



August 21, 2008

The Honorable Edward Kennedy
United States Senate
Committee on Health, Education, Labor and Pensions
428 Senate Dirksen Office Building
Washington, DC 20510

Dear Chairman Kennedy:

In behalf of the sixty coalition members and over 10,000 employer members of the National Business Coalition on Health (NBCH), I want to thank you for your consistent, strong and progressive efforts toward reforming Medicare into a program that provides efficient, high value and high quality care. We are particularly pleased with new legislation, "Hospital Quality and Safety Improvement Act of 2008," which you are developing to reduce unnecessary hospital readmissions while also implementing hospital pay for performance. Your legislation sets a vitally important precedent with Medicare hospital payment reform and patient-care efficiency so we are hopeful that the bill will be formally introduced in Congress this session.

We appreciate this legislation because it coincides with and complements our value-based purchasing efforts at NBCH. It brings about innovative hospital efficiency incentives through reasonable adjustments in Medicare reimbursements relative to discharges followed by inappropriate readmissions. We also applaud the bill's focus on public reporting and consumer education regarding hospital performance. NBCH and its member employer coalitions have a long history of value-based purchasing of health care services, as well as providing initiatives that educate and empower consumers to be proactive purchasers their own health care. In fact, for the last two years NBCH and many of our member coalitions have been very supportive of and engaged in the U.S. Department of Health and Human Services' (HHS) "Value-Driven Health Care Initiative." In fact, we have been working closely with HHS to develop tools and resources that help purchasers understand the importance of value-driven health care and the extremely valuable role that they can play in making sure health plans and providers are giving the consumers the best care in the most efficient manner possible. We firmly believe that health care reform, in both the public and private sector, through value-based purchasing is the most thoughtful, prospective way to control costs, expand accessibility and improve quality and care efficiency. NBCH also believes that government, business, provider and consumer partnership and shared responsibility in this effort.

In that regard, NBCH believes it is extremely important that Congress send a clear message to Medicare providers that arbitrary increases in reimbursements are unrealistic and that payment increases must be met with performance accountability. Your legislation limiting hospital payment for certain preventable readmissions sets a very important precedent in that regard by helping to "mainstream" hospital performance quality reporting, measurement and payment incentives. However, we are concerned with the section on the determination of applicability to readmission to certain hospitals. We believe that any preventable readmission to any other facility should be tracked back to the original hospital and they should be held accountable. We are concerned that excluding readmissions to another facility provides an opportunity for impropriety (i.e. game the system). This

loophole should be clearly addressed in the legislation. In addition, it is vitally important that the data provided to consumers resulting from reporting and measurement is actually practical and useful to consumers. Just as it is important to identify and reward high performing hospitals, it also is just as important to report the statistically poor performing hospitals, specifically those that are at least 150 percent below the average nationally. Quite frankly, if every hospital is "average", consumers cannot use the Medicare performance information to find high quality care, providers cannot use it to improve their performance, and insurers, employers, watchdog groups, like NBCH and coalition members, cannot use it to reinforce national measures with statewide or plan-level data.

In closing, NBCH wholeheartedly supports this legislation as part of an essential foundation for a successful Medicare hospital reporting, measurement and payment system, and eventually will go a long way in supporting private sector value-based purchasing efforts and consumer education. Though we also want make clear the importance of working together to continue to improve the Medicare program.

NBCH looks forward to working with and supporting the Health, Education, Labor and Pensions Committee's work to truly reform Medicare hospital services into a program that is aligned with quality and structured to reward high-quality, efficient, patient-centered care. Again, NBCH is very appreciative of your leadership and strong support of this effort.

Sincerely,

A handwritten signature in cursive script that reads "Andrew Wilber".

President and Chief Executive Officer
National Business Coalition on Health