

**Oregon Association
of Hospitals and Health Systems**

March 20, 2010

The Honorable Peter DeFazio
U.S. House of Representatives
Rayburn House Office Building, Room 2134
Washington DC, 20515

Representative DeFazio:

On behalf of Oregon's 58 community hospitals, thank you for your commitment to forging a solution to Medicare payment inequity. Over the past year, Oregon's delegation has demonstrated laudable perseverance in ensuring improved access to health services for all Oregonians. We are deeply grateful to the delegation, the current administration and to Democratic leadership for working with Oregon hospitals on this issue, which is tantamount to reducing the cost shift to commercial insurance and ensuring access to providers.

We applaud Secretary Kathleen Sebelius' pledge to address geographic payment inequity, and share her vision to develop and implement policies that advance health care quality and value and reduce unnecessary utilization. Oregon is one of the nation's most careful stewards of health care resources, ranking first in the nation for shortest length of stay for Medicare patients. Yet our state is penalized for such efficiency with the fourth lowest Medicare payments in the country.

We are grateful to the secretary for her pledge to implement the Institute of Medicine (IOM) studies as outlined in the House health care reform bill, *American's Affordable Health Choices Act* (H.R. 3200). These studies will provide the information needed to understand the scope of geographic variation in the country. In 2009, Oregon's Healthcare Leadership Taskforce sponsored a study that demonstrated a \$1.7 billion Medicare and Medicaid underpayment for Oregon's physicians and hospitals. The results of these two IOM studies will create a foundation for forging a long-term solution to this problem.

We sincerely hope that Oregon will have the opportunity to participate in the demonstration project outlined by the secretary in which she has agreed to commission the Centers for Medicare and Medicaid (CMS) to "test innovative models taking into consideration the recommendations of the institute of Medicine."

Thank you again for your steadfast commitment to righting geographic payment inequities. This is a positive first step, and one that will create a clear line of sight to an equitable solution. We stand ready to assist in any way we can.

Respectfully,



Andrew S. Davidson
President/CEO
Oregon Association of Hospitals & Health Systems

Cc:

Mel Pyne, Chair, OAHHS Board of Trustees and CEO, PeaceHealth Oregon
James A. Diegel, FACHE, Chair, OAHHS Public Policy Committee and CEO, Cascade Healthcare Community