

United States Senate

WASHINGTON, DC 20510

September 7, 2010

The Honorable Max Baucus
Chairman
Senate Finance Committee
SD-219 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Baucus:

We are writing on behalf of hospitals in our states that need congressional relief from a requirement for wage index geographic reclassification. The existing rule for reclassification requires a hospital to demonstrate that its average hourly wage is 108 percent of *other* hospitals in its area if it is in an urban area or 106 percent of *other* hospitals in its area if it is in a rural area. This rule does not work for hospitals that are alone in their area because it is mathematically impossible for the hospital to show that its wages are greater than other hospitals in its area if there are no *other* hospitals in the area. As a result, these hospitals are unable to qualify for reclassification, even though they meet all other criteria.

This matter has been repeatedly raised with both the Centers for Medicare and Medicaid Services and Department of Health and Human Services since 2003, but to date no change has been made.

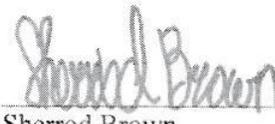
We ask the Committee to consider exempting a hospital that is the only hospital in its area from this wage comparison test. It is our understanding that presently there are only about a half dozen hospitals in this situation. We do not believe this is a frequent problem and has generally occurred in circumstances where a neighboring hospital closes. Our understanding from the Congressional Budget Office is that such a policy change could be budget neutral.

Thank you for your consideration on this important matter. We look forward to working with you to resolve this inequity in the criteria for wage index geographic reclassification.

Sincerely,



Debbie Stabenow



Sherrod Brown



Carl Levin