

Congress of the United States
Washington, DC 20515

February 1, 2019

The Honorable Alexander Azar
Secretary
The Department of Health and Human Services
200 Independence Ave., SW
Washington DC, 20201

Dear Secretary Azar:

We write to urge you to reinstate the imputed rural floor, a longstanding policy correcting a wage index disparity for hospitals in Rhode Island in the proposed Fiscal Year (FY) 2020 Inpatient Prospective Payment System (IPPS). From FY 2013 to FY 2018, the IPPS rules have included an alternative methodology for calculating the imputed rural floor in Rhode Island, which has been key to improving the overall fiscal condition of Rhode Island's health care system and maintaining access to care for Rhode Islanders.

Unfortunately, this policy was abruptly ended in the final FY 2019 IPPS rule, leading to \$28 million in cuts to Medicare reimbursements for hospitals in Rhode Island. If the alternative methodology for calculating the imputed rural floor is not reinstated in the FY 2020 IPPS rule, we expect hospitals in Rhode Island to face similar cuts, compounding the cuts from the previous year, threatening access to hospital care in Rhode Island.


These cuts have a ripple effect throughout the insurance market in the state, because private insurance reimbursement rates under the Medicare Advantage program are based on underlying Medicare reimbursements. This has effectively doubled down on cuts to hospitals in Rhode Island, which have some of the lowest operating margins in the country.

The alternative methodology for calculating the imputed rural floor had been in place for many years to address the disadvantages faced by all-urban states, like Rhode Island, which do not benefit from any other payment programs for rural areas. This policy protected our hospitals from falling to some of the lowest reimbursement rates in the country, all the while competing with some of the most highly reimbursed urban and academic hospitals in New England.

Hospitals are often the economic backbone in a community, providing well-paying jobs for health care workers, researchers, laboratory technicians, as well as maintenance and administrative workers. Another cut of this magnitude to hospitals in Rhode Island would be detrimental to the state's economy.

We urge you to reverse your decision to end this payment policy for hospitals in Rhode Island and reinstate the alternative methodology for calculating the imputed rural floor in the FY 2020 IPPS rule. Thank you for your consideration of this important request, and we look forward to working with you to see this policy restored.


Sincerely,



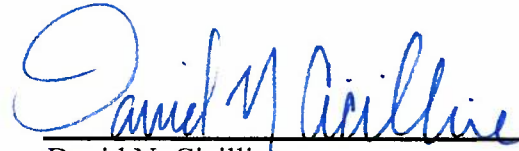
Jack Reed
United States Senator



Sheldon Whitehouse
United States Senator



James R. Langevin
Member of Congress



David N. Cicilline
Member of Congress