October 7, 2004

The Honorable Mark McClellan
Administrator
Centers for Medicare and Medicaid Services
Department of Health and Human Services
200 Independence Ave., SW 314-G
Washington, DC 20201

Dear Dr. McClellan:

We are deeply concerned about the recently proposed Medicare payment policy change and its impact on dialysis patients suffering from End Stage Renal Disease (ESRD). As you know, ESRD is a debilitating illness that disproportionately impacts African Americans. To date, African Americans develop renal failure approximately 4.2 times more frequently than whites, and develop hypertensive renal failure 6 to 17 times more frequently.

The change proposed by the Centers for Medicaid and Medicare (CMS) would base reimbursement for drugs and biologics on the Average Sales Price (ASP), thus making it increasingly difficult for small dialysis centers to provide a high level of care to patients. This proposed change would reduce the financial resources small, independent dialysis providers need to serve minority populations in both rural and urban areas.

We believe it is flawed policy to base payment rates on the ASP and not on acquisition costs which will make it very hard for already disadvantaged dialysis centers and lead to inferior patient care. Therefore, we urge you to return to the payment plan set forth in section 623 of the Medicare Modernization Act of 2003.

We thank you for your attention to this matter. We will closely monitor this important policy in the coming months and look forward to close coordination and communication with CMS before the policy is finalized. Thank you, in advance, for a timely response to our letter.

Sincerely,

John Conyers, Jr.
Ranking Member
Judiciary Committee

Donna Christensen
Chair
Congressional Black Caucus
Health Braintrust

Elijah Cummings
Chairman
Congressional Black Caucus