

United States Senate

WASHINGTON, DC 20510

[[DATE]]

The Honorable Charles E. Schumer
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Mitch McConnell
Republican Leader
United States Senate
Washington, DC 20510

Dear Majority Leader Schumer and Leader McConnell:

We write to request that you address impending cuts to the Medicaid disproportionate share hospital (DSH) program, which are scheduled to be enacted on October 1, 2023. These cuts will equate to \$8 billion in reductions in FY2024 alone. The Medicaid DSH program keeps many hospitals financially viable and able to provide care to vulnerable individuals. Drastic cuts to this program could lead to a reduction in access to care for those who need it most.

The Medicaid DSH program was created in 1981 to help offset uncompensated care costs for those hospitals that provide care to large numbers of Medicaid and uninsured patients. These hospitals provide critical services and serve as economic and health care anchors in their communities, as has been recently demonstrated during both natural disasters as well as the COVID-19 pandemic.

The Patient Protection and Affordable Care Act required reductions to the Medicaid DSH program over time, beginning in fiscal year (FY) 2014, with the goal that the law would increase health insurance coverage and hospitals would no longer need additional payments to offset uncompensated care costs. Those coverage levels have not been fully realized yet these hospitals continue to care for uninsured and underinsured patients.

Congress has acted in a bipartisan manner on multiple occasions over the last eleven years to avert the Medicaid DSH cuts. We ask you to continue this effort and act before these reductions take place. Without legislative action, the Centers for Medicare & Medicaid Services will move forward with the Medicaid DSH reductions and our hospitals will incur an \$8 billion cut in payments for FY 2024 and \$8 billion for each of the next three years to follow. Cuts of this magnitude could undermine the financial viability of hospitals, threatening access to care for the most vulnerable Americans. It is essential that we continue to protect those who have come to rely on the services provided by Medicaid DSH hospitals.

We ask you to act as soon as possible to address the Medicaid DSH cuts to ensure our Nation's hospitals can continue to care for every community.

Thank you for your consideration.

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