Congress of the United States
Washington, DC 20515

October 15, 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:

We write to express our serious concern with the significant cuts to hospitals in your Fiscal Year 2014 budget proposal, particularly the cuts to Medicare "bad debt" payments to hospitals. We appreciate your consideration of our concerns as to how these cuts will affect Nevada.

Nevada's hospitals, and the seniors who rely on them for their 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 further limit access to care for Nevadans.

Our state is home to 38 community hospitals which are responsible for nearly 250,000 admissions and over two million outpatient visits per year. Given such high demand for care, a growing senior population, and the continued effects of our struggling economy on Nevada's seniors, you can appreciate our concern with these proposed cuts.

As you know, when seniors are unable to meet the cost-sharing obligations established by the Medicare program, Medicare provides partial payment – currently 65 percent – for the care provided to the patient after the hospital has done everything in its own power to collect. However, this burdensome collection process can often take years. Further complicating this matter is the rapidly-increasing portion of bad debt attributable to "dual-eligibles" – low-income Medicare beneficiaries that are also eligible for Medicaid – that hospitals are prevented by law from collecting. In 2009, dual eligibility accounted for 45 percent of bad debt incurred by hospitals, but by 2011, this figure jumped to an alarming 62 percent of all bad debt incurred by Nevada hospitals. These hospitals are already operating on very narrow margins, and we are deeply concerned that further payment reductions could result in reduced access to vital services.

Additionally, 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 can be adjusted accordingly. Under Medicare however, hospitals are not afforded the same opportunity.

We are working in Congress to get our nation's spending under control and to protect and preserve Medicare for both current and future beneficiaries. We look forward to working with

PRINTED ON RECYCLED PAPER

the Administration to address the challenges facing our hospitals, our health care system, and our aging population.

Thank you for your attention to this critical issue, and we look forward to your response. Should you have any questions or need further information, please do not hesitate to contact James Langenderfer in Representative Joe Heck's office at (202) 225-3252 or via email at james.langenderfer@mail.house.gov.

Sincerely,

JOE HECK, D.O.
Member of Congress

DINA TITUS
Member of Congress

MARK AMODEI
Member of Congress

STEVEN HORSFORD
Member of Congress