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June 11, 2013

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

Dear Secretary Sebelius:

I am writing to express my concern regarding the proposal in the Fiscal Year 2014 Budget Proposal that would greatly limit reimbursement to providers for Medicare "bad debt". When individual Medicare beneficiaries are unable to meet their cost-sharing obligations, the Medicare program has provided an avenue for hospitals and certain other providers to receive at least a partial payment for uncompensated care provided to patients. This reimbursement can only be pursued after providers perform an exhaustive collection effort that can sometimes take years to complete. Currently, providers are limited to receiving 65 percent of the payment, but the recent budget proposal would slash that by more than half to 25 percent.

Medicare bad debt payments are a critical backstop for seniors in Missouri, many of whom continue to struggle in this weakened economy. This reimbursement ensured that seniors in Missouri could maintain access to essential health care services, even when they simply could not afford to pay their cost sharing. The economic downturn contributed to a 30 percent increase in Medicare bad debt incurred by community hospitals in 2011 from 2009. In 2011, Missouri's low income Medicare-Medicaid beneficiaries, dual eligibles, accounted for 65 percent of Medicare bad debt compared to 61 percent in 2009. Providers in Missouri that serve this low-income population are already operating on very narrow margins, and I am concerned that further payment reductions could result in reduced access to vital services. If the President's budget policy had been in effect in 2011, Missouri's community hospitals that care for our seniors would have been cut approximately $35 million and Skilled Nursing Facilities (SNFs) in my state would have seen a loss of $8.4 million.

Missouri's hospitals, SNFs, and the millions of seniors who rely on them for their critical health care needs, depend on the Medicare program to be a steward of good public policy. Avoiding our nation's real future entitlement problems and pursuing further cuts today, such as Medicare bad debt, is the wrong path. Congress has never held a hearing on Medicare bad debt, the Medicare Payment Advisory Commission (MedPAC) has not issued any recommendations on this policy, and yet this Administration continues to propose these types of cuts which are arbitrary and 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.

Sincere regards,



Roy Blunt