



For Immediate Release
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GRASSLEY, BAUCUS SEEK STATUS OF HOSPITAL VALUE-BASED PURCHASING PLAN

Washington, DC – U.S. Senators Chuck Grassley (R-Iowa) and Max Baucus (D-Mont.) have asked the Department of Health and Human Services to explain the status of a hospital value-based purchasing plan, which the department was required to deliver in legislation enacted in 2005. Grassley, the ranking member of the Finance Committee, and Baucus, the chairman, are interested in making sure the federal government makes timely progress in linking Medicare payments to quality. The plan due from HHS is an important step toward that goal, especially if legislation is required for implementation.

The text of the senators' September 11 letter to HHS follows here.

September 11, 2007

The Honorable Michael O. Leavitt
Secretary
US Department of Health & Human Services
200 Independence Avenue, SW
Washington, DC 20201

Dear Secretary Leavitt:

The Committee on Finance has exclusive jurisdiction over the Medicare program in the Senate. Accordingly, we have the responsibility that the more than 40 million Americans who receive health care under the program receive the best care available.

We write today to inquire about the status of the hospital value based purchasing plan that we requested in section 5001(b) of the Deficit Reduction Act of 2005 (DRA) and to request that the report be issued as soon as possible. The DRA specifically mandated "a plan to implement a value based purchasing program for payments under the Medicare program for subsection (d) hospitals beginning with fiscal year 2009." Time is of the essence, as we will need an adequate period to reflect on the plan and potentially consider legislation during this session to authorize a Medicare hospital value based purchasing program beginning with fiscal year 2009.

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We also seek to capture in a timely manner the momentum created by the Centers for Medicare and Medicaid Services' (CMS) recent promulgation of regulations implementing the hospital acquired conditions provision that we laid down in section 5001(c) of the DRA. CMS' announcement that it has selected eight complicating conditions for which it will no longer pay an additional amount when those conditions are not present on hospital admission beginning with fiscal year 2009 has generated a positive response and enthusiasm in expanding value based purchasing for the Medicare program. A New York Times editorial on August 21 stated that Congress and CMS are "clearly on the right track in seeking to prevent errors that harm patients and drive up the cost of health care." We believe that a well-designed hospital value based purchasing program would capture and expand the power behind the hospital acquired conditions value based payment policy that has captured national attention.

In section 5001(b) of the DRA, Congress requested detailed consideration of the following issues that are essential elements for a hospital value based purchasing program: (1) measures development, selection, and modification processes; (2) quality data reporting, collection, and validation processes; (3) value based payment adjustment, size, and sources of funding; and (4) disclosure of information on hospital performance. We are anticipating that the plan will contain a detailed approach to implementation that addresses these elements, as well as the funding requirements to build and maintain a hospital value based purchasing program for the first three years.

Again, it is important that this report is released as soon as possible. Because this is a time sensitive matter, we request from you an update on the status of the report as well as dates and times for Committee staff briefings on the report by Monday, September 17. We thank you in advance for your quick response to our inquiry.

Sincerely

Max Baucus
Chairman

Charles E. Grassley
Ranking Member

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