



# THE PARTNERSHIP FOR MEDICAID

May 13, 2019

The Honorable Mitch McConnell  
Majority Leader  
S-230, The Capitol  
Washington, DC 20510

The Honorable Chuck Schumer  
Minority Leader  
S-221, The Capitol  
Washington, DC 20510

The Honorable Nancy Pelosi  
Speaker  
H-232, The Capitol  
Washington, DC 20515

The Honorable Kevin McCarthy  
Minority Leader  
H-204, The Capitol  
Washington, DC 20515

Dear Leader McConnell, Leader Schumer, Speaker Pelosi and Leader McCarthy,

On behalf of the Partnership for Medicaid—a nonpartisan, nationwide coalition of health care providers, safety-net health plans, counties, and labor—the undersigned organizations wish to express our concern about the impending cuts to Medicaid disproportionate share hospital (DSH) payments.

Safety-net hospitals across the country, which rely on DSH payments, face severe cuts at the end of this fiscal year. Under current law, beginning Oct. 1, 2019, DSH hospitals will be hit with a \$4 billion cut—a third of program funding. Medicaid DSH payments were created to sustain hospitals that serve a disproportionate number of low-income and uninsured patients. These hospitals, which treat the most vulnerable, in both urban and rural communities nationwide, absorb the bulk of the country’s uncompensated care and treat a large share of Medicaid enrollees. DSH payments remain critical to allowing these facilities to continue serving their communities and fulfilling their safety-net mission.

In its March 2019 Report to Congress, the Medicaid and CHIP Payment and Access Commission (MACPAC) found that deemed DSH hospitals would have had a negative 6 percent operating margin in 2016 if they had not received Medicaid DSH payments. MACPAC’s analysis also found that, in 2014—the first year in which coverage was expanded under the Affordable Care Act—hospital uncompensated care actually *increased*. The growth in Medicaid shortfall was larger than the decline in uncompensated care for the uninsured, leading to the net increase. The MACPAC analysis shows that Medicaid DSH payments are still needed to supplement the shortfalls faced by hospitals that care for Medicaid and uninsured patients. Medicaid DSH payments are vital for the stability and viability of these hospitals—the hospitals that care for the nation’s most vulnerable patients, provide highly specialized, lifesaving services, train the next generation of clinicians, and perform a myriad of other services relied on by communities across the country.

Through bipartisan efforts, Congress has repeatedly recognized the importance of Medicaid DSH payments by delaying cuts to the program. Congressional lawmakers have demonstrated their

understanding of the destructive impact these cuts could have on hospitals that serve patients and communities on the front line of the health care safety net.

The Partnership asks Congress to, again, act to stop or delay these harmful cuts for at least two years. If you have any questions, or if the Partnership can be helpful as you consider this issue, please contact Robert Hall, First Co-Chair of the Partnership for Medicaid, at (202) 655-4912 or [rhall@aafp.org](mailto:rhall@aafp.org).

Sincerely,

American Academy of Pediatrics  
America's Essential Hospitals  
The American College of Obstetricians and Gynecologists  
Association for Community Affiliated Plans  
Catholic Health Association of the United States  
Children's Hospital Association  
The Jewish Federations of North America  
National Association of Community Health Centers  
National Association of Counties  
National Association of Pediatric Nurse Practitioners  
National Council for Behavioral Health  
National Hispanic Medical Association  
National Rural Health Association

cc:

The Honorable Chuck Grassley, Chairman, Senate Committee on Finance  
The Honorable Ron Wyden, Ranking Member, Senate Committee on Finance  
The Honorable Frank Pallone, Chairman, House Committee on Energy and Commerce  
The Honorable Greg Walden, Ranking Member, House Committee on Energy and Commerce