



AMERICA'S ESSENTIAL HOSPITALS

January 10, 2018

The Honorable Mitch McConnell
Majority Leader
U.S. Senate
317 Russell Senate Office Building
Washington, DC 20510

The Honorable Charles Schumer
Minority Leader
U.S. Senate
322 Hart Senate Office Building
Washington, DC 20510

The Honorable Paul Ryan
Speaker
U.S. House of Representatives
H-232, The Capitol
Washington, DC 20515

The Honorable Nancy Pelosi
Democratic Leader
U.S. House of Representatives
H-204, The Capitol
Washington, DC 20515

Dear Majority Leader McConnell, Minority Leader Schumer, Speaker Ryan, and Leader Pelosi:

We, the board of directors of America's Essential Hospitals, write to express our serious concerns about reductions to Medicaid disproportionate share hospital (DSH) payments that went into effect October 1, 2017. We urge you to take immediate action to delay these harmful cuts for at least two years.

President Ronald Reagan and Congress created Medicaid DSH payments to sustain hospitals that serve a disproportionate number of low-income and uninsured patients. In treating those who have nowhere else to turn, our hospitals incur substantial uncompensated costs. Medicaid DSH payments allow our hospitals to continue serving patients in our communities while operating on very narrow, or even negative, margins.

Through bipartisan efforts, Congress repeatedly has recognized the importance of Medicaid DSH payments and delayed cuts to the program through legislation, including:

- the Bipartisan Budget Act of 2013, which delayed the cuts scheduled to begin in fiscal year (FY) 2014 for two years, until FY 2016;
- the Protecting Access to Medicare Act of 2014, which delayed the FY 2016 reduction to FY 2017;
- the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA), which delayed the scheduled FY 2017 cuts by one additional year; and
- most recently, the House-passed CHAMPIONING HEALTHY KIDS Act included a bipartisan two-year delay of the cuts.

Without a further delay of the Medicaid DSH payment reductions, hospitals face a financial shortfall of \$2 billion in FY 2018. These cuts grow annually to \$8 billion by FY 2024. Our nation's hospitals cannot sustain losses of this magnitude. Institutions will be forced to close, leaving patients without a safety net.

We ask that you work swiftly to delay these cuts for at least two fiscal years, through 2020, or until a more sustainable, permanent solution is reached. A delay ensures our hospitals can continue to care for the most vulnerable among us.

Thank you for your consideration. We look forward to your response.

Sincerely,

Donna Sollenberger, MA, Board Chair
Executive Vice President and CEO, UTMB Health System
The University of Texas Medical Branch

Joseph Scott, Board Chair-Elect
President and CEO, Jersey City Medical Center
Executive Vice President of Health Care Transformation
RWJBarnabas Health

Wright Lassiter III, Secretary
President and CEO
Henry Ford Health System

Sharon O'Keefe, MS, Treasurer
President
The University of Chicago Medicine

John Hauptert, Past-Chair
President and CEO
Grady Memorial Hospital

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President and CEO
The MetroHealth System

Patrick Cawley, MD, MHM
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Medical University of South Carolina- University Hospital

Eric Dickson, MD, MHCM
President and CEO
UMass Memorial Health Care

Susan Ehrlich, MD, MPP
CEO
Zuckerberg San Francisco General Hospital and Trauma Center

Howard Federoff, MD, PhD
Vice Chancellor for Health Affairs
CEO UCI Health System
UC Irvine Medical Center

Barry Freedman
President and CEO
Einstein Healthcare Network

Danielle Laraque-Arena, MD
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SUNY Upstate Medical University

Carlos Migoya
President and CEO
Jackson Health System

Steve Purves
President and CEO
Maricopa Integrated Health System

Sam Ross, MD, MS
CEO
Bon Secours Hospital

Charlie Shields
President and CEO
Truman Medical Centers

Kevin Spiegel
President and CEO
Erlanger Health System

Pamela Sutton-Wallace, MPH
CEO
University of Virginia Medical Center

cc:

The Honorable Orrin Hatch, Chair, Senate Committee on Finance
The Honorable Ron Wyden, Ranking Member, Senate Committee on Finance
The Honorable Greg Walden, Chair, House Committee on Energy and Commerce
The Honorable Frank Pallone, Jr., Ranking Member, House Committee on Energy and
Commerce
The Honorable John Cornyn
The Honorable Ted Cruz
The Honorable Robert Menendez
The Honorable Cory Booker
The Honorable Debbie Stabenow
The Honorable Gary Peters
The Honorable Richard Durbin
The Honorable Tammy Duckworth
The Honorable John Isakson
The Honorable David Perdue
The Honorable Sherrod Brown
The Honorable Robert Portman
The Honorable Lindsey Graham
The Honorable Tim Scott

The Honorable Elizabeth Warren
The Honorable Edward Markey
The Honorable Dianne Feinstein
The Honorable Kamala Harris
The Honorable Robert P. Casey, Jr.
The Honorable Patrick Toomey
The Honorable Charles Schumer
The Honorable Kirsten Gillibrand
The Honorable Bill Nelson
The Honorable Marco Rubio
The Honorable John McCain
The Honorable Jeff Flake
The Honorable Benjamin Cardin
The Honorable Chris Van Hollen, Jr.
The Honorable Claire McCaskill
The Honorable Roy Blunt
The Honorable Lamar Alexander
The Honorable Bob Corker
The Honorable Mark Warner
The Honorable Timothy Kaine