

AMERICA'S HOSPITALS AND HEALTH SYSTEMS

April 27, 2009

Dear Senator:

On behalf of the nation's 5,000 hospitals, health systems and other providers of care, we are writing to support the expansion of health care coverage to all Americans while maintaining adequate financing for hospitals that serve a disproportionate number of poor and uninsured patients. The Medicare and Medicaid Disproportionate Share Hospital (DSH) programs serve as the nation's primary source of support for hospitals that provide care to the most vulnerable populations – Medicaid beneficiaries, low-income Medicare beneficiaries, the uninsured and the underinsured. **During health reform negotiations, we urge you to reject reductions in federal support for DSH programs before the following system reforms occur:**

- **Coverage expansions are universal and fully implemented; and**
- **Medicare and Medicaid payment shortfalls are addressed.**

The Medicare DSH program supports urban and rural hospitals that provide high volumes of low-income care at a projected cost of \$9.8 billion in fiscal year (FY) 2009. The Medicaid DSH program, with \$9.1 billion in federal spending, supports a broad range of services for Medicaid and uninsured or underinsured children and adults, including primary and specialty outpatient care, hospital care, chronic disease management, mental health services, dental care, social work services and translation services. Medicare and Medicaid DSH funds also help support essential community services such as trauma and burn care, readiness for natural and man-made disasters, pediatric intensive care, high-risk neonatal care and emergency psychiatric services.

Medicare and Medicaid DSH payments also offset payment shortfalls for hospital-based inpatient and ambulatory care for both programs. Even with DSH payments included, the total hospital shortfall has risen from \$3.8 billion in 2000 to nearly \$32 billion in 2007 (\$21.4 billion for Medicare and \$10.4 billion for Medicaid). Including DSH payments, hospitals received, on average, payment of only 91 cents for every dollar spent caring for Medicare patients and only 88 cents for every dollar spent caring for Medicaid patients. For hospitals that provide significant levels of care to Medicare, Medicaid and uninsured patients, DSH payments are a lifeline.

America's hospitals and health systems stand ready to work with you to implement a reformed health care system that provides coverage and access to all. In order to ensure that these goals are met, federal support for Medicare and Medicaid DSH programs should not be reduced before the health system reforms discussed above are met.

Sincerely,

American Hospital Association
Association of American Medical Colleges
Catholic Health Association of the United States
Federation of American Hospitals
National Association of Children's Hospitals
National Association of Public Hospitals and Health Systems