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Dear Member of Congress:

In communities across America, the blue and white “H” sign dots our streets, promising to guide patients and families to a place that provides the most sophisticated health care in the world 24 hours a day, seven days a week, 365 days a year. Unfortunately, hospitals’ ability to keep that promise would be seriously challenged by potential federal budget proposals to reduce payments for hospital services to the elderly, poor and disabled under the Medicare and Medicaid programs.

That’s why the American Hospital Association, which represents nearly 5,000 hospitals and health care systems, and 37,000 individual members, is strongly opposed to a Fiscal Year (FY) 2008 budget resolution that would cut reimbursement for these services.

Under current policy, both Medicare and Medicaid reimburse hospitals for less than the cost of providing services. At the same time, hospitals have the need to make significant investments in: improving information technology systems to address patient safety and quality; preparing to respond to emergencies ranging from natural disasters to pandemic diseases or to the threat of terrorism; modernizing aging facilities to provide care for an increasingly aging population; and purchasing expensive medical technologies and pharmaceuticals to continue providing health care services on the cutting edge of scientific development. Moreover, with growing shortages of health care workers, labor costs—which comprise over two-thirds of hospitals’ budgets—continue to increase. Against this backdrop, America’s hospitals also serve as the community’s safety net, providing free and subsidized care to an increasing number of uninsured individuals.

Our nation’s health care system faces very serious challenges. Indiscriminate ratcheting of reimbursement for caregivers on the frontlines who provide needed services does nothing to address the underlying challenges. The real answer lies in a comprehensive approach that addresses coverage for all, coordinated care and enhancing value, focus on wellness, and providing accessible information.

We urge you to reject any reductions in payments for hospital services provided to Medicare and Medicaid beneficiaries because they risk jeopardizing our ability to serve our patients and communities.

Sincerely,

Rick Pollack
Executive Vice President

