



THE PARTNERSHIP FOR MEDICAID

October 3, 2023

The Honorable Chuck Schumer
Majority Leader
U.S. Senate
S-221 Capitol Bldg.
Washington, D.C. 20510

The Honorable Mitch McConnell
Minority Leader
U.S. Senate
S-230 Capitol Bldg.
Washington, D.C. 20510

The Honorable Kevin McCarthy
Speaker
U.S. House of Representatives
H-232 Capitol Bldg.
Washington, D.C. 20515

The Honorable Hakeem Jefferies
Minority Leader
U.S. House of Representatives
H-204 Capitol Bldg.
Washington, D.C. 20515

RE: Prevent cuts to Medicaid Disproportionate Share Hospital (DSH) Payments

Dear Leader Schumer, Sen. McConnell, Speaker McCarthy, and Leader. Jefferies:

On behalf of the Partnership for Medicaid—a nonpartisan, nationwide coalition of health care providers, safety net health plans, counties, and labor—the undersigned organizations express our concern about the impending deep cuts to Medicaid disproportionate share hospital (DSH) payments.

Safety net hospitals across the country, which rely on DSH payments, face severe cuts at the end of the current federal fiscal year. We are grateful that Congress included a Medicaid DSH extension in the recent Continuing Resolution, and we urge Congress to address the Medicaid DSH cuts for at least two years in any end-of-year packages. Under current law, at the end of this fiscal year, DSH hospitals will suffer the first of four consecutive cuts of \$8 billion annually—**a total of \$32 billion, or two-thirds of annual federal program spending over this period.**

Medicaid DSH payments were created to sustain hospitals that serve a disproportionate number of low-income and uninsured pediatric and adult patients. These hospitals, the primary source of care for our most disadvantaged and marginalized patients in urban and rural communities nationwide, absorb the bulk of the country's uncompensated care and treat a large share of Medicaid enrollees. DSH payments remain critical to allowing these facilities to continue serving their communities and fulfilling their safety net mission.

In its March 2022 Report to Congress, the Medicaid and CHIP Payment and Access Commission (MACPAC) found that deemed DSH hospitals would have had a negative 7 percent operating margin in 2019 if they had not received Medicaid DSH payments. MACPAC's analysis also found that while the unpaid costs of care for uninsured individuals has declined over the years since the Affordable Care Act expanded coverage, Medicaid shortfalls increased, amounting to \$19 billion in 2019. MACPAC further noted that from 2018 to 2020 there was no decrease in the uninsured rate, suggesting the prior trend in reduced uninsured, uncompensated care no longer holds true.

The MACPAC analysis shows that the assumption behind the ACA reductions—that DSH-supported uncompensated care would decrease—has not proved true and that Medicaid DSH payments still are needed to supplement the shortfalls faced by hospitals that care for many Medicaid and uninsured patients. Medicaid DSH payments are vital for the stability and viability of these hospitals—the hospitals that form the fabric of our health care safety net; provide highly specialized, lifesaving services; train the

next generation of health care professionals; and perform myriad other services on which communities across our country rely.

Through overwhelmingly bipartisan action, Congress has repeatedly recognized the importance of Medicaid DSH payments by not only delaying but also eliminating cuts to the program nearly a dozen times. This year, congressional lawmakers continue to demonstrate their understanding of how Medicaid DSH cuts could devastate hospitals that serve patients and communities in greatest need of safety net care. H.R. 2665, the Supporting Safety Net Hospitals Act is bipartisan legislation led by Reps. Yvette Clarke (D-N.Y.), Dan Crenshaw (R-Texas), Diana DeGette (D-Colo.), and Michael Burgess (R-Texas). H.R. 2665 would eliminate the next two years of Medicaid DSH cuts. It is of vital importance that the House passes this legislation and sends it to the Senate to avoid the dire consequences of these cuts on safety net hospitals.

The Partnership for Medicaid asks Congress to, again, act swiftly to eliminate these harmful cuts for at least two years and advance this legislation. If you have any questions please contact the Partnership for Medicaid's leadership: Vacheria Keys, First Co-Chair, at VKeys@nachc.com, Daniel Jones, Second Co-Chair, at DJones@essentialhospitals.org, or Paulo Pontemayor, Chair Emeritus at Ppontemayor@chausa.org. Thank you for the opportunity to share our thoughts on this important issue.

Sincerely,

America's Essential Hospitals
National Association of Counties
American College of Obstetricians & Gynecologists
Catholic Health Association of the United States
National Health Care for the Homeless Council
Children's Hospital Association
National Rural Health Association
National Association of Pediatric Nurse Practitioners
Jewish Federations of North America
Association for Community Affiliated Plans
National Association of Rural Health Clinics
National Council for Mental Wellbeing
National Hispanic Medical Association