

# Congress of the United States

Washington, DC 20515

January 31, 2008

The Honorable Robert M. Gates  
Secretary of Defense  
1000 Defense Pentagon  
Washington, DC 20301-1000

The Honorable David S. C. Chu  
Under Secretary of Defense  
Personnel and Readiness  
4000 Defense Pentagon  
Washington, DC 20301-4000

Dear Secretary Gates and Under Secretary Chu:

We are writing to address TRICARE reimbursement rates to hospitals serving rural areas. We have a strong interest in maintaining access to the highest quality health care for servicemembers and veterans, as well as for their dependents. This is especially true for those who need access to health care in rural areas.

As you know, Congress established the Medicare Critical Access Hospital program in order to ensure needed health services are available to Medicare beneficiaries in rural areas. Although TRICARE payment policies generally seek to follow Medicare formulas, this is not the case with respect to payments to critical access hospitals. TRICARE reimbursements to critical access hospitals have been historically lower than those of Medicare and Medicaid, and we are concerned about how this affects the ability of critical access hospitals to provide top quality health care to the military community.

A number of hospitals in our state are affected by these lower payments. We are specifically concerned for the continued ability of Whidbey General Hospital, a critical access hospital that serves the military community on Whidbey Island, to continue to provide TRICARE services. Whereas Medicare and Medicaid reimburse Whidbey General at approximately 56 percent and 55 percent of charges, respectively, payments from TRICARE average only 39 percent of charges. Whidbey Island is home to Naval Air Station Whidbey Island and is a popular location for military retirees. Since the October 2007 reduction of NAS Whidbey's emergency care services, Whidbey General has been relied on to provide care to an even larger segment of the military population. They have done this despite low TRICARE reimbursements that have a serious budgetary impact on Whidbey General and may lead to Whidbey General eliminating their TRICARE contract.

We understand that DoD is in the process of approving a regulation that would increase TRICARE reimbursements to critical access hospitals to a level similar to that of Medicare. This change will bring real relief to Whidbey General and to the many critical access hospitals that provide medical care to a large portion of active military personnel, veterans, and their dependents. This assistance is needed to help ensure that critical

access hospitals continue to provide TRICARE services to the military community, and we commend your efforts. We look forward to the timely implementation of this regulation and the release of the draft rule as soon as possible. Should you need our assistance in this process, please feel free to contact us at any time.

Sincerely,



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Senator Patty Murray



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Congressman Rick Larsen