ALLIANCE of SAFETY-NET HOSPITALS

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September 4, 2025

The Honorable Mike Johnson
Speaker
United States House of Representatives
Washington, DC 20515

The Honorable John Thune
Majority Leader
United States Senate
Washington DC 20510

The Honorable Hakeem Jeffries
Minority Leader
United States House of Representatives
Washington, DC 20515

The Honorable Chuck Schumer
Minority Leader
United States Senate
Washington DC 20510

Dear Speaker Johnson, Majority Leader Thune, Minority Leader Jeffries, and Minority Leader Schumer:

As you and your colleagues return to Washington, the Alliance of Safety-Net Hospitals (ASH) would like to bring to your attention health policy issues of particular importance to community safety-net hospitals. **Foremost among these issues are four of particular concern to ASH and community safety-net hospitals: health care extenders that will expire on September 30 without specific action by Congress; the devastating effect that anticipated PAYGO-mandated Medicare payment cuts could cause; the expiration at the end of the year of the enhanced premium tax credits many low- and middle-income Americans need to purchase affordable health insurance; and the importance of ensuring that any other possible new health policies contemplated by Congress do not detract from the ability of safety-net hospitals to serve their communities.** Collectively, the outcome of policy deliberations on these and other issues could affect the ability of our hospitals to continue providing the care that helps families stay healthy, happy, and working in communities large and small in urban, rural, and suburban areas across the country.

Act on Health Care Extenders

ASH is most concerned about the upcoming expiration of health care extenders on September 30. The most important of these expiring extenders is the delay in implementation of reductions in Medicaid disproportionate share (Medicaid DSH) allotments to the states. Medicaid DSH payments are intended to help support the hospitals that care for the most patients who lack the resources or insurance to pay for the care they need. We encourage you to lead an effort to delay the cut in Medicaid DSH allotments to the states that will take effect on September 30 unless Congress acts.

ASH also urges Congress to extend authorization for current telehealth flexibilities, the Acute Hospital at Home program, funding for community health centers, and the Medicare-dependent hospital and low-volume hospital programs – all critical to the ability of community safety-net hospitals to serve their communities. Authorization for all of these endeavors will expire on September 30.

Protect Community Safety-Net Hospitals From Potential PAYGO Medicare Payment Cuts

ASH also is concerned about the impact of PAYGO-mandated cuts on community safety-net hospitals. According to *a recent letter to Congress from the Congressional Budget Office*, it appears that to help pay for the spending increases included in H.R. 1, the Office of Management and Budget will need to mandate a four percent reduction of Medicare payments to hospitals for eight years beginning early in 2026.

Hospitals already suffer from a two percent Medicare sequestration that began in 2013 and is expected to run through the end of FY 2032. This additional sequestration means hospitals would be seeing another cut in Medicare payments for nearly the next decade. Community safety-net hospitals simply cannot afford another cut to vital Medicare reimbursements: far larger proportions of their patients are insured by Medicare and Medicaid, both of which, as you know, often do not pay adequately. Enduring a four percent Medicare payment cut would be untenable: a devastating financial blow that could jeopardize their ability to provide care to the hardworking Americans in their communities. We urge you to prevent the PAYGO cuts from affecting Medicare payments, especially to the community safety-net hospitals that provide care to significant numbers of Medicare patients.

Prevent the Damage From Ending Enhanced Premium Tax Credits

Another challenge community safety-net hospitals face is the elimination of the enhanced marketplace premium tax credits introduced in 2021 that have helped working people purchase health insurance. These tax credits often make the difference between many such Americans having health insurance or not. The current, enhanced premium tax credits expire at year's end, however, and this will result in approximately 2.2 million Americans becoming uninsured in 2026. Such a loss of insurance does not mean that those who lost their coverage will no longer need care; it only means that many of them – including not only low-income individuals and families but also self-employed individuals, pre-retirees, and residents of rural areas – will have no way of paying for anything beyond very basic care, with community safety-net hospitals expected to fill this void. For these reasons, ASH urges Congress to reconsider its significant cuts in enhanced premium tax credits and give more American families a better shot at securing the health insurance they need – and that those families are eager to purchase.

Prioritize the Needs of Community Safety-Net Hospitals and the Patients They Serve

Finally, ASH urges Congress to look at future health policy matters from the perspective of those on the front lines serving Americans who cannot afford care – the very communities and patients that community safety-net hospitals serve. Whether the issue at hand is the introduction of site-neutral Medicare payments for hospital outpatient departments, changes in the 340B drug discount program, or others, please consider the potential impact of such matters on both community safety-net hospitals and the towns they serve all across America. At times this may mean choosing to reject a proposal under consideration but on other

occasions it may just suggest establishing criteria to exempt certain providers serving certain types of communities from those policies – an approach that has been discussed a good deal in recent years.

ASH asks you to consider the support needed by community safety-net hospitals: to consider the work these mission-driven hospitals do; the care they provide to hardworking American families in every community; their large numbers of patients who rely on Medicare and Medicaid; the broader implications of years of underpayments from these programs on their organizations' financial health; and the potential impact of new policies you weigh. Then, we ask you to find ways to ease unacceptable blows, to keep these providers whole and their patients served.

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As we have so often for so many years, community safety-net hospitals will continue to do everything we can to step into the breach, to care for those who cannot afford care, but there are limits to our ability to do so – very real financial limits that can threaten the viability of entire institutions and all the jobs and economic activity those institutions create and support. We seek a fighting chance to continue doing our jobs without jeopardizing our ability to serve our communities – communities that consist of Medicare patients, Medicaid patients, those with private insurance, and yes, the uninsured as well.

We appreciate your consideration of the issues we raise in this letter and welcome any questions you may have about the implications of any proposed policies for community safety-net hospitals and our perspective on how to ensure that attempts to introduce new policy do not, under some circumstances, create as many problems as they might help solve.

Sincerely,

Ellen Kugler
Executive Director