June 23, 1969

Dear:

We have had Medicare and Medicaid legislation in effect for sometime now and it was enacted in recognition of the fact that elderly people were having difficulty in meeting the high cost of health care. With the experience we have had, the Congress can now proceed to modify the program so that it operates better from the standpoint of the beneficiary and more efficiently from the standpoint of cost. We will have legislation before the Congress sometime soon that will apply to each of these health care services, and I am sure that we can improve the existing programs.

Thank you very much for bringing your suggested changes to my attention. I will have them in mind when legislation is before us.

Sincerely,

Everett McKinley Dirksen
June 24, 1969

Dear:

I have received a letter from the Commissioner of Social Security in which he states that since the Social Security Administration and the participating institutions have now had the benefit of almost three years experience under Medicare, the 2% reimbursement allowance for non-profit institutions can be eliminated.

This is based on the improvement in the ability of institutions to furnish more precise cost data, and the fact that the costs which this allowance is intended to cover should be determined without the application of the flat percentage. This percentage increases directly in relation to increases in the total costs, without regard to whether or not there have been proportionate increases in the costs that the allowance was intended to cover.

With this in mind, the Social Security Administration, together with representatives of the hospital and extended care community, have initiated a re-examination of the cost of reimbursement principles for providers under Medicare.

Sincerely,

Everett McKinley Dirksen