

AMERICA'S HOSPITALS AND HEALTH SYSTEMS

March 6, 2023

The Honorable Charles Schumer
Majority Leader
U.S. Senate

The Honorable Kevin McCarthy
Speaker
U.S. House of Representatives

The Honorable Mitch McConnell
Republican Leader
U.S. Senate

The Honorable Hakeem Jeffries
Democratic Leader
U.S. House of Representatives

Dear Majority Leader Schumer, Leader McConnell, Speaker McCarthy and Leader Jeffries:

On behalf of our nation's hospitals and health systems, we are writing to ask you to address the Medicaid disproportionate share hospital (DSH) cuts scheduled to begin in fiscal year (FY) 2024 to ensure patients continue to have access to quality care. Under the current statute, hospitals are facing \$8 billion in reductions starting on Oct. 1, 2023.

The Medicaid DSH program is vital in assisting hospitals that serve high numbers of Medicaid and uninsured patients. More than 2,500 hospitals in the U.S. receive DSH payments to address Medicaid underpayment and uncompensated care, which helps ensure patients have access to critical community services, including trauma, burn care and high-risk neonatal care, as well as be prepared for natural disasters and pandemic events.

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. Unfortunately, the coverage rates envisioned under the ACA have not been fully realized, and tens of millions of Americans remain uninsured. This year the Medicaid program and its beneficiaries face a difficult transition, as states institute processes to determine which recipients remain eligible for the program when the maintenance of effort provisions related to the public health emergency expire. In addition, Medicaid underpayment continues to pose ongoing financial challenges for hospitals treating our nation's most vulnerable citizens, including millions of children. Now is not the time for additional cuts to Medicaid funding, as hospitals are facing continued financial hardships while the country emerges from the COVID-19 pandemic.

Congress – in a bipartisan manner – has previously delayed the Medicaid DSH cuts due to concerns regarding the potential impact on hospitals, patients and communities. We urge you to once again address the pending Medicaid DSH cuts and protect access to care for our nation's most vulnerable patients.

Sincerely,

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