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United States Senate
Washington, DC 20510

Dear Member of Congress:

On behalf of the nearly 5,000 members of the American Hospital Association, I am writing to express our support for H.R. 2, bipartisan legislation to repeal the flawed Sustainable Growth Rate (SGR) formula for physician payments under the Medicare program. We believe Congress should move forward and address this issue on a permanent basis.

While we are disappointed that hospitals would be looked to as an offset given that Medicare already pays less than the cost of delivering services to beneficiaries, the package strikes a careful balance in the way it funds the SGR repeal and embraces a number of structural reforms to the Medicare program. Equally important, the legislation rejects a number of flawed policy options, including reductions to outpatient hospital services (so-called “site-neutral” cuts), Medicare bad debt payments, graduate medical education, critical access hospitals and certain services provided in rehabilitative hospitals. Moreover, the bill rejects a further delay in the ICD-10 program, and prevents a potential 0.55 percent coding offset previously proposed by the Centers for Medicare & Medicaid Services. The legislation also eliminates cuts to the Medicaid Disproportionate Share Hospital program in fiscal year 2017. Finally, the bill includes a needed extension of a number of expiring provision (so-called extenders), including the Medicare Dependent Hospital program, the rural low-volume adjustment, the rural ambulance add-on, the partial enforcement delay on Medicare’s “two-midnight” policy, and the Children’s Health Insurance Program.

We commend the Senate Republican and Democratic Finance Committee leadership on their design of the reform of Medicare physician payment in this package, and urge the Senate to pass it.

Sincerely,

/s/

Rich Umbdenstock
President and CEO

