



March 11, 2014

Protect Urban Safety-Net Hospitals From Further Medicare and Medicaid Cuts

The Honorable Ron Wyden
Chair, Senate Finance Committee
United States Senate
Washington DC 20510

The Honorable Orrin G. Hatch
Ranking Member, Senate Finance Committee
United States Senate
Washington DC 20510

Dear Chairman Wyden and Ranking Member Hatch:

As the Senate Finance Committee continues to pursue a bipartisan approach to the Medicare Sustainable Growth Rate formula (SGR) challenge, the National Association of Urban Hospitals urges you and your colleagues on the committee to reject any proposal to pay for that solution with further cuts in Medicare and Medicaid payments to private, non-profit urban safety-net hospitals.

Hospitals like ours have already experienced numerous payment cuts in recent years: reductions in our annual Medicare cost-of-living adjustments and bad debt reimbursement; productivity “adjustments” that are de facto payment cuts; the Medicare value-based purchasing program and hospital readmissions reduction program, both of which frequently result in payment cuts and both of which are now generally thought to be unduly punitive toward hospitals like ours that care for especially large numbers of low-income patients; the two percent Medicare sequestration cut that is still in effect and that Congress has even extended beyond its originally planned duration; and Medicare disproportionate share (Medicare DSH) and Medicaid DSH payment cuts that will increase annually well into the next decade.

Because we have already absorbed so many cuts – the reductions above amount to \$223 billion – we urge you to look elsewhere for offsetting cuts to support a permanent (or even short-term) SGR solution.

For this same reason, NAUH also urges you to delay for two years the Medicare DSH cuts that started last October. Implemented in anticipation of significant increases in the number of uninsured Americans, those cuts have exacerbated the challenges hospitals already face in adjusting to the reductions noted above. Congress acknowledged this in delaying Medicaid DSH cuts for two years, and now, we urge you to do the same for Medicare DSH cuts.

The nation’s private, non-profit urban safety-net hospitals support the replacement of the SGR to ensure adequate payments for physicians who care for Medicare patients. Our hospitals have long been the providers of last resort for millions of Americans who, unlike many of their neighbors, have few, if any, health care alternatives. We do this because it is our mission, and we do it proudly, and we ask for your help with ensuring that we are able to continue to fulfill this mission in the coming months and years.

Sincerely,

Ellen Kugler
Executive Director

