

AMERICA'S HOSPITALS AND HEALTH SYSTEMS

January 17, 2018

Dear Senator:

As organizations representing hospitals and health systems from across the country, we are writing to ask you to include in the next short-term continuing resolution (CR) a two year delay of the Medicaid disproportionate share hospital (DSH) cuts, as well as straight five year extensions of the Medicare-dependent hospital (MDH) and enhanced low-volume adjustment (LVA) programs.

The Affordable Care Act (ACA) reduced payments to the Medicaid DSH program under the assumption that uncompensated care costs would decrease as health care coverage increased. The \$2 billion in fiscal year 2018 reductions began Oct. 1, 2017. Unfortunately, the coverage rates envisioned under the ACA have not been fully realized, and tens of millions of Americans remain uninsured. In addition, Medicaid underpayment continues to pose ongoing financial challenges for hospitals treating our nation's most vulnerable citizens. Congress recognized the need for the Medicaid DSH program to continue to be funded fully by delaying the start of the cuts over the past four years.

In November, the House passed legislation – H.R. 3922 – that would extend funding for the Children's Health Insurance Program as well as delay the start of the Medicaid DSH cuts for two years. We ask that the Medicaid DSH provision that was part of H.R. 3922 be included in the CR that is being considered this week.

The hospitals that are part of the MDH and LVA programs serve a high percentage of Medicare beneficiaries living in rural areas. Congress established these programs to help hospitals serve rural residents, who have a tendency to be older, sicker and have less income than their urban counterparts. The MDH program adjusts payments to hospitals for which Medicare patients make up a significant percentage of inpatient days or discharges; the LVA provides an add-on payment to qualifying hospitals to help level the playing field for low-volume providers, and sustain and improve access to care in rural areas. The funding for both programs has been extended by Congress many times.

Given the vital need for these programs to continue fully funded, we urge that you once again delay the Medicaid DSH cuts as well as fund the MDH and enhanced LVA programs.

Sincerely,

America's Essential Hospitals
American Hospital Association
Association of American Medical Colleges
Catholic Health Association of the United States
Federation of American Hospitals
Premier healthcare alliance
Vizient, Inc.