

AMERICA'S HOSPITALS AND HEALTH SYSTEMS

November 1, 2021

The Honorable Nancy Pelosi
Speaker of the House
U.S. House of Representatives
Washington, DC 20515

The Honorable Charles E. Schumer
Majority Leader
U.S. Senate
Washington, DC 20510

Dear Speaker Pelosi and Leader Schumer:

As organizations representing hospitals and health systems from across the country, we are writing to ask you to remove the reductions to the Medicaid disproportionate share hospital (DSH) program and uncompensated care pools from H.R. 5376, the Build Back Better (BBB) Act. While we appreciate the goal of increasing coverage to residents in states that did not expand their Medicaid programs through the Affordable Care Act (ACA), it should not come at the expense of vital funding to facilities located in those parts of the country, especially at a time when hospitals are still providing care due to the COVID-19 pandemic and the deadly Delta variant.

The Medicaid DSH program assists hospitals serving high numbers of Medicaid and uninsured patients. They receive these payments in order to account for Medicaid underpayment and uncompensated care, and this support allows hospitals to provide critical community services, such as trauma and burn care, high-risk neonatal care and disaster preparedness resources. Hospitals have spent the last 20 months serving on the front lines of the COVID-19 pandemic, delivering the lifesaving treatments to those in distress, and continuing to serve as key partners in the distribution of the vaccine. Our hospitals and health systems provided inpatient care to more than 3 million COVID-19 patients nationwide since August 2020.

The financial stress to hospitals, including those whose resources were strained recently from treating the Delta variant, will not improve in the near term. In a report released by the American Hospital Association in September 2021, Kaufman Hall projected that hospitals nationwide will lose an estimated \$54 billion in net income over the course of this year, even after taking into account the funding Congress provided last year and earlier this year.

The Medicaid DSH reductions in the BBB would be an additional hardship for hospitals located in non-expansion states, and these cuts are directed to continue beyond the length of the coverage provisions, which currently sunset in 2025. The cuts could be as much as \$7.8 billion in federal funding over 10 years, and this reduction in funding will make it difficult for hospitals in those states to continue to serve their patients and their communities. In addition, if a state that currently has expanded its Medicaid program chooses to discontinue expansion, its federal DSH allotment also would be reduced.

Congress has long understood the importance of the Medicaid DSH payments and has repeatedly delayed the start of the ACA-mandated cuts as the coverage rates envisioned under the law have not been fully realized. These payments remain important for all hospitals and the patients they serve – and they remain especially important in those states that did not expand their Medicaid programs.

We urge you to protect the Medicaid DSH program from cuts given the crucial need for this program.

Sincerely,

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