December 16, 2015

The Honorable Sylvia Mathews Burwell
Secretary
Department of Health and Human Services
200 Independence Avenue, SW
Washington, DC 20201

Dear Secretary Burwell:

I am writing to express concern regarding a proposal in the Department of Health and Human Services’ recent budgets that would cut Medicare payments, often referred to as “bad debt” payments, to hospitals on behalf of seniors who are unable to meet their cost-sharing obligations to hospitals.

As you are aware, when low-income Medicare beneficiaries are unable to meet their cost-sharing obligations established by Medicare, Medicare has provided an avenue for hospitals and certain other providers to receive 65 percent of the payment for uncompensated care provided to them. This reimbursement only can be pursued after providers perform an exhaustive collection effort that can sometimes take years to complete. Without these payments, hospitals can be put in an untenable financial position.

This reimbursement ensures that seniors in California maintain access to essential health care services, even when they simply cannot afford to pay their cost-sharing obligations. Under a 25 percent reimbursement rate as has been proposed in the past, California hospitals could lose $1.5 billion over ten years. This cost-sharing component is considered a core payment for the services provided by hospitals that serve low-income seniors. I am concerned that payment reductions could result in reduced access to vital services at hospitals in the East Bay and others across the country. While I understand the difficult budget climate we face, I do not believe savings should come by putting health services for low-income seniors at risk.

I look forward to working with you to address the drivers of growth in health care costs and the challenges of ensuring the sustainability of a robust Medicare program for all of our nation’s current and future seniors. Thank you for your attention to this matter.

Sincerely,

Eric Swalwell
Member of Congress