

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

The Honorable Kevin McCarthy  
Republican Leader  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Speaker Pelosi and Leader McCarthy:

We write to express our concern regarding the impact of impending cuts to Medicaid Disproportionate Share Hospital (DSH) payments, scheduled to take effect on October 1, 2019. Medicaid DSH payments allow hospitals nationwide to treat our most vulnerable Americans. We urge you to take action to delay these cuts for at least two years.

In 1985, 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, these hospitals incur uncompensated costs. Furthermore, these same hospitals typically operate on very narrow, or even negative, margins. Medicaid DSH payments allow them to continue serving our constituents and communities. Medicaid DSH payments not only support hospitals in cities across the country, these payments are also especially important to rural hospitals, which often face added financial burdens.

Since 2013, Congress has recognized the importance of Medicaid DSH payments by delaying cuts to the program four different times, most recently The Bipartisan Budget Act of 2018 delayed the start of the reductions until FY 2020.

Should Congress fail to delay the cuts scheduled to begin on October 1, safety net hospitals will face a financial shortfall of \$4 billion in FY 2020. These cuts will grow to \$8 billion in FY 2021.

Our nation's hospitals cannot sustain losses of this magnitude. Institutions will be forced to shutter, leaving our constituents and communities without a vital safeguard.

Until a more sustainable, permanent solution is reached, we ask that you work to delay these cuts for at least two fiscal years. This delay will ensure that hospitals can continue to care for the most vulnerable in our communities.

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