



October 17, 2011

The Honorable Patty Murray
Co-Chair
Joint Select Committee on Deficit Reduction
United States Senate
Washington, DC 20510

The Honorable Jeb Hensarling
Co-Chair
Joint Select Committee on Deficit Reduction
United States House of Representatives
Washington, DC 20515

Dear Senator Murray and Representative Hensarling:

On behalf of our more than 5,000 member hospitals, health systems and other health care organizations, and the nation's 3.1 million registered nurses, the American Hospital Association and American Nurses Association urge the Joint Select Committee on Deficit Reduction to reject cuts to Medicare and Medicaid payments to hospitals that could create devastating job losses in our communities. While we recognize the serious fiscal pressures facing our nation, we feel it is counterproductive to target hospitals and the health care field for significant spending reductions at a time when we are providing economic stability and job growth in a sluggish economy.

Although our concerns may vary in health policy matters, we come together with one voice on the issue of jobs. Hospitals are the largest component of the health care sector, employing more than 5.4 million nurses and other caregivers, and are the second-largest source of private-sector jobs. According to the most recent Bureau of Labor Statistics data, 8,000 hospital jobs were added in August, a month in which our nation's employers as a whole added no new jobs. In September, 13,300 additional hospital jobs were added. Overall, hospitals have created more than 84,000 jobs in the past year.

With two out of every three dollars spent on hospital care going to the wages and salaries of nurses and other caregivers, cutting Medicare and Medicaid payments to hospitals will not only jeopardize access to health care services, but also the jobs of those who provide them. In fact, a recent analysis by Tripp Umbach, a firm specializing in economic impact studies, found that 194,000 nursing and other hospital jobs could be lost if the 2 percent Medicare sequester is triggered as written in the *Budget Control Act of 2011*. Given the growing nursing shortage and the expected reductions in funding for nursing workforce development programs, our nation can ill afford to exacerbate this problem with policies that would only serve to cut jobs and further restrict the pipeline of future nurses and other health professionals.

Hospital employees have made great progress in controlling costs and improving quality. Nurses and other caregivers have grown accustomed to doing more with less while meeting the health care needs of a rapidly aging population and expanding health care system. However, hospitals cannot continue this trend and absorb further cuts to federal programs. As it stands, Medicare and

Medicaid already underpay hospitals for services provided to our nation's elderly, poor and disabled. On top of this, hospitals face more than \$155 billion in Medicare and Medicaid payment reductions over the next decade.

The economic contributions of hospitals cannot be understated. The goods and services hospitals and hospital workers purchase from other businesses create additional jobs and economic value for the larger community. When considering this "ripple effect," hospitals can account for up to 12 percent of employment regionally, and support one in 10 jobs nationwide.

We urge the Joint Select Committee on Deficit Reduction to put the economic and health care needs of our country first and protect critical funding for the health care safety net.

Sincerely,

John W. Bluford
Chairman
American Hospital Association
President and CEO
Truman Medical Centers

Karen Daley, PhD, MPH, RN, FAAN
President
American Nurses Association

Rich Umbdenstock
President and CEO
American Hospital Association

Marla J. Weston, PhD, RN
Chief Executive Officer
American Nurses Association

cc: The Honorable Max Baucus, Member, Joint Select Committee on Deficit Reduction
The Honorable Xavier Becerra, Member, Joint Select Committee on Deficit Reduction
The Honorable Dave Camp, Member, Joint Select Committee on Deficit Reduction
The Honorable James E. Clyburn, Member, Joint Select Committee on Deficit Reduction
The Honorable John F. Kerry, Member, Joint Select Committee on Deficit Reduction
The Honorable Jon Kyl, Member, Joint Select Committee on Deficit Reduction
The Honorable Rob Portman, Member, Joint Select Committee on Deficit Reduction
The Honorable Pat Toomey, Member, Joint Select Committee on Deficit Reduction
The Honorable Fred Upton, Member, Joint Select Committee on Deficit Reduction
The Honorable Chris Van Hollen, Member, Joint Select Committee on Deficit Reduction