

Congress of the United States
Washington, DC 20515

The Honorable Seema Verma
Administrator
Centers for Medicare & Medicaid Services
7500 Security Boulevard
Baltimore, MD 21244

May 24, 2017

Dear Administrator Verma:

As members of the New Jersey congressional delegation, we write to express our concern with the proposal included in the Fiscal Year 2018 inpatient prospective payment system (IPPS) rule that would discontinue the imputed wage index floor for "all-urban" states. While we continue to believe that the imputed wage index floor for all-urban states should be made permanent, we strongly urge you to reconsider this proposal and instead extend the imputed floor wage index provision for at least another year.

The Centers for Medicare and Medicaid Services (CMS) has long acknowledged that the absence of a rural wage index floor places hospitals in all-urban states in a uniquely vulnerable position. As such, the imputed rural floor serves as a valuable method of maintaining equitable wage protections for all-urban states that are provided to states with rural areas. In 2005 CMS stated that:

...we think it is also an anomaly that hospitals in all-urban States with predominant labor market areas do not have any type of protection, or "floor," from declines in their wage index. Therefore, we are adopting the logic similar to that articulated by Congress in the BBA and are adopting an imputed rural policy.... (69 FR 49110)

That logic is as true now as it was then. CMS has consistently demonstrated an understanding of the urgent need for this protection by extending the imputed floor policy in previous rules. We are grateful for CMS's ongoing recognition of the vital role the imputed floor plays in creating a level playing field for hospitals in all-urban states.

Further, we appreciate CMS's position in prior rules, which made clear that the imputed floor is a sensible provision to maintain while CMS explores Medicare wage index reform more broadly. In the absence of such reform, CMS has long maintained that this protection is reasonable and essential for New Jersey hospitals' ability to serve our constituents. Eliminating the imputed floor, without undertaking broader reform efforts, would leave hospitals in our state subject to the same anomalous inequity that gave rise to the imputed floor policy in the first place.

In the proposed FY 2018 IPPS Rule, CMS expresses a concern that the application of the rural and imputed floors requires transferring payments from states in which the rural or imputed floor is not applied. We would remind you that the hospitals that benefit from the imputed floor represent less than

10 percent of the 397 hospitals that received either the rural or imputed floor last year. Eliminating the imputed floor would inflict needless damage on New Jersey hospitals, without substantively resolving the larger concern which CMS cites to justify the change in policy.

We urge you to include the imputed wage index floor in the IPPS FY 2018 final rule.

Sincerely,



ROBERT MENENDEZ
US Senator



CORY A. BOOKER
US Senator



TOM MACARTHUR
Member of Congress



BILL PASCRELL JR.
Member of Congress




FRANK A. LOBIONDO
Member of Congress



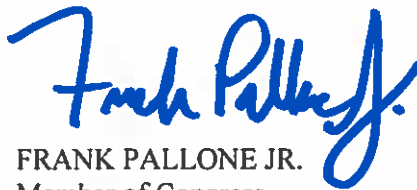
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DONALD NORCROSS
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FRANK PALLONE JR.
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