Congress of the United States

Washington, DC 20515

March 23, 2009

The Honorable Robert M. Gates
Secretary of Defense
1000 Defense Pentagon
Washington, DC 20301-4000

Dear Secretary Gates:

We strongly support moving forward with a pending rule addressing TRICARE reimbursement rates to hospitals serving military servicemen and women in rural areas, and we encourage the Department of Defense to once again take up consideration of this matter as soon as possible.

We have a strong interest in maintaining access to the highest quality health care for active military personnel, veterans, and their dependants. This is especially important for those who require access to care in rural areas. While TRICARE payment policies generally follow Medicare payment formulas, TRICARE reimbursements to Medicare Critical Access Hospitals (CAHs) have been historically lower than those of Medicare and Medicaid, in some cases nearly 20 percent lower. Critical Access Hospitals serve rural areas across the country, and this payment disparity is hindering their ability to continue providing care to their patients.

A 2008 draft rule promulgated by the Department of Defense would increase TRICARE reimbursements to CAHs so that they are on par with current Medicare reimbursement rates. This change would bring relief to all Critical Access Hospitals, and particularly those that serve a large number of military personnel, veterans and their dependents. Maintaining access to care in rural areas is of critical importance at a time when our servicemembers are returning home from Iraq and Afghanistan. We also note, however, that the rule omits several critical aspects of Medicare's reimbursement policy for CAHs. We urge the Department of Defense to adopt Medicare's exact methodology for determining CAH reimbursement for inpatient and outpatient care, including an exemption from the "lesser of costs or charges" principle and mechanisms to provide interim payments and cost settlement.

The Critical Access Hospitals Proposed Rule on Reimbursement was published in the Federal Register (Volume 73, Number 87) on May 5, 2008, and the public comment period closed on June 4, 2008. It is our understanding that the Department of Defense finalized the rule and sent it to Office of Management and Budget in October, but that no further action has been taken. In a memorandum issued by White House Chief of Staff Rahm Emanuel on January 20, 2009, the heads of Executive departments and agencies were instructed that:

> "no proposed or final regulation should be sent to the Office of the Federal Register (the "OFR") for publication unless and until it has been reviewed and approved by a department

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or agency head appointed or designated by the President after noon on January 20, 2009, or in the case of the Department of Defense, the Secretary of Defense."

We recognize that the new Administration has an interest in reviewing those proposed regulations currently under consideration. However, we believe publishing the final Critical Access Hospitals Rule on Reimbursement, with the critical modifications described above, is important to ensuring the health of rural Americans. We ask the Department of Defense to act expeditiously to move this rule forward.

We appreciate your consideration of this request.

Sincerely,

Mike Simpson
Member of Congress

Rick Larsen
Member of Congress

Charlie Wilson
Member of Congress

Don Young
Member of Congress

Rich Boucher
Member of Congress

Jerry Costello
Member of Congress

Wally Herger
Member of Congress

John Salazar
Member of Congress

Marion Berry
Member of Congress

Mac Thornberry
Member of Congress

Zack Space
Member of Congress

Jerry Moran
Member of Congress

Walt Minnick
Member of Congress

Doc Hastings
Member of Congress

Cathy McMorris Rodgers
Member of Congress

Leonard Boswell
Member of Congress

Norm Dicks
Member of Congress

Betsy Markey

cc: The Honorable S. Ward Casscells, M.D., Assistant Secretary of Defense for Health Affairs