AMERICA'S HOSPITALS AND HEALTH SYSTEMS

June 21, 2013

Dear Member of Congress:

On behalf of the members of the undersigned hospital organizations, we urge you to support the *DSH Reduction Relief Act of 2013* (H.R. 1920). This legislation would delay scheduled reductions to the Medicare and Medicaid Disproportionate Share Hospital (DSH) programs to allow states additional time to determine the level of health care coverage expansions.

The DSH programs provide support for hospitals that serve Medicaid beneficiaries, low-income Medicare beneficiaries, the uninsured and the underinsured. With the expectation of expanded health care coverage, Congress determined that the level of supplemental payments -- such as those provided by the DSH program -- would change. The assumption was that improvement in health care coverage, and the subsequent reduction in hospital uncompensated care, would allow for reduced federal funding for both the Medicaid and Medicare DSH programs. Specifically, Medicaid DSH payments are scheduled to be reduced by $14.1 billion from fiscal year (FY) 2014 through 2019, and Medicare DSH payments by $22.1 billion from FY 2014 to 2019.

However, the Supreme Court's decision on Medicaid expansion and subsequent uncertainty regarding the uptake in insurance coverage have reduced the estimate of those who will receive health care coverage to 25 million individuals, rather than the initial projection of 32 million covered lives. As a result, hospitals treating disproportionate shares of these patients will see their payments reduced in ways unintended by policymakers.

The *DSH Reduction Relief Act of 2013* would delay the Medicare and Medicaid DSH cuts for two years. This would allow states to further debate health care insurance coverage while lessening the adverse impact on hospitals, so our facilities can continue to provide care to the nation's most vulnerable populations.

We appreciate your attention to this issue, and ask you to cosponsor H.R. 1920.

Sincerely,

American Hospital Association
Association of American Medical Colleges
Catholic Health Association of the United States
Federation of American Hospitals