

September XX, 2017

The Honorable Paul D. Ryan
Speaker
United States House of Representatives
H-232, The Capitol
Washington, D.C. 20515

The Honorable Nancy Pelosi
Democratic Leader
United States House of Representatives
H-204, The Capitol
Washington, D.C. 20515

Dear Speaker Ryan and Leader Pelosi,

We write to express our serious concerns regarding the impact of impending cuts to Medicaid Disproportionate Share Hospital (DSH) payments, scheduled to take effect on October 1, 2017. Medicaid DSH payments allow hospitals nationwide to treat our most vulnerable Americans. We urge you to take swift action to delay these harmful cuts for at least two years.

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 substantial 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. 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.

Through bipartisan efforts, Congress has repeatedly recognized the importance of Medicaid DSH payments, and passed legislation to delay cuts to the program:

- The Bipartisan Budget Act of 2013 delayed the cuts, scheduled to begin in Fiscal Year (FY) 2014, for two years until FY 2016;
- The Protecting Access to Medicare Act of 2014 delayed the FY 2016 reduction; and
- The Medicare Access and CHIP Reauthorization Act of 2015 (MACRA) delayed the scheduled FY 2017 cuts by one additional year.

Should Congress fail to delay the cuts scheduled to begin on October 1, safety net hospitals will face a financial shortfall of \$2 billion in FY 2018. These cuts will grow to \$8 billion by 2024. Our nation's hospitals cannot sustain losses of this magnitude. Institutions will be forced to shutter, leaving our constituents without a safety net.

We ask that you work swiftly to delay these cuts for at least two fiscal years, through 2020, or until a more sustainable, permanent solution is reached. This delay will ensure that hospitals can keep their doors open and, most importantly, continue to care for the most vulnerable among us.

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

Sincerely,

Eliot L. Engel
Member of Congress

John A. Culberson
Member of Congress

Steven M. Palazzo
Member of Congress

CC: The Honorable Kevin McCarthy, House Majority Leader
The Honorable Steny Hoyer, House Minority Whip
The Honorable Mitch McConnell, Senate Majority Leader
The Honorable Charles Schumer, Senate Minority Leader
The Honorable Greg Walden, Chairman, Committee on Energy and Commerce
The Honorable Frank Pallone, Jr., Ranking Member, Committee on Energy and Commerce
The Honorable Orrin Hatch, Chairman, Senate Committee on Finance
The Honorable Ron Wyden, Ranking Member, Senate Committee on Finance