



July 26, 2007

The Honorable John D. Dingell, Chairman
House Energy and Commerce Committee
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Dear Chairman Dingell:

On behalf of the 1,700 leading not-for-profit hospitals and health systems allied in Premier, we applaud your efforts to advancement of the reauthorization of the State Children's Health Insurance Program (SCHIP) contained in the Children's Health and Medicare Protection (CHAMP) Act of 2007 (H.R. 3162). Ensuring adequate funding for the reauthorization of SCHIP to provide essential healthcare coverage to eligible children should be a top priority for the federal government and Premier supports your efforts to move forward.

The CHAMP Act would enable states to continue providing health coverage to children currently enrolled in SCHIP as well as the estimated 6 million children who are eligible for SCHIP and Medicaid but not enrolled. Premier supports provisions contained in the CHAMP Act that strengthen the Medicaid program and allow states the option to cover such vulnerable populations as legal immigrants. Premier is also grateful for your work to reduce some of the administrative burdens of citizenship documentation requirements for Medicaid eligibility that were enacted as part of the Deficit Reduction Act of 2005.

Premier appreciates Medicare provisions related to hospital care and beneficiary improvements. Specifically, Premier supports the regulatory relief for inpatient rehabilitation facilities and long term care hospitals as well as the numerous provisions that strengthen access to vital health services in rural America contained in H.R. 3162.



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As you may know, Premier is a leader in initiatives to improve the quality of hospital care, including the CMS/Premier Hospital Quality Incentive Demonstration project. Therefore, we are pleased that H.R. 3162 contains several provisions that will support and enhance the progress of the nation's quality improvement agenda including the Pediatric Health Quality Measurement program. We also support comparative effectiveness research being conducted on the outcomes, effectiveness, and appropriateness of health care services and look forward to giving you further input on this provision. In addition, we are pleased H.R. 3162 provides a process that allows stakeholder participation to implement a system to prohibit Medicare payment for "never events" or mistake procedures. It is our sincere hope that more quality provisions can be added as the legislation moves forward.

However, Premier has strong concerns regarding the committee's choice to include a reduction of .25 percentage point for hospital inpatient and outpatient services. The Centers for Medicare and Medicaid Services (CMS) is expected to release a final FY 2008 inpatient prospective payment system rule that will prospectively cut hospitals by as much as \$24 billion over the next two years. The combined legislative and regulatory cuts would devastate hospitals.

Premier appreciates the opportunity to share our support for many of the provisions in H.R. 3162 and looks forward to working with you to ensure the reauthorization of SCHIP this year.

Sincerely,

A handwritten signature in black ink, appearing to read "Blair Childs", written in a cursive style.

Blair Childs
Senior vice president, Public Affairs