



**American Hospital
Association**

Richard J. Umbdenstock
President and
Chief Executive Officer

Liberty Place, Suite 700
325 Seventh Street, NW
Washington, DC 20004-2802
(202) 626-2363 Phone
www.aha.org

February 24, 2014

The Honorable Barack Obama
President of the United States
The White House
1600 Pennsylvania Avenue
Washington, DC 20500

Dear Mr. President:

On behalf of the American Hospital Association's nearly 5,000 member hospitals, health systems and other health care organizations, and our 43,000 individual members, I urge you to protect the health care promised to program beneficiaries in your fiscal year (FY) 2015 Federal Budget by not including further reductions in payments for hospital services provided to seniors and the disabled under Medicare.

In communities across America, hospitals provide the most sophisticated and advanced health care in the world to our patients, 24 hours a day, seven days a week, 365 days a year. Unfortunately, our ability to keep that promise of maintaining access to quality health care services would be seriously challenged by additional cuts to the Medicare program. Such cuts would severely jeopardize our ability to purchase new technologies, upgrade facilities and continue to invest in information systems and other activities necessary to transform the delivery system to make it more effective and efficient in the long run. In addition, such reductions will inevitably result in job loss, as nearly half of a hospital's budget is devoted to labor costs.

With total hospital cuts approaching more than \$117 billion dollars since 2010, including more than \$58 billion in Medicare sequestration cuts, many hospitals are at a breaking point in their ability to ensure patients have access to the care they need, when they need it. Hospitals also continue to absorb the difference between what it costs to provide care to Medicare beneficiaries and the reimbursement that Medicare provides – last year, Medicare's hospital reimbursement was 6 percent below the cost of care. In addition, the expansion of insurance coverage envisioned in the Affordable Care Act has not yet been realized.

Hospitals are working to make health care more affordable through innovations in care delivery focused on improving population health, increasing the quality and efficacy of care, and better managing transitions across the care continuum. Hospital leaders understand the fiscal challenges our nation faces and have proposed alternatives to arbitrary hospital cuts including:



Hon. Barack Obama
Page Two
February 24, 2014

1. Developing programs to coordinate care for individuals eligible for both Medicare and Medicaid
2. Eliminating barriers to developing integrated care models
3. Reducing Medicare costs by changing cost-sharing structures for Parts A and B
4. Modernizing the Medicaid long-term care benefit
5. Enacting medical liability reform
6. Reforming Medigap

The time is now to work together toward long-term solutions that will set Medicare on a path toward future sustainability and protect the promise of care for our nation's seniors. Payment cuts that simply reduce funding for hospital services should not be part of that effort, and we ask that you refrain from including such cuts in your FY 2015 budget submission. Our patients and communities depend on all of us to ensure that they get the care they need, today and tomorrow.

Sincerely,

//s//

Rich Umbdenstock
President and CEO