



June 9, 2024

The Honorable Chiquita Brooks-LaSure
Administrator
Centers for Medicare & Medicaid Services
Hubert H. Humphrey Building
200 Independence Avenue, S.W.
Room 445-G
Washington, DC 20201

CMS–1785–P. Medicare Program; Proposed Hospital Inpatient Prospective Payment Systems for Acute Care Hospitals and the Long Term Care Hospital Prospective Payment System and Policy Changes and Fiscal Year 2024 Rates; Quality Programs and Medicare Promoting Interoperability Program Requirements for Eligible Hospitals and Critical Access Hospitals; Rural Emergency Hospital and Physician-Owned Hospital Requirements; and Provider and Supplier Disclosure of Ownership; Proposed Rule

Dear Administrator Brooks-LaSure:

On behalf of the Washington State Hospital Association (WSHA) and our more than 100 member hospitals and systems, we appreciate the opportunity to comment on the Centers for Medicare & Medicaid Services' (CMS) hospital inpatient prospective payment system (IPPS) proposed rule for fiscal year (FY) 2024. We have significant concerns over the proposed payment update for IPPS hospitals for FY 2024. To ensure that Medicare payments for acute care services more accurately reflect the actual cost of providing hospital care, we urge CMS to consider and implement the specific changes below.

Market Basket Increase

For FY 2024, CMS proposes a market basket update of 3.0 percent, less a productivity reduction of 0.2 percentage points resulting in an update of 2.8 percent. Unfortunately, this update lags far behind actual increases in the cost of providing care experienced by hospitals in the current inflationary environment. We urge CMS to consider the changing health care system dynamics and their effects on hospitals as it determines these figures.

The current inflationary economy combined with the effects of the COVID-19 crisis continues to put unprecedented pressure on our member hospitals. They continue to struggle with persistently higher costs and additional downstream challenges that have emerged because of the lasting and durable impacts of high inflation, workforce shortages, and the pandemic.

Specifically, historic inflation has continued and heightened the severe economic instability that the pandemic has wrought on our member hospitals. This includes increased drug costs and

dramatic increases in the cost of attracting and retaining nurses and other hospital staff. Because this high rate of inflation is not projected to abate in the near term, and inflationary pressures are also likely to continue to work their way into wage expectations, it is critical to account for these challenges when considering hospital and health system financial stability in FY 2024 and beyond. Market basket updates based on time periods where inflation was less of an issue, are resulting in woefully inadequate reimbursements for our hospitals. We ask CMS to use its exceptions and adjustments authority to implement a marketbasket increase for FY 2024 that is more reflective of the actual increases to the cost of providing care that hospitals are experiencing.

Productivity Adjustment

Additionally, we ask that CMS reduce or eliminate the productivity cut for FY 2024. The adjustment assumes hospitals can mirror productivity gains occurring in other industries. Productivity adjustments penalize hospitals and patients when costs that are largely outside of their control increase more suddenly and rapidly than efficiency and productivity gains can occur. Productivity gains assume and require a degree of stability which has not occurred in the last few years due to the impacts of the Covid emergency. Therefore, we have strong concerns about the proposed productivity cut given the extreme and uncertain circumstances in which our hospitals are currently operating. We urge CMS to reduce or eliminate the productivity cut for FY 2024.

Thank you for your consideration of our comments. We urge CMS to implement the changes outlined above in the FY 2024 final rule to ensure that Medicare payments for acute care services more accurately reflect the cost of providing hospital care. If you have questions regarding our comments, please contact Andrew Busz, Policy Director Finance, at andrewb@wsha.org.

Sincerely,



Jacqueline Barton True
VP, Rural and Federal Programs
Washington State Hospital Association



Andrew Busz
Policy Director, Finance
Washington State Hospital Association