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September 17, 2008

The Honorable Robert M. Gates
Secretary of Defense
U.S. Department of Defense
1000 Defense Pentagon
Washington, DC 20310-1000

Dear Secretary Gates:

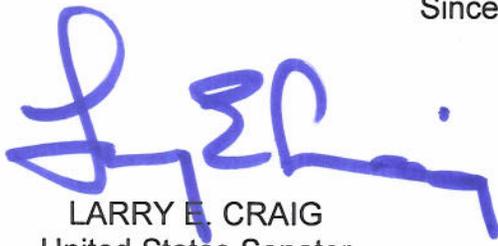
We write to express our concerns with the Department of Defense's recent proposed rule to implement a prospective payment system for hospital outpatient services under TRICARE, as outlined in the April 1, 2008, Federal Register notice. We are aware of the increasing financial demands on the military health system. However, we respectfully request your consideration to extend adjustment payments as TRICARE transitions to a prospective payment system.

Under the Fiscal Year 2002 National Defense Authorization Act, Congress directed the Department of Defense to implement a payment method for institutional care, to the extent practicable, in accordance with the same reimbursement rules used by Medicare. The proposed rule would temporarily allow payment adjustments to TRICARE network hospitals that are located near military bases and treat a disproportionate share of military family members over a three-year implementation period. While we recognize the unique mission of the military health system, we are concerned that implementation of the proposed rule could have a negative impact on a number of TRICARE beneficiaries in Idaho and nationwide.

We recently learned of ongoing discussions in the Department that would allow all hospitals in the TRICARE network to receive payment adjustments under the final rule. We support this initiative, and believe it is both necessary and responsible to ensure continued access to quality health care for our military men and women.

We appreciate your consideration of the impact this transition will have on TRICARE beneficiaries and your attention to this issue.

Sincerely,



LARRY E. CRAIG
United States Senator



MIKE CRAPO
United States Senator



MIKE SIMPSON
Member of Congress



BILL SALI
Member of Congress