

AMERICA'S HOSPITALS AND HEALTH SYSTEMS

September 18, 2017

Dear Senator:

As organizations representing hospitals and health systems from across the country, we are writing to ask you to delay the start of the Medicaid disproportionate share hospital (DSH) cuts, which are scheduled to begin in Fiscal Year (FY) 2018.

The Medicaid DSH program assists hospitals serving high numbers of Medicaid and uninsured patients. Currently, about half of all hospitals in the United States receive DSH payments to address Medicaid underpayment and uncompensated care, which allow them to provide critical community services such as trauma and burn care, high-risk neonatal care and disaster preparedness resources.

The Affordable Care Act (ACA) reduced payments to the Medicaid DSH program under the assumption that uncompensated care costs would decrease as health care coverage increased. The reductions are now scheduled to begin on Oct. 1, 2017 at \$2 billion.

Unfortunately, the coverage rates envisioned under the ACA have not been fully realized, and tens of millions of Americans remain uninsured. In addition, Medicaid underpayment continues to pose ongoing financial challenges for hospitals treating our nation's most vulnerable citizens. Congress recognized the need for the Medicaid DSH program to continue to be fully funded by delaying the start of the cuts over the past four years.

We urge that you once again delay the start of the Medicaid DSH cuts given the vital need for the program to continue fully funded.

Sincerely,

America's Essential Hospitals
American Hospital Association
Association of American Medical Colleges
Catholic Health Association of the United States
Children's Hospital Association
Federation of American Hospitals
National Association of Psychiatric Health Systems
Premier healthcare alliance
Vizient, Inc.