



August 6, 2014

Protect Hospitals from Medicare DSH Cuts

Dear Rep. Fitzpatrick:

On Monday, the Centers for Medicare & Medicaid Services (CMS) released its final Medicare inpatient prospective payment system regulation for FY 2015. This regulation details how Medicare will pay hospitals in the coming fiscal year.

In this regulation, CMS continued the Affordable Care Act-mandated process of reducing the size of the pool of funds for Medicare disproportionate share hospital payments (Medicare DSH) to be divided proportionally based on an approximation of how much uncompensated care hospitals provide. NAUH has written to you on several occasions urging Congress to delay these cuts. In the regulation published on Monday, moreover, CMS increased the size of the Medicare DSH cut it proposed back in April by nearly \$1 billion.

This is a devastating cut. As we have conveyed to you in the past, urban safety-net hospitals are already struggling to accommodate an outsized proportion of the \$270 billion in Medicare payment cuts imposed on hospitals in recent years that will continue well into the next decade. Further, Congress still has not decided how to address the challenge posed by the Supreme Court decision to make Medicaid expansion optional. That decision has led some states to expand their Medicaid programs and some not to, leaving CMS with the challenge of how to implement mandated Medicare DSH cuts without direction from Congress on how to do so in light of this fundamental change in circumstances. Now, Congress needs time to make this decision and CMS needs time to implement Congress's decision. Private safety-net hospitals need to be protected from these cuts, which threaten to destroy their ability to care for their vulnerable patients, while Congress and CMS refine this policy.

NAUH urges you to work with your colleagues to protect hospitals from Medicare DSH cuts until Congress has decided how to address this challenge. The stakes are great: no less than the ability of some private, non-profit urban safety-net hospitals to continue fulfilling their vital role in the American health care safety net.

The National Association of Urban Hospitals appreciates your consideration of this request and would be pleased to answer any questions you may have about this issue or our position on it.

Sincerely,

Ellen Kugler, Esq.
Executive Director

