The Honorable Sylvia Burwell  
Secretary of Health and Human Services  
U.S. Department of Health and Human Service  
200 Independence Avenue, SW  
Washington, DC 20201

Dear Secretary Burwell:

I am writing to express my concern regarding a proposal that would greatly limit reimbursement to providers for Medicare “bad debt.” When individual Medicare beneficiaries are unable to meet their cost-sharing obligations, the Medicare program has provided an avenue for hospitals and certain other providers to receive at least a partial payment for uncompensated care provided to patients. This reimbursement can only be pursued after providers perform an exhaustive collection effort that can sometimes take years to complete. Currently, providers are limited to receiving 65 percent of the payment, but your most recent FY16 budget proposal would reduce that by more than half to 25 percent. I respectfully urge the Administration to not include this policy in future budgets.

Medicare bad debt payments are a critical backstop for seniors in Massachusetts, many of whom are struggling. This reimbursement ensures that seniors in Massachusetts can maintain access to essential health care services, even when they cannot afford to pay their cost sharing. In 2013, Massachusetts’s low income Medicare-Medicaid beneficiaries, dual eligibles, accounted for nearly 67 percent of Medicare bad debt, a 5% increase from 2012. Providers in Massachusetts that serve this low-income population are already operating on very narrow margins. According to the Medicare Payment Advisory Commission (MedPAC), hospitals are estimated to have their lowest margin in history in 2015 at a negative 9 percent. I am concerned that further payment reductions could result in reduced access to vital services.

Massachusetts’s hospitals, and the millions of seniors who rely on them for their critical health care needs, depend on the Medicare program to be a steward of good public policy. Congress has never held a hearing on Medicare bad debt and MedPAC has not issued any recommendations on this policy.

Again, I urge you to not include this policy proposal in future budgets. Thank you for your attention to this important issue.

Sincerely,

Katherine Clark  
Member of Congress