Congress of the United States

Washington, DC 20515

July 10, 2013

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

Dear Secretary Sebelius:

We write to express our concern about the significant cuts to hospitals in your FY14 Budget proposal, and particularly with your proposal to cut Medicare "bad debt" payments to hospitals.

Our hospitals, and the seniors who rely on them for their critical health care needs, depend on Medicare to maintain its commitment and step in when seniors need help. However, your proposal to cut Medicare bad debt payments threatens to harm access to care in our communities.

Unfortunately, seniors in Tennessee are continuing to struggle in this weakened economy. When they are unable to meet their cost-sharing obligations established by the Medicare program, Medicare has provided partial payment—currently 65 percent—for the care received by that patient after the hospital has done everything in its own power to collect. This collection process can often take years, and there is a growing amount of bad debt that hospitals are prevented by law from even trying to collect: Cost-sharing attributable to low-income Medicare beneficiaries who are dually eligible for Medicaid. Further, hospitals cannot negotiate payment rates with Medicare as they do with commercial insurers. Negotiations in the private sector take into consideration the reality that there will be some unpaid cost-sharing obligations, and the negotiated rates are adjusted accordingly.

We must get our nation's health care spending under control. However, the path to reduced federal health spending growth in the years ahead demands sensible and sustainable solutions. We ask that you keep our concerns in mind as you formulate budget policy and consider solutions to the issue of fiscal viability confronting the Medicare program.

We look forward to working with the Administration to address the real drivers of cost, including the challenge of an aging America that is the leading driver of growth in health care spending over the long term. Thank you for your attention to this important issue.

Sincerely,

Chuck Fleischmann
Member of Congress

Marsha Blackburn
Member of Congress

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