

September 12, 2007

Mr. Kerry Weems, Acting Administrator
Centers for Medicare and Medicaid Services
Department of Health and Human Services
Hubert H. Humphrey Building
200 Independence Avenue, SW
Room 445-G
Washington, DC 20201

Re: CMS-1392-P: Proposed Changes to the Hospital Outpatient PPS

Dear Mr. Weems:

These comments on the Proposed Changes to the Hospital Outpatient Prospective Payment System and CY 2008 Payment Rates are submitted on behalf of the National Council for Community Behavioral Healthcare. The National Council is a not-for-profit association of 1,300 behavioral healthcare organizations that provide treatment and rehabilitation for mental illnesses and addictions disorders to nearly six million adults, children and families in communities across the country. Medicare's Partial Hospitalization Program (PHP) is critically important to the adults and children our members treat. We urge you to correct or clarify a number of issues to ensure that individuals with psychiatric disabilities retain access to this important Medicare-funded source of mental health services and supports.

The National Council has long supported partial hospitalization. Appropriately used, it is an important part of a continuum of care – keeping people out of the hospital, and enabling timely "step down" from inpatient care. The National Council was among the organizations that worked with Congress to craft the legislation that created the partial hospitalization benefit in the late 1980s.

Unfortunately, more and more National Council members are walking away from this benefit as reimbursement rates continue to drop. The Centers for Medicare and Medicaid Services (CMS) is proposing a 24 percent reduction in reimbursement rates for hospitals, community mental health centers (CMHCs) and ambulatory mental health care providers participating in the PHP program for calendar year (CY) 2008 effective January 1, 2008. This proposed PHP daily rate is on top of the 5 percent reduction in CY 2007 and a staggering 12 percent reduction in CY 2006. We have received widespread reports from CMHCs throughout the country that the new rates are so low that it would be impossible to actually offer PHP services.

A result of this kind is clearly contrary to congressional intent and would represent a tragedy to many individuals with serious mental illnesses currently served by PHP programs. Congress clearly desires that patients be treated in the least restrictive setting; PHP accomplishes that goal. Partial hospitalization is usually prescribed for individuals who have just been discharged from public or private inpatient psychiatric hospitals. Typically, physicians make referrals to PHPs when they have made a medical determination that a patient needs intensive support and supervision to ensure an appropriate transition back to life in the community. **The National Council supports keeping reimbursement at the current per diem rate of \$233.27 and believe that PHP programs should be a clinically intensive intervention, comprised of at least four units of service per day.**

Additionally, we have concerns with the methodology used to calculate the proposed 24 percent rate cut. While CMS conducted an analysis on the mapping of revenue codes in hospital-based PHP programs, it has not done the same for

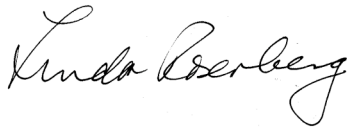
CMHC-based PHP programs. The National Council believes that continuing to use the overall cost-to-charge ratio underreports the median cost in PHP programs in CMHCs and asks CMS to conduct a similar analysis of revenue codes for these programs.

Recommendations:

The National Council urges you to suspend the proposed 24 percent cut and maintain the current PHP per diem rate of \$233.37. Rather than decreasing the per diem rate in CY 2008, we suggest you make it clear that the benefit consists of up to four services per day. Finally, we ask that CMS examine the methodology used to calculate the per diem rate for PHP programs and conduct an analysis on the mapping of revenue codes in CMHC-based PHP programs to ensure that an accurate median cost is captured for these programs.

Thank you for the opportunity to submit comments on the proposed rate cut. Please feel free to call if we can offer any assistance on this issue.

Sincerely,



Linda Rosenberg, MSW, CSW
President and CEO