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Congress of the United States
House of Representatives

June 25, 2018

Seema Verma
Administrator
Centers for Medicare and Medicaid Services
200 Independence Avenue, SW, Room 445-G
Washington, DC 20201

Re: Hospital Inpatient Prospective Payment Systems for Acute Care Hospitals and Long-Term Care Hospital Prospective Payment System and Proposed Policy Changes and Fiscal Year 2019 Rates; etc.

Dear Administrator Verma,

Thank you for this opportunity to provide public comments as part of docket number CMS-2018-0046, regulatory identifier number 0938-AT27, related to wage index disparities. I greatly appreciate your interest in this matter.

As you know, existing statistical boundaries can lead to large imbalances under the current wage index system. The current structure directly and adversely impacts the Health Alliance of the Hudson Valley (HAHV), which operates a hospital located in Kingston, (Ulster County NY), within my congressional district. HAHV was cited in a 2011 Institute of Medicine (IOM) report for the large disparity in its Medicare repayment rates when compared to its local competitors. This has been a long-standing issue among health professionals and hospital administrators in Ulster County and has contributed to significant financial pressures being borne by this institution; pressures that are almost entirely caused by anomalies in how CMS rules govern the wage index system.

HAHV's closest competitor is a mere eight miles away, across the Hudson River in Dutchess County, but is located in a different Core-Based Statistical Area (CBSA). Given their proximity, these two hospitals naturally compete for the same labor talent pool. However, the wage index gap between them is roughly forty percent, a differential which places major pressures on the Kingston hospital. For example, a nurse with five years of experience at HAHV can expect an income of $28.50 per hour, but would receive $40.12 per hour at the hospital just eight miles away. HAHV is the only hospital among the New York City outer suburban counties that is not currently paid at the New York City wage index rate. Because of this sizable wage gap, HAHV is unable to meet the current requirements for CBSA reclassification even though the current wage index creates obvious competitive issues in attracting and keeping critical healthcare employees.

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I recognize the need to create rules which govern the wage index matter; however, CMS rules to govern wage index should not inadvertently penalize critical care facilities within the same labor market, just because they happen to be located in an adjoining statistical area. Surely, a reasonable disparity measure can be determined to avoid such adverse consequences in situations like that faced by the Kingston facility.

When promulgating the final version of this proposed rule, I urge you to make changes to the reclassification process to better smooth disparities caused by existing CMS regulations. Such changes are necessary to insure the future financial stability of critical hospitals such as that in Kingston.

Sincerely,

John J. Faso
Member of Congress