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For Immediate Release  
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Grassley Seeks Better Medicare Data on Hospitals' Uncompensated Care

WASHINGTON – Sen. Chuck Grassley, ranking member of the Committee on Finance, is urging the Centers for Medicare and Medicaid Services to collect better information from Medicare-participating hospitals on the uncompensated care they provide.

“The reporting instructions and definitions are unclear, so we’re not getting good data from the hospitals on uncompensated care,” Grassley said. “Congress and CMS need accurate data to set Medicare policy. This information has implications on tax-exempt policy, too. Experts have weighed in, and it’s time for CMS to make the recommended changes.”

Grassley said he and his staff will review how improvements to uncompensated care filings by Medicare-participating hospitals will complement a separate Internal Revenue Service (IRS) effort to improve and standardize the reporting of community benefit by non-profit hospitals. Last week, the IRS released a draft revised form to collect better data and inject more transparency into tax-exempt groups’ public filings with the IRS. Non-profit hospitals are supposed to provide community benefit to justify their tax status, but the standards and definitions of community benefit have been too vague to produce consistently transparent filings.

The text of Grassley’s letter to CMS follows here.

June 20, 2007

The Honorable Leslie Norwalk  
Acting Administrator  
Centers for Medicare & Medicaid Services  
U.S. Department of Health and Human Services  
200 Independence Avenue S.W.  
Washington, D.C. 20201

Dear Ms. Norwalk:

I am writing to express my concern regarding the manner in which the Centers for Medicare & Medicaid Services (CMS) has implemented a statutory requirement to collect information on the costs that hospitals incur for providing uncompensated care. Uncompensated care is an issue that cuts across a number of policy areas within the jurisdiction of the Senate Committee on Finance (Committee).

The Committee has been examining the level of uncompensated care that nonprofit hospitals provide. In return for their tax exempt status which also enables them to obtain bond financing and receive tax-deductible charitable contributions, these facilities are expected to provide community benefits. The process of determining whether a hospital is eligible for tax exemption requires the collection of data on the amount of charity care that a hospital provides. The Committee has also been addressing a myriad of issues affecting entitlement programs like Medicare and Medicaid in which uncompensated care is an important aspect.

Section 112 of the Medicare, Medicaid, and SCHIP Balanced Budget Refinement Act of 1999 (BBRA) required the Secretary to collect from hospitals in their Medicare cost reports data on costs incurred for providing “inpatient and outpatient services for which the hospital is not compensated, including on-Medicare bad debt, charity care, and charges for Medicaid and indigent care.” Pursuant to the BBRA, CMS requires hospitals to report this information in worksheet S-10 of the Medicare hospital cost report. We have heard concerns about the usefulness of this information because of unclear definitions and instructions as well as inconsistent reporting.

Over a year ago, the Medicare Payment Advisory Commission (MedPAC) delivered to CMS recommendations to improve the worksheet S-10. These recommendations included a revised worksheet with definitions and detailed guidance on what should and should not be included when reporting data on uncompensated care.

It is my understanding that CMS is considering these recommended improvements to the worksheet S-10 as part of the agency’s overall efforts to revise the Medicare hospital cost report. I would like to know when these recommendations will be implemented and when CMS anticipates hospital cost report data based on the revised worksheet S-10 will be available.

These improvements would not only ensure consistent reporting, but would also result in data that can be used to guide important decisions in numerous policy areas. I therefore urge you to act expeditiously on this matter.

I appreciate your immediate attention to this matter.

Sincerely,

Charles E. Grassley  
Ranking Member