

The Centers for Medicare & Medicaid Services today released a final rule that will severely cut Medicare payments for hospital inpatient services. CMS moved forward with a prospective behavioral offset cut of \$1.1 billion in fiscal year 2008 and almost \$20 billion over five years that will still make hospitals' mission of caring for patients challenging, according to AHA President and CEO Rich Umbdenstock. "Today, CMS struck an unnecessary and demoralizing blow against hospitals' ability to care for patients across America," he said. "America's hospitals will work with Congress to beat back these inappropriate and irresponsible cuts." Earlier this year, 269 representatives and 63 senators signed a letter urging CMS not to implement the cuts, and representatives voted 412-12 to restrict CMS from spending money on the prospective implementation of this payment cut. In addition, CMS finalized its proposal to eliminate the 3% add-on capital payment to large urban hospitals, and included a phase out of indirect medical education adjustment to capital payments over three years. Umbdenstock noted that this additional harmful cut, which was not previously proposed by CMS in the rule, will adversely impact the mission of the nation's teaching hospitals. CMS also finalized its proposal to move forward with a new diagnosis-related group system over a two-year period, which will begin with a 50/50 payment blend in fiscal year 2008 and be fully implemented in 2009.