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Congress of the United States
House of Representatives
Washington, DC 20515-4402

May 29, 2013

The Honorable Kathleen Sebelius
Secretary
U.S. Department of Health and Human Services
200 Independence Avenue, SW
Washington, DC 20201

Dear Secretary Sebelius:

I write to express my concern to the proposed cuts to so-called Medicare "bad debt" payments to hospitals in your FY14 Budget proposal. Hospitals in my district, and the seniors who rely on them for their critical health care needs, depend on Medicare to maintain its commitment and step in when beneficiaries need help. However, the proposal to cut Medicare "bad debt" threatens to harm access to care, as well as place a further strain on hospital budgets.

When beneficiaries are unable to meet their cost sharing obligations, established by Medicare, the program reimburses partial payment for the care provided to the patient after the hospital has done everything in its own power to collect. Medicare currently reimburses hospitals 65 percent of the outstanding cost sharing obligation, which can often take years to collect. Hospitals throughout Utah rely on these payments to help make ends meet, as those facilities that serve low-income population are already operating on very narrow margins. Further payment reductions could result in reduced access to vital services for these facilities and the patients they service.

Reducing healthcare costs while maintaining access to high quality care is critically important. However, the path to reduced federal healthcare spending growth in the years ahead demands responsible and sustainable solutions. Cuts to Medicare "bad debt" payments will not serve as a solution to the issue of fiscal viability confronting the Medicare program.

Thank you for your attention to this important issue. I look forward to continuing to work with you on identifying ways to reduce healthcare costs and creating efficiencies within Medicare.

Sincerely,

Jim Matheson
Member of Congress

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