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MARK BEGICH
ALASKA

United States Senate

WASHINGTON, DC 20510

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September 25, 2013

The Honorable Kathleen Sebelius
Secretary
Department of Health and Human Services
200 Independence Ave, SW, Room 630-F
Washington, DC 20201-0007

Dear Secretary Sebelius:

I write to express concern with a current proposal in the Administration's Fiscal Year 2014 Budget to cut Medicare payments on behalf of seniors who are unable to meet their cost-sharing obligations to hospitals. I am concerned the justification used in this budget proposal to cut so-called "bad debt" payments is flawed and could potentially harm access to care in Alaska.

Currently, when seniors are unable to meet their cost sharing obligations, the Medicare program provides 65 percent of the payment for the care received by a beneficiary after the hospital has exhausted reasonable efforts to collect the cost sharing obligation. I am particularly concerned the budget proposal put forth to cut these payments relies on a flawed justification. Specifically, is not reasonable to "align Medicare policy more closely with the private sector" in this manner as purported by the budget justification. Unlike in agreements with private health insurance carriers, hospitals do not have the ability to negotiate with Medicare to cover the cost of patients who are unable to make full cost-sharing payments. In negotiations, the private sector is able to take into account unpaid bills when negotiating rates.

We must continue to look at how to best manage Medicare in a fiscally responsible way and continue working to slow the growth in health care costs. This is one reason I supported the *Affordable Care Act.* This law makes targeted reductions in payments to hospitals, with the understanding that uncompensated care will be reduced as hospitals will receive more patients with health insurance. Since the passage of the *Affordable Care Act* we have seen progress in slowing health care costs.

Thank you for your attention to this matter. I look forward to working with you on sound policies to address the drivers of health care costs and ensure a sustainable Medicare program.

Sincerely,

Mark Begich
United States Senator

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