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*6/27/06*

June 23, 2006

**Reimbursement and  
Tax Accounting Services**

Ms. Betty Gould  
Regulations Officer  
Division of Regulatory Affairs, Records Access and Policy Liaison  
Indian Health Service  
801 Thompson Avenue, Suite 450  
Rockville, MD 20852

**Ref: Section 506 of the Medicare Prescription Drug, Improvement and Modernization Act of 2003-  
Limitation on Charges for Services Furnished by Medicare Participating Inpatient Hospitals to  
Indians.**

**Re: Medicare-like Payment Rate; Critical Access Hospital Reimbursement at 101% of Cost;  
Medicare Reimbursement for Direct Medical Education and Organ Acquisition Costs**

Dear Ms. Gould:

Shands HealthCare appreciates the opportunity to submit comments on the above-captioned Proposed Rule. Shands HealthCare represents 5 hospitals, including 2 that incur direct medical education costs and that provide organ transplantation services and 2 that are critical access hospitals. Our hospitals are greatly dependent on government-sponsored health programs.

Shands HealthCare's urges the Indian Health Service (IHS) to consider the following comments and recommendations:

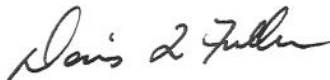
- Shands HealthCare is concerned about the explanation provided in the proposed rule regarding "Medicare-like rate" payment. We are concerned that the mechanisms used by the Centers for Medicare and Medicaid Services (CMS) to make interim payments to hospitals reimbursed under the hospital inpatient prospective payment system (IPPS) do not identify the reimbursement to be paid to those hospitals which incur direct medical education or organ acquisition costs. These costs are not incorporated into the IPPS interim claims payment, but are passed through the IPPS. We would suggest that for those hospitals that incur direct medical education costs that in addition to the interim IPPS rate, that a per diem rate also be established to reimburse these hospitals for their direct medical education expenses. Also, for those hospitals that provide organ transplantation services, that a per case organ acquisition cost be established. This would better ensure that these hospitals would be more accurately reimbursed a Medicare-like amount for their services to beneficiaries of the IHS.
- Shands HealthCare is concerned about the explanation provided in the proposed rule regarding "Medicare-like rate" payment that is made to Critical Access Hospitals (CAHs). We are concerned about the per diem mechanism used by CMS to make interim payments to CAHs. Often the Medicare fiscal intermediaries who make the payments to CAHs underestimate the full per diem costs. This is done to prevent overpaying the CAHs. Both parties generally are

amenable with this arrangement since the CAHs will receive any aggregate underpayment with the final settlement of the Medicare cost report. Our understanding of the proposed rule is that the Medicare-like payment received will be payment in full, with no retrospective adjustment for final settled cost reports. We would suggest that the Medicare fiscal intermediaries report to IHS their estimate of the full per diem payable to CAHs, so that IHS could make a more accurate Medicare-like payment. Finally, we would suggest that this per diem be stated at 101% of its value, since CAHs are entitled to that level of reimbursement from Medicare.

- Shands HealthCare would like assurances that the Medicare-like rate will not be the lesser of the hospital's billed charges or the amount that Medicare would have paid for similar services. Though there was no discussion of this in the proposed rule, we would like assurances that this would not become an issue in the future.
- Shands HealthCare would like assurances that the Medicare-like rate would include reimbursement for Blood Clotting Factors and New Technology services. These are items that are reimbursed on an interim claim basis when incurred or received by the patient. There was no specific discussion of this in the proposed rule, so we would like assurances that these services would be reimbursed in the same manner that Medicare would reimburse an IPPS hospital.

Shands HealthCare appreciates the opportunity to submit these comments on the Proposed Rule. If you have any questions about these comments, please contact me at (352) 265-7962.

Sincerely,



Dennis F. Fuller, FHFMA  
Corporate Director, Reimbursement & Tax Accounting  
Shands HealthCare