



**American Hospital
Association**

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The Honorable Kathleen Sebelius
Secretary, Department of Health and Human Services
200 Independence Avenue, S.W.
Room 445-G
Washington, DC 20201

Dear Secretary Sebelius:

Thank you again for taking the time to speak with the state hospital association CEOs on August 2 regarding coverage expansion.

On behalf of our more than 5,000 member hospitals, health systems and other health care organizations, and our 42,000 individual members, the American Hospital Association (AHA) submits the following questions related to the Supreme Court ruling on the *Patient Protection and Affordable Care Act* (ACA). Specifically, we seek clarification with respect to Medicaid expansion, which was originally projected to provide health care coverage to about half of the ACA's newly insured individuals. While some questions were raised on the August 2 call, time did not permit us to ask all of them and we're trying to be sure we have complete information with which to support the state hospital associations.

Our members are committed to the well-being of their communities. As part of their mission, they treat tens of millions of uninsured individuals each year, and most of that care is uncompensated. The passage of the ACA and the potential for increased health care coverage will help our members continue to fulfill their mission. Because hospitals are a central component of the federal-state partnership that serves as the basis for Medicaid program, we want to ensure that the program operates effectively for both health care providers and their patients.

We would ask that you provide additional information regarding the following:

- 1) Are individuals with incomes between 100 percent and 138 percent of the federal poverty level (FPL) eligible for subsidies through the exchange?
- 2) Can states expand Medicaid coverage to certain populations (i.e., populations based on an income threshold below 100 percent FPL, or parents of Medicaid or Children's Health Insurance Program (CHIP) enrollees, or single, childless adults)?



- 3) Can a state choose to phase in the eligible population up to 138 percent FPL in increments over several years?
- 4) How will the Department of Health and Human Services (HHS)/Centers for Medicare & Medicaid Services (CMS) communicate these decisions; for example, through rulemaking, state Medicaid director letters, or other sub-regulatory forms of communications?
- 5) Will HHS/CMS use the flexibility of 1115 Waivers to encourage states to expand their Medicaid programs?
- 6) Will HHS/CMS look at options to help states manage those currently eligible for Medicaid but not enrolled who may be enrolled as a result of the mandate (i.e., the “woodwork effect”)?
- 7) How will the Medicaid expansion option affect the Medicaid disproportionate share hospital (DSH) payments reductions, and will states that choose not to expand Medicaid coverage benefit from lower Medicaid DSH payment reductions?
- 8) How will the Medicaid expansion option affect the Medicare DSH payments reductions?
- 9) What measures can be taken to minimize the administrative burden associated with the “churning” of individuals from Medicaid to exchanges and *vice versa*?
- 10) How can we ensure that the fundamental financing of Medicaid (and its expansions) remains viable or sustainable for the future?
- 11) How will CMS apply budget-neutrality adjustments for waivers?
- 12) What is the timing for CMS to issue regulations with regard to the DSH cuts?

Finally, we want to re-emphasize that the decision as to whether or not states will embrace the Medicaid expansion is impacted by federal-level budgetary discussions, including the Administration’s recent proposals to reduce Medicaid payments.

Thank you for your consideration. We look forward to your response.

Sincerely,

/S/

Rich Umbdenstock
President and CEO