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McCaskill, Coburn Seek Support from Colleagues on Revision to Health Care Law

*As support for the bipartisan measure grows, Senators circulate letters to
gain additional support*

WASHINGTON – U.S. Senators Claire McCaskill (D-Mo.) and Tom Coburn (R-Okla.) are continuing their bipartisan effort to change a problematic provision in the *Affordable Care Act*, sending a letter to their Senate colleagues, urging them to join the 23 current cosponsors of the *Hospital Payment Fairness Act of 2013*.

“We’ve made progress with this legislation—but I won’t quit building support until it becomes law and this provision is removed,” said McCaskill, a strong supporter of the 2010 health care reform law. “Whether or not you represent one of the 40 states who currently lose money due to this loophole, we should all want a system that’s designed fairly.”

“This revision will end an earmark inserted in the law that primarily benefits one state at the expense of others,” Dr. Coburn said. “I look forward to more of our colleagues joining us to sunset this unfair provision.”

Medicare rules stipulate that a state's urban hospitals must be reimbursed for wages paid to doctors and staff at least as much as rural hospitals. The *Affordable Care Act* required that Medicare reimbursements for hospital wages come from a national pool of money, instead of from each state's allocation. As a result, any increase for one particular state means a decrease for other states. As Dr. Donald Berwick, President Obama’s former nominee to oversee the Medicare program, has [acknowledged](http://www.bostonglobe.com/news/nation/2013/01/13/states-planning-legislative-acknowledged) ([http://www.bostonglobe.com/news/nation/2013/01/13/states-planning-legislative-](http://www.bostonglobe.com/news/nation/2013/01/13/states-planning-legislative-acknowledged)

[fight-for-massachusetts-medicare-windfall/HV4WGdUCSOISoTxIcbwSUL/story.html](http://www.mass.gov/news/press-releases/2013/03/20/13-03-20-fight-for-massachusetts-medicare-windfall/HV4WGdUCSOISoTxIcbwSUL/story.html)): “It’s a zero sum game. What Massachusetts gets comes from everybody else.”

This new provision proved problematic since Massachusetts has only one rural hospital—Nantucket Cottage—which sets the floor for wage reimbursements in the state. While rural hospitals typically have lower wages than urban ones, wages at Nantucket Cottage are high because of the hospital's remote location and high cost of living. Therefore, the rural wage floor established on Nantucket has become a boon for hospitals in the rest of Massachusetts. Nantucket Cottage's rural designation has allowed the state's 81 other hospitals to collectively reap hundreds of millions of dollars in Medicare reimbursements at the expense of other states.

“The current wage index, on net, benefits only nine states, while 40 see a negative impact from the provision,” the letter reads.

Earlier this year, the U.S. Senate [approved a bipartisan amendment](http://www.mccaskill.senate.gov/?p=press_release&id=1854) (http://www.mccaskill.senate.gov/?p=press_release&id=1854) to the Senate Budget Resolution on this issue [by a margin of two-to-one](http://www.senate.gov/legislative/LIS/roll_call_lists/roll_call_vote_cfm.cfm?congress=113&session=1&vote=00057) (http://www.senate.gov/legislative/LIS/roll_call_lists/roll_call_vote_cfm.cfm?congress=113&session=1&vote=00057). In March, McCaskill and Coburn joined together to [ask for the support](http://www.mccaskill.senate.gov/?p=press_release&id=1878) (http://www.mccaskill.senate.gov/?p=press_release&id=1878) of the American Hospital Association “which declined to support the measure”

The National Rural Health Association and 20 state hospital associations have previously expressed concern with the current provision of law. Earlier this year they [wrote](http://coburn.senate.gov/public/index.cfm?a=Files.Serve&File_id=72d677d4-2e08-4845-9993-ed502e3a3e18) (http://coburn.senate.gov/public/index.cfm?a=Files.Serve&File_id=72d677d4-2e08-4845-9993-ed502e3a3e18) the President about the “adverse impact” Section 3141 of PPACA is having. They noted this provision of law “permitted the Commonwealth of Massachusetts to manipulate the federal Medicare program, reaping an estimated \$367 million annually from the other 49 states—and unfairly favoring one state’s hospitals and Medicare beneficiaries to the detriment of others.” The association warned that “if left uncorrected, hospitals in 49 states will experience reduced funding of more than \$3.5 billion over the next ten years as a direct result of this manipulation.”

McCaskill and Coburn’s amendment provides a pathway for the elimination of that provision in the *Affordable Care Act*, meaning states like Massachusetts would be responsible for bearing the burden of their own increased rural wage floor costs, instead of draining reimbursements meant for other states.

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