ALLIANCE of SAFETY-NET HOSPITALS

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April 25, 2023

The Honorable Cathy McMorris Rodgers
Chair
Energy and Commerce Committee
United States House of Representatives
Washington, DC 20515

The Honorable Frank Pallone
Ranking Member
Energy and Commerce Committee
United States House of Representatives
Washington, DC 20515

The Honorable Brett Guthrie
Chairman Health
Energy and Commerce Committee
United States House of Representatives
Washington, DC 20515

The Honorable Anna Eshoo
Ranking Member Health
Energy and Commerce Committee
United States House of Representatives
Washington, DC 20515

The Honorable Larry Bucshon
Vice Chair Health
Energy and Commerce Committee
United States House of Representatives
Washington, DC 20515

Dear Chair McMorris Rodgers, Ranking Member Pallone, Chairman Guthrie, Vice Chair Bucshon, and Ranking Member Eshoo:

I am writing on behalf of the Alliance of Safety-Net Hospitals, a group of community safety-net hospitals that serve economically disadvantaged and underserved communities, in advance of the Health Subcommittee legislative hearing tomorrow, April 26, to express our views on some of the legislation to be considered during that hearing.

The Alliance of Safety-Net Hospitals (ASH) emphatically supports H.R. 2665, the "Supporting Safety-Net Hospitals Act."

Community safety-net hospitals are the primary providers of care for many uninsured, under-insured, low-income, and Medicare- and Medicaid-dependent residents of the communities in which those hospitals are

located. These hospitals provide care to disproportionate numbers of low-income and vulnerable patients and they rely heavily on Medicaid disproportionate share hospital payments (Medicaid DSH) for support in providing that care. Because community safety-net hospitals treat such high proportions of government-insured (Medicaid or Medicare) and uninsured patients, Medicaid DSH payments are a vital resource that help close the gap between the cost of providing care to their communities and the inadequate reimbursement they receive from government payers.

Community safety-net hospitals everywhere also are reeling from the demands created by the COVID-19 crisis and from continued sky-rocketing increases in operating costs.

Beginning in 2024, the Medicaid DSH program will be subject to an $8 billion reduction every year through 2027. Hospitals that treat disproportionate levels of Medicaid patients often operate with extremely slim margins and have very few resources in reserves, so any cuts to the Medicaid program challenge their ability to continue serving their communities. An $8 billion cut to this essential program will dramatically jeopardize access to health care in vulnerable communities across the country.

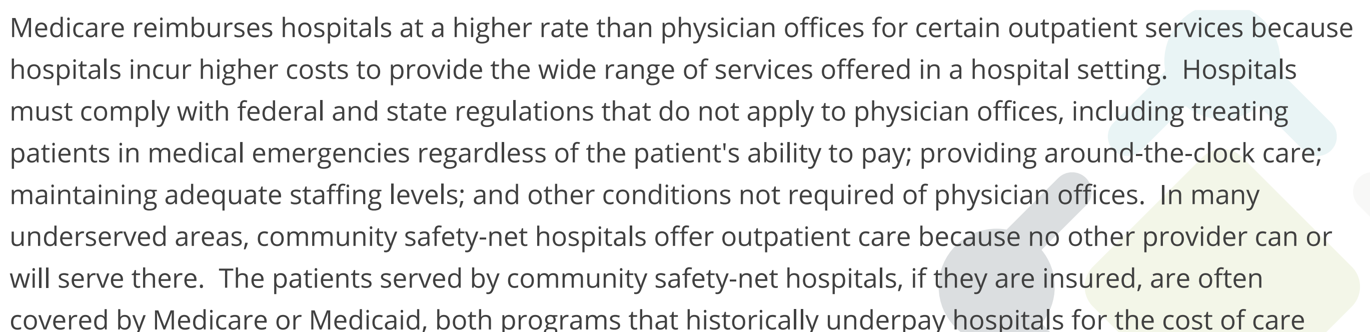
H.R. 2665, the "Supporting Safety-Net Hospitals Act," would delay these potentially devastating Medicaid DSH cuts until 2026. This delay is necessary to protect the health of the communities our hospitals serve.

ASH opposes proposals that undermine the 340B program's significance to community safety-net hospitals and the patients they serve.

The 340B program enables safety-net hospitals to purchase prescription drugs at a discounted rate, saving the hospitals money and expanding their ability to provide more medicines and services to the communities that rely upon them. In fulfilling their missions, community safety-net hospitals must find ways to optimize every resource and the 340B program enables them to pay more affordable prices than they otherwise would pay for prescription drugs. The draft bill before the committee tomorrow would impose particularly burdensome records retention and reporting requirements and would put further strain on the very limited resources the program is designed to protect.

ASH opposes proposals to expand site-neutral payments within Medicare.

Medicare reimburses hospitals at a higher rate than physician offices for certain outpatient services because hospitals incur higher costs to provide the wide range of services offered in a hospital setting. Hospitals must comply with federal and state regulations that do not apply to physician offices, including treating patients in medical emergencies regardless of the patient's ability to pay; providing around-the-clock care; maintaining adequate staffing levels; and other conditions not required of physician offices. In many underserved areas, community safety-net hospitals offer outpatient care because no other provider can or will serve there. The patients served by community safety-net hospitals, if they are insured, are often covered by Medicare or Medicaid, both programs that historically underpay hospitals for the cost of care



they provide. Further cuts to Medicare reimbursements would make it even harder for community safety-net hospitals to provide services to patients in areas where services are already scarce.

As the committee considers the three site-neutral draft bills in tomorrow's hearing, ASH urges committee members to reject proposals to apply site-neutral payment cuts to all hospital off-campus services; that would align rates across hospitals, ambulatory surgical centers, and physician offices; and that would apply site-neutral cuts to payments for drugs administered in hospital outpatient settings. Proposals like these would further restrict access to health care in those communities where access is already limited.

ASH opposes proposals that would unnecessarily increase regulatory burden on community safety-net hospitals.

Tomorrow the committee will consider a proposed bill that would require CMS to assign unique identifiers and for hospitals to report the identifiers on all claims. Hospitals would also be required to submit separate provider-based attestations for each location every two years. This proposal would add more unnecessary administrative burdens to community safety-net hospitals, which are already continually struggling to leverage critical and often inadequate resources.

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ASH appreciates the opportunity to share our views with you and we hope to continue to work with the committee to continue to improve the health of all communities throughout our country.

Sincerely,

Kate Finkelstein
Director, Government Affairs