

BY FACSIMILE

October 19, 2007

Dear Senator:

The organizations listed below are writing to express our strong opposition to the proposed extension of the Medicare Secondary Payer (MSP) period for end-stage renal disease (ESRD), as included in the House-passed CHAMP Act (H.R. 3162). Such a policy change would: 1) cause health care costs to increase; 2) shift costs rather than provide savings; and 3) cause uncertainty in Medicare coverage for ESRD patients.

Health care costs will actually increase. While the Congressional Budget Office (CBO) scored the provision as “saving” the Medicare program \$1.2 billion over 10 years, overall costs in the health care system would increase significantly more because the commercial rates paid by the public and private sector for ESRD are two to three times as much as the Medicare established rates. This provides a windfall for certain ESRD providers at the expense of health plans and their enrollees.

Costs are merely shifted – not really saved. The resulting increase in costs would fall not only on patients with kidney disease, but on all workers and their families in the form of higher premiums and cost-sharing and more restrictive coverage. Such a cost shift will hurt employers and their workers, unions and their members and patient groups that are trying to maintain health care coverage.

There should be no delay in Medicare ESRD coverage. ESRD patients should not be delayed in obtaining Medicare coverage. We strongly urge you not to extend the 30-month private coverage period to 42 months merely to increase revenues to providers. We also urge Medicare to create a common sense, fair payment method for ESRD services that safeguards quality care and minimizes cost shifting to other payers.

At a time when policymakers, employers, labor and patient groups are actively seeking ways to ensure quality, expand access, cover the uninsured and reduce the rising costs of health care, extending MSP will have the opposite effect.

Employers Coalition on Medicare (ECOM)
AFL-CIO
AT&T
American Benefits Council
Aetna
Business Roundtable
Caterpillar Inc.
Corporate Health Care Coalition
The Dow Chemical Company
DTE Energy
The ERISA Industry Committee (ERIC)
Eastman Kodak Company
Ford Motor Company
General Motors Corporation
HR Policy Association
International Union, United Auto Workers
National Business Group on Health
National Retail Federation
Principal Financial Group
Service Employees International Union (SEIU)
Texas Instruments
UPS
U.S. Chamber of Commerce
Verizon
Xerox