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June 25, 2009

Ms. Charlene Frizzera  
Acting Administrator  
Centers for Medicare and Medicaid Services  
Department of Health and Human Services  
Room 445-G, Hubert H. Humphrey Building  
200 Independence Avenue, S.W.  
Washington, D.C. 20201

**ATTN.: CMS-1410-P**

**Re: Medicare Program; Prospective Payment System and Consolidated Billing for Skilled Nursing Facilities for FY 2010; Minimum Data Set, Version 3.0 for Skilled Nursing Facilities and Medicaid Nursing Facilities; Proposed Rule, Federal Register, Volume 74, No. 90, Tuesday, May 12<sup>th</sup>, 2009**

Dear Ms. Frizzera:

On behalf of our approximately 200 member hospitals and health care systems, the Illinois Hospital Association (IHA) is taking this opportunity to formally comment on the proposed rule establishing new policies and payment rates for hospital inpatient skilled nursing facility services for fiscal year 2010. Therefore, in accordance with instructions in the rule, the Illinois Hospital Association presents the following comments for your consideration:

➤ **Recalibration of Case Mix:**

The final FY 2006 Inpatient SNF PPS rule included an expansion of the original number of Resource Utilization Groups (RUGs) from 44 to 53. At that time, CMS estimated that the case mix index for Medicare inpatient skilled nursing facility patients was higher by 17.9% under the original 44 RUGs versus the new 53; consequently, the RUG weights were increased by 17.9% to maintain budget neutrality. Subsequently, CMS' analysis of actual 2006 data indicated that the percentage difference was only 9.68%; as a result, CMS has proposed to reduce the FY 2010 RUG rates by 3.3% to account for that difference in case mix. The agency has stated that skilled nursing facilities should be able to withstand such a large decrease because "...in the aggregate, SNFs are operating on a sound financial basis." **The Illinois Hospital Association is very concerned that the full incorporation of this adjustment into the payment rates effectively eliminates any other increases and, in the aggregate, results in an overall**

**decrease in Medicare payments to these facilities in FY 2010. Such a payment decrease could have a devastating result on SNF operations and could ultimately result in the closure or cut-back of services, threatening patient access. Therefore, IHA strongly suggests that CMS incorporate at least a three-year transition period for the implementation of this reduction.**

Ms. Frizzera, thank you again for the opportunity to comment. The Illinois Hospital Association also welcomes the opportunity to work with your agency in the continued development and refinement of the Medicare payment system for all providers.

Sincerely,

Thomas A. Jendro  
Senior Director-Finance  
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