hospital Payment Fairness Act of 2013, we are writing to inform you about our common-sense, bipartisan legislation which addresses a payment disparity in Medicare's hospital wage index system.

As you may know, Section 1886(d)(3)(E) of the Social Security Act requires that the U.S. Department of Health and Human Service must adjust the standardized amounts "for area differences in hospital wage levels by a factor (established by the Secretary) reflecting the relative hospital wage level in the geographic area of the hospital compared to the national average hospital wage level." This wage adjustment factor is a key federal calculation that has a direct impact on Medicare reimbursements to hospitals.

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In light of the increasingly broad support for this legislation, we encourage you to consider supporting our legislation. While we realize hospitals in your state are projected to net \$10.9 million more in the FY 2014 proposed rule, the application of current law may modify whether your state is a net "winner" or "loser" from this provision in future years. Therefore, in light of the potential future negative impact of this policy, we encourage you to consider supporting our legislation. Moreover, we would be happy to work with you on ideas to design comprehensive wage index reform.

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Sincerely,

Claire McCaskill
U.S. Senator

Tom Coburn
U.S. Senator

United States Senate

WASHINGTON, D.C.

June 17, 2013

The Honorable Harry Reid
U.S. Senator
522 Hart Senate Office Building
Washington DC 20510

Dear Senator Reid:

As original sponsors of the Hospital Payment Fairness Act of 2013, we are writing to inform you about our common-sense, bipartisan legislation which addresses a payment disparity in Medicare's hospital wage index system.

As you may know, Section 1886(d)(3)(E) of the Social Security Act requires that the U.S. Department of Health and Human Service must adjust the standardized amounts "for area differences in hospital wage levels by a factor (established by the Secretary) reflecting the relative hospital wage level in the geographic area of the hospital compared to the national average hospital wage level." This wage adjustment factor is a key federal calculation that has a direct impact on Medicare reimbursements to hospitals.

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Sincerely,

Claire McCaskill
U.S. Senator

Tom Coburn
U.S. Senator

United States Senate

WASHINGTON, D.C.

June 17, 2013

The Honorable Kelly Ayotte
U.S. Senator
144 Russell Senate Office Building
Washington DC 20510

Dear Senator Ayotte:

As original sponsors of the Hospital Payment Fairness Act of 2013, we are writing to inform you about our common-sense, bipartisan legislation which addresses a payment disparity in Medicare's hospital wage index system.

As you may know, Section 1886(d)(3)(E) of the Social Security Act requires that the U.S. Department of Health and Human Service must adjust the standardized amounts "for area differences in hospital wage levels by a factor (established by the Secretary) reflecting the relative hospital wage level in the geographic area of the hospital compared to the national average hospital wage level." This wage adjustment factor is a key federal calculation that has a direct impact on Medicare reimbursements to hospitals.

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In light of the increasingly broad support for this legislation, we encourage you to consider supporting our legislation. While we realize hospitals in your state are projected to net \$3.6 million more in the FY 2014 proposed rule, the application of current law may modify whether your state is a net "winner" or "loser" from this provision in future years. Therefore, in light of the potential future negative impact of this policy, we encourage you to consider supporting our legislation. Moreover, we would be happy to work with you on ideas to design comprehensive wage index reform.

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U.S. Senator

Tom Coburn
U.S. Senator

United States Senate

WASHINGTON, D.C.

June 17, 2013

The Honorable Jeanne Shaheen
U.S. Senator
520 Hart Senate Office Building
Washington DC 20510

Dear Senator Shaheen:

As original sponsors of the Hospital Payment Fairness Act of 2013, we are writing to inform you about our common-sense, bipartisan legislation which addresses a payment disparity in Medicare's hospital wage index system.

As you may know, Section 1886(d)(3)(E) of the Social Security Act requires that the U.S. Department of Health and Human Service must adjust the standardized amounts "for area differences in hospital wage levels by a factor (established by the Secretary) reflecting the relative hospital wage level in the geographic area of the hospital compared to the national average hospital wage level." This wage adjustment factor is a key federal calculation that has a direct impact on Medicare reimbursements to hospitals.

Under current statute, Medicare's current hospital wage index disproportionately benefits a minority of states at the expense of the many. In fact, according to page 1302 of CMS's Proposed Rule for FY 2014 Acute Care and Long-Term Care Hospital payments, the current wage index on net benefits only nine states, while 40 see a negative impact from the provision (one state sees no net impact).

We understand stakeholders' desire to comprehensively address the many problems associated with area wage index. However, for any legislative solution to have credibility within Congress, we believe that solution (1) must be reflective of the current federal budgetary challenges in a timely manner; (2) should be balanced and represent the majority interests of states; (3) reduce, rather than perpetuate or exacerbate, distortions in the funding formula.

As the sponsors of the Hospital Payments Fairness Act of 2013, we are proud to say our legislation achieves these three goals. We believe our legislation would pass if it received a vote today. Our bill enjoys 24 cosponsors, and the amendment version of our legislation received overwhelming support during the recent budget debate, passing by a 2-to-1 margin for a final vote of 68 to 31.

In light of the increasingly broad support for this legislation, we encourage you to consider supporting our legislation. While we realize hospitals in your state are projected to net \$3.6 million more in the FY 2014 proposed rule, the application of current law may modify whether your state is a net "winner" or "loser" from this provision in future years. Therefore, in light of the potential future negative impact of this policy, we encourage you to consider supporting our legislation. Moreover, we would be happy to work with you on ideas to design comprehensive wage index reform.

Thank you for your consideration. We look forward to working with you to ensure hospital wage index payments are more equitable and fair.

Sincerely,

Claire McCaskill
U.S. Senator

Tom Coburn
U.S. Senator

United States Senate

WASHINGTON, D.C.

June 17, 2013

The Honorable Robert Menendez
U.S. Senator
528 Hart Senate Office Building
Washington DC 20510

Dear Senator Menendez:

As original sponsors of the Hospital Payment Fairness Act of 2013, we are writing to inform you about our common-sense, bipartisan legislation which addresses a payment disparity in Medicare's hospital wage index system.

As you may know, Section 1886(d)(3)(E) of the Social Security Act requires that the U.S. Department of Health and Human Service must adjust the standardized amounts "for area differences in hospital wage levels by a factor (established by the Secretary) reflecting the relative hospital wage level in the geographic area of the hospital compared to the national average hospital wage level." This wage adjustment factor is a key federal calculation that has a direct impact on Medicare reimbursements to hospitals.

Under current statute, Medicare's current hospital wage index disproportionately benefits a minority of states at the expense of the many. In fact, according to page 1302 of CMS's Proposed Rule for FY 2014 Acute Care and Long-Term Care Hospital payments, the current wage index on net benefits only nine states, while 40 see a negative impact from the provision (one state sees no net impact).

We understand stakeholders' desire to comprehensively address the many problems associated with area wage index. However, for any legislative solution to have credibility within Congress, we believe that solution (1) must be reflective of the current federal budgetary challenges in a timely manner; (2) should be balanced and represent the majority interests of states; (3) reduce, rather than perpetuate or exacerbate, distortions in the funding formula.

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In light of the increasingly broad support for this legislation, we encourage you to consider supporting our legislation. While we realize hospitals in your state are projected to net \$14.8 million more in the FY 2014 proposed rule, the application of current law may modify whether your state is a net "winner" or "loser" from this provision in future years. Therefore, in light of the potential future negative impact of this policy, we encourage you to consider supporting our legislation. Moreover, we would be happy to work with you on ideas to design comprehensive wage index reform.

Thank you for your consideration. We look forward to working with you to ensure hospital wage index payments are more equitable and fair.

Sincerely,

Claire McCaskill
U.S. Senator

Tom Coburn
U.S. Senator

United States Senate

WASHINGTON, D.C.

June 17, 2013

The Honorable Jack Reed
U.S. Senator
728 Hart Senate Office Building
Washington DC 20510

Dear Senator Reed:

As original sponsors of the Hospital Payment Fairness Act of 2013, we are writing to inform you about our common-sense, bipartisan legislation which addresses a payment disparity in Medicare's hospital wage index system.

As you may know, Section 1886(d)(3)(E) of the Social Security Act requires that the U.S. Department of Health and Human Service must adjust the standardized amounts "for area differences in hospital wage levels by a factor (established by the Secretary) reflecting the relative hospital wage level in the geographic area of the hospital compared to the national average hospital wage level." This wage adjustment factor is a key federal calculation that has a direct impact on Medicare reimbursements to hospitals.

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In light of the increasingly broad support for this legislation, we encourage you to consider supporting our legislation. While we realize hospitals in your state are projected to net \$1.7 million more in the FY 2014 proposed rule, the application of current law may modify whether your state is a net "winner" or "loser" from this provision in future years. Therefore, in light of the potential future negative impact of this policy, we encourage you to consider supporting our legislation. Moreover, we would be happy to work with you on ideas to design comprehensive wage index reform.

Thank you for your consideration. We look forward to working with you to ensure hospital wage index payments are more equitable and fair.

Sincerely,

Claire McCaskill
U.S. Senator

Tom Coburn
U.S. Senator

United States Senate

WASHINGTON, D.C.

June 17, 2013

The Honorable Sheldon Whitehouse
U.S. Senator
530 Hart Senate Office Building
Washington DC 20510

Dear Senator Whitehouse:

As original sponsors of the Hospital Payment Fairness Act of 2013, we are writing to inform you about our common-sense, bipartisan legislation which addresses a payment disparity in Medicare's hospital wage index system.

As you may know, Section 1886(d)(3)(E) of the Social Security Act requires that the U.S. Department of Health and Human Service must adjust the standardized amounts "for area differences in hospital wage levels by a factor (established by the Secretary) reflecting the relative hospital wage level in the geographic area of the hospital compared to the national average hospital wage level." This wage adjustment factor is a key federal calculation that has a direct impact on Medicare reimbursements to hospitals.

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Thank you for your consideration. We look forward to working with you to ensure hospital wage index payments are more equitable and fair.

Sincerely,

Claire McCaskill
U.S. Senator

Tom Coburn
U.S. Senator

