



AMERICA'S ESSENTIAL HOSPITALS

MONTH XX, 2025

The Honorable Mike Johnson
Speaker of the House
U.S. House of Representatives
521 Cannon House Office Building
Washington, DC 20515

The Honorable Hakeem Jeffries
House Minority Leader
U.S. House of Representatives
2433 Rayburn House Office Building
Washington, DC 20515

The Honorable John Thune
Senate Majority Leader
U.S. Senate
511 Dirksen Senate Office Building
Washington, DC 20510

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

Dear Speaker Johnson, Leader Jeffries, Leader Thune, and Leader Schumer:

The more than ### undersigned essential hospitals and health systems urge you to stop the damaging cuts to Medicaid disproportionate share hospital (DSH) funding scheduled to take effect Oct. 1.

Congress created the Medicaid DSH program in 1981 to help safety net hospitals meet their missions of caring for uninsured patients, Medicaid beneficiaries, and other low-income and disadvantaged patients. In 2024, essential hospitals provided more than \$22 billion in uncompensated and under-reimbursed care, and Medicaid DSH is a vital source of funding to help offset those costs. Medicaid DSH funding not only ensures access to care for millions of people, but also allows essential hospitals to provide critical services to their communities, including top-level trauma, burn, and neonatal intensive care. The need for DSH funding has never been more important, as hospital expenses per patient continue to increase.

Under current law, Medicaid DSH funding will be cut by \$8 billion each fiscal year (FY) from 2026 through 2028—an annual reduction equal to more than two-thirds of all federal DSH spending. These cuts would undermine America's health care safety net and significantly reduce our hospitals' ability to provide lifesaving services to the communities you represent. The far-reaching effects would limit your constituents' access to care and hurt local economies, including through job losses. This simply cannot be justified.

Recent cuts to state directed payment programs and provider taxes have forced essential hospitals to plan for drastic losses in critical Medicaid funding that allows them to provide high-level care to the whole of their communities. Additionally, changes to eligibility requirements will result in a higher number of uninsured patients, significantly increasing already elevated uncompensated care costs. [An America's Essential Hospitals analysis](#) estimates that

uncompensated care costs will increase by \$443 billion over the next 10 years because of Medicaid cuts.

Congress repeatedly has recognized that cuts to Medicaid DSH funding pose serious threats to low-income patients and the hospitals that treat them. In fact, Congress historically has acted in bipartisan fashion on this issue, voting more than a dozen times by overwhelming majorities to delay or eliminate DSH cuts. Our hospitals need the financial certainty to continue providing care for the disadvantaged patients they disproportionately serve. It is imperative that Congress eliminate the totality of Medicaid DSH cuts once and for all.

We urge you to move swiftly to eliminate the remaining \$24 billion in cuts scheduled for FY 2026 through FY 2028.

Sincerely,

[LIST OF MEMBER HOSPITALS]