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March 27, 2015

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

Dear Secretary Burwell:

I am writing to express my concerns with the proposed reimbursement cuts for Medicare "bad debt." Currently, Medicare reimburses healthcare providers for beneficiaries' unpaid coinsurance and deductible amounts ("bad debts") after reasonable collection efforts have been made. Reimbursement for bad debts, already limited to 65 percent of the delinquent payment, would be lowered significantly to just 25 percent in the President's FY16 proposal. In Colorado, cutting Medicare bad debt reimbursement rates could threaten access to needed health care services for seniors. With these consequences in mind, I urge the Administration to reject this proposed policy change.

In Colorado, our providers have a long tradition of providing medical care to patients regardless of their ability to pay. In 2013, through a combination of charity care and bad debts, our hospitals provided approximately $250 million in uncompensated care. While providers in the state have fought to keep access to care open to all Coloradans, they can only do so when their reimbursement sources remain reliable.

There is significant need for reimbursement of bad debt in Colorado. The latest data, from 2012, show that the amount of gross Medicare bad debt in Colorado for acute, specialty, and inpatient rehabilitation facilities (IRF) facilities and long-term care hospitals (LTCH) was nearly $31 million. Of that amount, $23 million was reimbursable, and $21.7 million of that cost was attributable to dual eligibles. As you know, dual eligible patients are often the most complex and costly to treat, requiring extensive use of expensive resources. In fact, Colorado has one of the highest percentages of bad debt exposure attributable to dual eligibles in the nation. For Colorado providers that treat disproportionately high numbers of dual eligible patients, cuts in reimbursement on bad debts would be highly detrimental to their viability and ability to treat these high-need patients.

Maintaining Medicare bad debt reimbursement levels helps maintain access to care for patients in Colorado and the United States. On behalf of our providers who depend on those payments, and the Coloradans who depend on those providers, I ask you to reconsider the proposed changes in Medicare bad debt policy. I look forward to continue working with you on this issue.

Sincerely,

Michael F. Bennet
United States Senator

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