



**American Hospital
Association**

Liberty Place, Suite 700
325 Seventh Street, NW
Washington, DC 20004-2802
(202) 638-1100 Phone
www.aha.org

December 4, 2012

Dear Member of Congress:

On behalf of our more than 5,000 member hospitals, health systems and other health care organizations, and our nearly 42,000 individual members, the American Hospital Association (AHA) stands ready to work with Congress on issues of importance to your hospitals and the patients they serve. As you work on the end of the year priorities and the fiscal challenges facing this nation, we ask that you consider the following issues.

Every day, America's hospitals stand ready to provide care, ensuring that patients have the access they need at the right time in the right setting. However, hospital leaders face tough challenges to ensure that patients continue to have timely access to essential services. Hospitals' ability to maintain the kind of access to care their patients and communities expect is threatened by repeated ratcheting of payments for Medicare and Medicaid hospital services. Additional cuts to Medicare and Medicaid funding for hospital services would mean longer wait times for care; fewer doctors, nurses and other caregivers; and less patient access to the latest treatments and technology.

As you know, the current "doc fix" expires Dec. 31, and unless Congress intervenes, physicians will see their Medicare payments cut by 26 percent on Jan. 1. The AHA supports fixing the physician payment formula to prevent this reduction; however, physician payment offsets should not come from other health care providers, including hospitals, who are themselves working to provide high-quality, innovative and efficient care to beneficiaries in their communities. Below are several concerning hospital-related proposals that could be used as potential ways to pay for the cost of the Medicare physician fix:

- Reductions in payments for evaluation and management (E/M) services provided in hospital outpatient departments, or reductions under consideration by Medicare Payment Advisory Commission that would broaden this concept to additional, as yet unspecified, services;
- Providing the Centers for Medicare & Medicaid Services with new authority to make additional across-the-board cuts to Medicare inpatient hospital rates through the use of retrospective coding adjustments for fiscal year 2010;
- Reductions in payments to hospitals for assistance to low-income Medicare beneficiaries (bad debt); and
- Reductions to Medicaid assessments.



The AHA also is concerned about several expiring critical Medicare provisions that need to be extended, including:

- Medicare-dependent hospital program (Sept. 30, 2012);
- payment adjustment for low-volume hospitals (Sept. 30, 2012);
- hospital outpatient hold-harmless payments (Dec. 31, 2012);
- Section 508 area wage index reclassifications (March 31, 2012);
- treatment of technical component of physician pathology services (June 30, 2012);
- reasonable cost reimbursement for laboratory services in small, rural hospitals (June 30, 2012); and
- an increase in payments for ambulance services (Dec. 31, 2012).

As noted, many of the above expire Dec. 31, while others have already expired and will need to be extended retroactively. In addition, Congress should work to ensure stability for long-term care hospitals.

In addition to the immediate issue of addressing the Medicare physician payment fix, the AHA is concerned about the use of hospitals provisions as part of a “down payment” in a debt reduction plan. Along with the above mentioned issues, we ask you to protect from harmful cuts, payments to Graduate Medical Education, long-term care hospitals, inpatient rehabilitation facilities, and rural and critical access hospitals.

The AHA also continues to be concerned about the potential impact of sequestration on hospitals and the communities they serve. Medicare payments to providers are set to be hit with a 2 percent reduction at the beginning of next year as a result of the *Budget Control Act of 2011*. This cut could have a devastating impact on the hospital field, and beyond. A recent report prepared for the AHA, the American Medical Association and the American Nurses Association found up to 766,000 health care and related jobs could be lost by 2021 as a result of the 2 percent Medicare sequester.

While we recognize the serious fiscal pressures facing our nation, we feel it is counterproductive to target hospitals for spending reductions at a time when we are providing economic stability and job growth. We urge you to ensure that Medicare is included in any delay of the sequester, and that any framework that is agreed upon for delaying the sequester does not include cuts to Medicare or Medicaid payments to hospitals.

Thank you for your consideration. We look forward to working with you and your colleagues on these important issues.

Sincerely,

Rick Pollack
Executive Vice President