

AMERICA'S HOSPITALS AND HEALTH SYSTEMS

December 5, 2011

Dear Member of Congress:

We applaud the Congress's interest in resolving Medicare's fundamentally flawed physician payment system and preventing the 27.4 percent cut in reimbursement scheduled to take effect on January 1, and we support prevention of this cut.

America's hospitals rely on the quality, accessibility, and professionalism of their medical staffs. The partnership we have long shared with physicians has ensured that seniors and other patients in communities across America can access the care they need when they need it. One of the greatest threats to our shared goals of access and quality is a lack of stable and adequate Medicare payments for our full-time, part-time and volunteer physicians. **However, as you seek to address the problematic physician payment system, we wish to express our strong opposition to using reductions in Medicare payments to hospitals or Medicaid funding to offset the costs of taking such action.**

Hospitals across the nation already are facing billions in Medicare cuts under current law, including tens of billions in across-the-board sequestered cuts resulting from the *Budget Control Act of 2011*. In addition, the majority of states have cut provider payments over the past two years, and the Office of Management and Budget has noted a decrease of \$98 billion in federal Medicaid spending due to these actions. Furthermore, hospitals are preparing for a host of new policy initiatives in areas such as value-based purchasing, readmissions, health information technology and patient safety. Few would argue against the need for such reforms. However, the successful implementation and outcome of these changes will increase hospital costs.

America's hospitals are vital community assets in every corner of our country. In addition to providing patient care and other vital community services, we are major employers that help sustain local economies and stabilize (and often increase) employment. If Congress imposes further cuts on hospitals or forces states to take further action with their own Medicaid programs, it will have a direct and immediate adverse effect on the communities and Medicare beneficiaries we serve.

We look forward to working together to support America's hospitals as we help put America's fiscal house in order.

Sincerely,

Federation of American Hospitals
American Hospital Association
Association of American Medical Colleges
Catholic Health Association of the US
National Association of Public Hospitals and Health Systems
Premier Healthcare Alliance
VHA Inc
National Association of Psychiatric Health Systems
National Association of Children's Hospitals