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NOV 13 2007

Glenn C. Sisk
Chief Executive Officer

November 6, 2007

Centers for Medicare and Medicaid Services
Department of Health and Human Services
Attn: CMS-1533-FC
PO Box 8011
Baltimore, MD 21244-1850

Re: "Medicare Program: Changes to Hospital Inpatient Prospective System and Fiscal Year 2008 Rates Final Rule;" 72 *Federal Register* 47130 (August 22, 2007); file Code CMS-1533-FC

Dear Sirs:

I am writing to express my concern about the data used to calculate certain contract labor costs in the recently published FY 08 wage index. While I am grateful to CMS for recognizing the need to include contract labor in the calculation, after researching Medicare Cost Reports from hospitals nationwide, it appears that a significant portion of hospitals did not report their contract labor costs, thus skewing the data and the resultant hospital wage indexes.

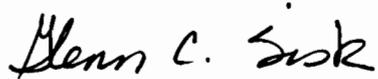
In reviewing the cost report data, it appears for dietary, 551 hospitals did not report salaries on Worksheet A, and should have reported contract labor on Worksheet S-3, Part III. Only 190 hospitals reported, or 34% and 66% did not report. For housekeeping, 515 hospitals did not report salaries on worksheet A. Only 143 reported on Worksheet S-3, Part III, or 28% and 72% should have reported but did not. Comparing these numbers to the 3,569 hospitals included in the average hourly wage calculation, more than 10% of the hospitals failed to report contract labor as instructed.

Knowing that the data used for this calculation came from 2004 Medicare cost reports, it's understandable that the intermediaries probably did not pay close attention to contract labor costs (wage index desk review program) at that time, since they were not originally included in the wage index formula and CMS did not give important instructions to intermediaries on completion of this task.

Before moving ahead with implementation of this rule, we recommend that since the data is flawed, the contract labor as reported on Worksheet S-3, Part III should be eliminated in calculating the wage index for 2007-2008. As it stands, most of Alabama's hospitals (our hospital included – if accurate) will experience a decrease in reimbursement due to the use of flawed data.

Again, we applaud CMS officials for recognizing the need to include contract labor costs in the wage index calculation and trust that in such calculation all hospitals that have contract labor will be included.

Sincerely,

A handwritten signature in black ink that reads "Glenn C. Sisk". The signature is written in a cursive style with a period after the first name.

Glenn C. Sisk
Chief Executive Officer

NOV 13 2007



126 Hospital Avenue • Ozark, AL 36360 • (334) 774-2601 • Fax (334) 774-7600
Website: www.dalemedical.org

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Department of Health and Human Services
Attn: CMS-1533-FC
PO Box 8011
Baltimore, MD 21244-1850

RE: "Medicare {Program: Changes to Hospital Inpatient Prospective System and Fiscal Year 2008 Rates Final Rule," 72 Federal Register 47130 (August 22, 2007): file Code CMS-1533-FC

Dear Sirs:

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In reviewing the cost report data, it appears for dietary, 551 hospitals did not report salaries on Worksheet A, and should have reported contract labor on Worksheet S-3, Part III. Only 190 hospitals reported, or 34% and 66% did not report. For housekeeping, 515 hospitals did not report salaries on worksheet A. Only 143 reported on Worksheet S-3, Part III, or 28% and 72% should have reported but did not. Comparing these numbers to the 3,569 hospitals included in the average hourly wage calculation, more than 10% of the hospital failed to reported contract labor as instructed.

Knowing that the data used for this calculation came from 2004 Medicare cost reports, it's understandable that the intermediaries probably did not pay close attention to contract labor costs (wage index desk review program) at that time, since they were not originally included in the wage index formula and CMS did not give important instructions to intermediaries on completion of this task.

Before moving ahead with implementation of this rule, we recommend that since the data is flawed, the contract labor reported on Worksheet S-3, Part 111 should be eliminated in calculating the wage index for 2007-2008. As it stands, most of Alabama's hospitals (our hospital included – of accurate) will experience a decrease in reimbursement due to the use of flawed data.

Again we applaud CMS officials for recognizing the need to include contract labor in the wage index calculation and trust that in such calculation all hospitals that have contract labor will be included.

Sincerely,

A handwritten signature in black ink, appearing to read 'Vernon L. Johnson', with a long horizontal flourish extending to the right.

Vernon L. Johnson, CEO
Dale Medical Center

NOV 13 2007



November 8, 2007

Centers for Medicare and Medicaid Services
Department of Health and Human Services
Attn: CMS-1533-FC
P. O. Box 8011
Baltimore, MD 21244-1850

Re: "Medicare Program: Changes to Hospital Inpatient Prospective System and Fiscal Year 2008 Rates Final Rule;" 72 *Federal Register* 47130 (August 22, 2007); file Code CMS-1533-FC

Dear Sirs:

We are writing to express our concern about the data used to calculate certain contract labor costs in the recently published FY 08 wage index. We are grateful to CMS for recognizing the need to include contract labor in the calculation of the wage index. But, when the Alabama Hospital Association researched Medicare Cost Reports from hospitals nationwide, it became obvious that a significant portion of hospitals did not report their contract labor costs, thus skewing the data and the resultant hospital wage indexes.

From reviews of the cost report data, it appears for dietary, 551 hospitals did not report salaries on Worksheet A, and should have reported contract labor on Worksheet S-3, Part III. Only 190 hospitals reported, so 66% did not report. For housekeeping, 515 hospitals did not report salaries on worksheet A. Only 143 reported on Worksheet S-3, Part III, so it appears that 72% should have reported but did not. Comparing these numbers to the 3,569 hospitals included in the average hourly wage calculation, more than 10% of the hospitals failed to report contract labor as instructed.

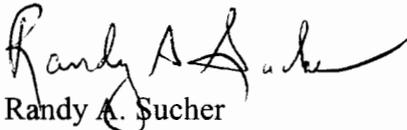
Knowing that the data used for this calculation came from 2004 Medicare cost reports, it's understandable that the intermediaries probably did not pay close attention to contract labor costs (wage index desk review program) at that time, since contract labor costs were not originally included in the wage index formula and CMS did not give important instructions to intermediaries on completion of this task.

November 8, 2007

Before moving ahead with implementation of this rule, we recommend that since the data is flawed, the contract labor as reported on Worksheet S-3, Part III should be eliminated in calculating the wage index for 2007-2008. As it stands, most of Alabama's hospitals (our hospital included) will experience a decrease in reimbursement due to the use of flawed data. We are already severely penalized under wage index guidelines for being efficient in controlling our health care labor costs, and cannot bear further reductions.

Again, we applaud CMS officials for recognizing the need to include contract labor costs in the wage index calculation and trust that the methodology will be corrected so all hospitals that have contract labor will be included.

Sincerely,



Randy A. Sucher
Executive Vice President
& Chief Operating Officer

RAS/th

cc: Mike Horsley, President
Alabama Hospital Association