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March 16, 2015

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

Dear Secretary Burwell:

I write to express my concern regarding the Administration's proposal that would greatly limit reimbursement to providers for Medicare "bad debt" and have a negative impact on vulnerable seniors. 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 President's most recent FY16 budget proposal would slash that by more than half to 25 percent. I respectfully urge the Administration to reject this policy in future budgets.

Medicare bad debt payments are a critical backstop for seniors in Missouri, many of whom continue to financially struggle in this weakened economy. This reimbursement ensures that seniors in Missouri are able to maintain access to essential health care services, even when they simply cannot afford to pay their cost share. In 2013, Missouri's low income Medicare-Medicaid beneficiaries accounted for nearly 60 percent of the state's Medicare bad debt. Providers in Missouri that serve this low-income population are already operating on very narrow margins. According to the Medicare Payment Advisory Commission (MedPAC), hospitals are estimated to have a negative 9 percent margin in 2015, which would be the lowest in history. I am concerned that further payment reductions could result in reduced access to vital services for those that need it most.

Missouri's hospitals, skilled nursing facilities, and the countless number 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 future entitlement problems and pursuing cuts such as Medicare bad debt, is the wrong path. Congress has never held a hearing on Medicare bad debt, MedPAC has not issued any recommendations on this policy, and yet the Administration continues to propose these types of cuts which appear to be 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
United States Senator

Cc: The Honorable Orrin Hatch