



March 15, 2020

The Honorable Nancy Pelosi
Speaker of the House
United States House of Representatives
H-222, US Capitol
Washington, DC 20515

The Honorable Mitch McConnell
Senate Majority Leader
United States Senate
S-230, US Capitol
Washington, DC 20510

Dear Speaker Pelosi and Majority Leader McConnell:

America's hospitals deeply appreciate Congress's swift and effective efforts to combat the COVID-19 crisis. Your recent bipartisan action provides much needed assistance for patients and hospitals, especially our workforce on the front lines of this pandemic, and reassures all Americans of Congress's unwavering commitment to take the actions needed to ensure their health and safety.

As you work towards the next legislative package and consider additional actions to assist hospitals and other health care providers and caregivers, we strongly recommend that you suspend the Medicare sequester for at least the duration of the pandemic. This action alone will provide immediate, significant relief across-the-board, and will signal continued Congressional support for the hard work that lies ahead for all of us.

As MedPAC has documented, most recently with its March Report to Congress issued last week, Medicare payments to hospitals fall far below the cost of care and have been deeply negative for well over a decade. The Medicare sequester, which reduces payments for most benefits by two percent, is a major contributor to these underpayments. Indeed, MedPAC has argued against the Medicare sequester, "because it reduces payments for all sectors by 2 percent without regard to payment adequacy."

Suspending the sequester and restoring those payments will provide a much-needed jolt of confidence not just for hospitals, but for physicians, post-acute providers, Medicare Advantage plans and so many others who rely on Medicare as a trusted partner. It would replace an arbitrary cut with the flexibility desperately needed to respond to the evolving demands of this pandemic, and would help assure our patients, especially seniors, of Congress's commitment to their needs.

Sincerely,

American Hospital Association
Association of American Medical Colleges
Federation of American Hospitals