

GNYHA WINTER 2020 FEDERAL LEGISLATIVE PRIORITIES

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MEDICAID DISPROPORTIONATE SHARE HOSPITAL (DSH) FUNDING

The Medicaid DSH program provides payments to hospitals that serve low-income communities to offset their uncompensated care losses from treating high rates of Medicaid and uninsured individuals. DSH funding ensures that financially struggling safety net hospitals can continue to serve low-income individuals and vulnerable communities.

The Affordable Care Act (ACA) included cuts to DSH payments under the assumption that, with more people having health insurance, hospitals' uncompensated care would decrease.

The Medicaid DSH cuts were scheduled to occur from 2014 to 2020, but their implementation has been repeatedly delayed because universal coverage has not been achieved, safety net hospitals continue to provide uncompensated care, and lawmakers on both sides of the aisle recognize that Medicaid DSH cuts will severely harm these institutions.

Medicaid DSH payments were set to be reduced by \$4 billion in Federal fiscal year (FY) 2020 and \$8 billion annually in FYs 2021-2025, but these cuts have been delayed until May 22, 2020. Congress must act and repeal at least two years of the Medicaid DSH cuts before this deadline.

Fortunately, there is strong support in Congress for a partial repeal of Medicaid DSH cuts. This is evidenced by the temporary delays to cuts included in recent stop-gap spending bills, which were approved with bipartisan support, and the letter in support of Medicaid DSH funding circulated in 2018 and signed by over 300 members of Congress.

GNYHA Position

Delaying the Medicaid DSH cuts is GNYHA's top legislative priority. We strongly urge Congress to repeal at least two years of cuts.

SURPRISE BILLING

GNYHA strongly supports ending surprise medical bills, but surprise billing legislation *cannot* include the setting of "benchmark" rates—when a surprise medical bill arises, providers would be paid a standard, benchmark rate based on the median contracted rate in their geographic area. Benchmark rates amount to government rate setting and would seriously weaken hospitals' ability to negotiate fair contracts with for-profit insurers. Unfortunately, surprise billing legislation that is jointly proposed by leaders of the Senate Health, Education, Labor and Pensions (HELP) Committee and the House Energy and Commerce Committee includes a benchmark rate provision. GNYHA strongly opposes any surprise billing proposal that would needlessly harm health care providers for the benefit of for-profit insurers.

GNYHA Position

Any surprise billing proposal that Congress passes must 1) hold patients harmless from surprise bills, 2) not preempt state laws that already address surprise bills, and 3) not include benchmark rates. A Federal surprise billing proposal should instead adopt a dispute resolution process similar to New York State's successful model. GNYHA believes that New York's model is the best framework for Congress to adopt.



GNYHA is a dynamic, constantly evolving center for health care advocacy and expertise, but our core mission—helping hospitals deliver the finest patient care in the most cost-effective way—never changes.

GRADUATE MEDICAL EDUCATION

The United States' worsening physician shortage could reach up to 122,000 physicians by 2032.¹ Congress must give teaching hospitals the resources they need to train physicians by increasing the amount of Medicare-reimbursed residency slots, which are restricted by outdated and insufficient caps.

Two GNYHA-supported bills, the *Resident Physician Shortage Reduction Act of 2019* (S. 348/H.R. 1763) and the *Opioid Workforce Act of 2019* (H.R. 3414), have made promising inroads in the 116th Congress. The *Resident Physician Shortage Reduction Act* has over 145 House cosponsors and addresses the physician shortage by creating 15,000 additional Medicare-reimbursed residency slots over five years. The *Opioid Workforce Act*, which would create 1,000 new residency slots in specialties that treat patients with substance use disorders, has already passed the Ways and Means Committee with bipartisan support.

GNYHA Position

Congress should pass the *Opioid Workforce Act* and the *Resident Physician Shortage Reduction Act*, and GNYHA encourages all members of the House and Senate to cosponsor both bills.

DRUG PRICING

National reforms to make medications more affordable are long overdue, and GNYHA strongly supports the policy goal of bringing down drug costs to protect access to critical drug treatments. Congress is working on a number of proposals that would increase competition in the drug marketplace, including reforms to curb the abuses by some brand name pharmaceutical companies that stymie generic competition, and promoting policies that facilitate the uptake of biosimilars.

GNYHA also seeks reforms that will ensure that hospitals receive adequate reimbursement, such as through cost-based pass-through payments, for providing the latest high-cost therapies. Medicare currently only reimburses hospitals for a fraction of the costs they incur to provide these expensive but often life-saving treatments.

GNYHA opposes misguided proposals that address drug costs by reducing Medicare reimbursements to providers—such proposals would merely make it harder for hospitals to give their patients affordable, high-quality medications. Specifically, the Senate Finance Committee's *Prescription Drug Pricing Reduction Act of 2019* would cause this unintended consequence by enacting "site-neutral" reimbursement cuts to hospital outpatient departments (HOPDs) and weakening the negotiating power of group purchasing organizations. GNYHA also strongly opposes Medicare's unlawful 30% reimbursement cut to 340B hospitals for Medicare outpatient drugs.

GNYHA Position

Congress must act to lower prescription drug prices for patients and providers, and improve Medicare reimbursement policies for costly new technology therapies. Congress must reject all policies that reduce hospital reimbursement rates.

¹ "The Complexities of Physician Supply and Demand: Projections from 2017-2032," Association of American Medical Colleges, (April 2019). https://aamc-black.global.ssl.fastly.net/production/media/filer_public/31/13/3113ee5c-a038-4c16-89af-294a69826650/2019_update_-_the_complexities_of_physician_supply_and_demand_-_projections_from_2017-2032.pdf (accessed September 10, 2019).