

United States Senate
WASHINGTON, DC 20510

February 23, 2023

The Honorable Chiquita Brooks-LaSure
Centers for Medicare and Medicaid Services (CMS)
Room 445-G, Hubert H. Humphrey Building
200 Independence Avenue SW
Washington, DC 20201

Dear Administrator Brooks-LaSure:

Thank you for your continued commitment to ensuring all health care providers have the resources they critically need to provide quality health care to Medicare beneficiaries. We write to you regarding the Medicare hospital area wage index (AWI) in the Inpatient Prospective Payment System (IPPS). Specifically, we urge you to include a four-year extension of the Low Wage Index Hospital Policy, also known as the Lowest Quartile Adjustment (LQA) policy, in the upcoming Fiscal Year (FY) 2024 IPPS rule.

In August 2019, the Centers for Medicare and Medicaid Services (CMS) first included a four-year AWI adjustment to bottom quartile hospitals as part of the FY2020 IPPS (CMS-1716-F). At the time, CMS stated that the policy “reflected a common concern that the current wage index system perpetuates and exacerbates the disparities between high and low wage index hospitals.”¹ To address this concern, CMS increased the wage index for hospitals with a wage index value below the 25th percentile. The additional assistance has been a valuable lifeline for more than 800 hospitals in 23 states throughout FY2020, FY2021, FY2022, and now FY2023.

Unfortunately, due to disruptions in the marketplace caused by the COVID-19 pandemic, we have not had the opportunity to see the true impact of the Low Wage Index Hospital Policy envisioned by CMS. Extending the Low Wage Index Hospital Policy for four additional years will allow hospitals and the agency to better understand the policy’s true impact in a more normal environment. In its original August 2019 rule, CMS appeared to acknowledge that more time may be needed to implement the policy when it stated, “this policy will be effective for at least 4 years.” We applaud CMS for that foresight and encourage it to extend the policy for four additional years.

¹ Centers for Medicare and Medicaid Services. (2019, August 2). *Fact sheet, Fiscal Year (FY) 2020 Medicare Hospital Inpatient Prospective Payment System (IPPS) and Long Term Acute Care Hospital (LTCH) Prospective Payment System (CMS-1716-F)*. CMS.gov. <https://www.cms.gov/newsroom/fact-sheets/fiscal-year-fy-2020-medicare-hospital-inpatient-prospective-payment-system-ipp-and-long-term-acute-0>

The continuation of this critical policy will allow hospitals to recruit and retain health care staff and protect access to care for millions of Americans.

Sincerely,



Mark R. Warner
United States Senator



Marsha Blackburn
United States Senator



Tim Kaine
United States Senator




Tommy Tuberville
United States Senator



Joe Manchin III
United States Senator



John Boozman
United States Senator



Shelley Moore Capito
United States Senator



Bill Hagerty
United States Senator



James Lankford
United States Senator



Roger F. Wicker
United States Senator



Cindy Hyde-Smith
United States Senator



Tim Scott
United States Senator



Tom Cotton
United States Senator



Katie Boyd Britt
United States Senator