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Assistant Vice President

June 18, 2002
VIA FAX

The Honorable William Thomas
Ways and Means Committee Chairman
U.S. House of Representatives
Longworth House Office Building
Washington, D.C. 20515

Dear Mr. Chairman:

On behalf of the University of California (UC) and its five academic medical centers thank you for your continued leadership on Medicare reform. We understand that today the House Ways and Means Committee will consider comprehensive Medicare reform legislation that – in addition to providing a prescription drug benefit – includes substantive provider provisions to help strengthen academic medical centers, physicians and other health care providers. Although we have not yet had the opportunity to review legislative language, we are grateful to learn that your legislation includes funding updates to the Medicare hospital inpatient PPS, Medicare graduate medical education, and the Medicare physician fee schedule, as well as other provisions critical to the continued financial viability of the University of California health system.

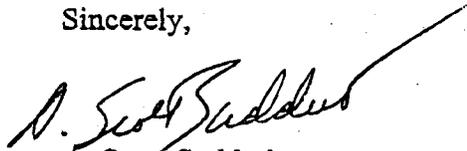
The University of California applauds your efforts to establish a prescription drug benefit for America's seniors and provide fair and adequate Medicare payments to academic medical centers across the nation. We are pleased to support this legislative effort as an important step toward ensuring a sound Medicare program for both providers and beneficiaries. We look forward to working with you to ensure final passage of comprehensive health care legislation this year.

In addition to working for fair and adequate Medicare payments, the University of California Health System is focused on preventing the drastic reduction in Medicaid disproportionate share (DSH) payments scheduled to take effect October 1, 2002. We continue to work with the Energy and Commerce Committee and the entire California delegation to secure these essential funds for UC's three designated Medicaid DSH hospitals, UC San Diego, UC Irvine and UC Davis. As you work with your colleague Chairman Tauzin, we urge you to support preservation of these vital funds for California's healthcare safety net.

Representative Thomas
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We appreciate the strong consideration you and your staff have given to the Medicare issues facing the University of California and graduate medical education. We stand ready to work with you to ensure enactment of legislation addressing the healthcare needs of all our citizens.

Sincerely,



A. Scott Sudduth
Assistant Vice President

cc: California members, House Committee on Ways and Means
California members, House Committee on Energy and Commerce