



AMERICA'S ESSENTIAL HOSPITALS

March 24, 2015

The Honorable John Boehner
Speaker
United States House of Representatives
Washington, DC 20515

The Honorable Mitch McConnell
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Nancy Pelosi
Minority Leader
United States House of Representatives
Washington, DC 20515

The Honorable Harry Reid
Minority Leader
United States Senate
Washington, DC 20510

Dear Speaker Boehner and leaders McConnell, Pelosi, and Reid:

On behalf of America's Essential Hospitals and its more than 250 member hospitals, which care for all patients, including the most vulnerable, **I write to urge you to swiftly pass H.R. 2 – The Medicare Access and CHIP Reauthorization Act of 2015.** This bipartisan legislation would ensure access to care for millions of Medicare and Medicaid beneficiaries and other vulnerable people who rely on essential hospitals and other safety net providers for their care.

This bill would permanently repeal the broken Medicare sustainable growth rate (SGR) formula. For nearly 20 years, this ill-conceived payment formula has created uncertainty for physicians and Medicare beneficiaries. Its 17 temporary patches, while helpful to ensuring access for Medicare beneficiaries, have damaged hospitals – especially essential hospitals – through billions of dollars in payment cuts used as fiscal offsets. This cycle of cutting hospitals and other providers to patch the SGR must end today. Last year, in a remarkable bipartisan, bicameral effort, the leaders of every committee of jurisdiction over Medicare agreed to an SGR repeal and replacement methodology that forms the basis of H.R. 2. While Congress was unable to pass it last year, now is the time for this bipartisan effort to bear fruit.

In addition to permanently repealing the SGR, this bill contains several provisions that are critical to ensuring access for Medicaid beneficiaries and other vulnerable people.

Of particular importance to essential hospitals, the legislation would delay the start of scheduled cuts to Medicaid disproportionate share hospital (DSH) payments until fiscal year (FY) 2018. Further, it would reduce scheduled cuts in FYs 2018 to 2020. Congress originally enacted DSH cuts in 2010, as part of the Affordable Care Act. These cuts were predicated upon a nationwide Medicaid expansion and rapid uptake in coverage under the law. Due to the Supreme Court decision on Medicaid expansion, nearly half the states have not yet expanded Medicaid. So, hospitals in those states face damaging DSH cuts without the counterbalance of increasing coverage. Even hospitals in expansion states continue to see substantial amounts of uncompensated care. Congress has twice recognized this disparity, delaying cuts scheduled for FYs 2014 to 2016. **While we strongly support this delay, we are deeply concerned that H.R. 2 stipulates substantially larger cuts to DSH in years after 2021.** By 2024, DSH cuts would total \$8 billion per year, reducing federal DSH support by about two-thirds. Cuts at that level would be unsustainable for any essential hospital. We look forward to working with Congress to craft a DSH policy that recognizes the continuing uncompensated care volume at essential hospitals.

The legislation further ensures health care access for low-income people by permanently extending two vital programs – the Medicare Qualified Individual (QI) Program and Transitional Medical Assistance (TMA) – and extending funding for federally qualified health centers (FQHCs). The QI program helps very low-income Medicare beneficiaries pay for their Part B premiums. TMA supports low-income families who would otherwise lose Medicaid because of an increase in their earnings. Under TMA, these families can receive up to 12 months of temporary Medicaid coverage. Both of these vital programs traditionally have been extended as part of previous SGR patches. It is only appropriate that a permanent SGR repeal should permanently extend QI and TMA. We also support the funding extension for FQHCs, which provide a vital source of primary care for millions of low-income and uninsured people throughout the country. Working in tandem with and supporting essential hospitals' outpatient networks, FQHCs help form the core of the health care safety net in many communities. This bill continues current FQHC funding for two years.

While we realize no bill is perfect, we are disappointed H.R. 2 would extend Children's Health Insurance Program (CHIP) funding for only two years. **America's Essential Hospitals supports a four-year extension of funding for this popular and successful program, which otherwise runs out at the end of this fiscal year.** We are pleased Congress is choosing to extend CHIP funding now – six months before the end of the fiscal year – so children, their families, health care providers, and states will have the certainty of CHIP coverage for the next two years. We look forward to working with Congress in the years ahead to ensure the continuation of high-quality health care coverage for the millions of children who rely on CHIP.

Over the past decade, health care has become, perhaps, the most contentious issue in Washington. This legislation represents the first truly bipartisan major health care legislation in years. We are hopeful it will build a foundation for continued cooperation on this issue, which is so vital to every person in our country. **Please do not let this**

opportunity pass you by – approve H.R. 2 as swiftly as possible. Thank you for your leadership.

Sincerely,



Bruce Siegel, MD, MPH
President and CEO

cc: Rep. Fred Upton, Chair, Committee on Energy and Commerce
Rep. Frank Pallone, Ranking Member, Committee on Energy and Commerce
Rep. Michael Burgess, Member, Committee on Energy and Commerce
Rep. Paul Ryan, Chair, Committee on Ways and Means
Rep. Sander Levin, Ranking Member, Committee on Ways and Means
Sen. Orrin Hatch, Chair, Committee on Finance
Sen. Ron Wyden, Ranking Member, Committee on Finance