American Hospital Association™
Advancing Health in America

Washington, D.C. Office
800 10th Street, N.W.
Two CityCenter, Suite 400
Washington, DC 20001-4956
(202) 638-1100

November 16, 2026

The Honorable John Thune
Majority Leader
U.S. Senate
Washington, DC 20510

The Honorable Mike Johnson
Speaker
U.S. House of Representatives
Washington, DC 20515

The Honorable Charles E. Schumer
Democratic Leader
U.S. Senate
Washington, DC 20510

The Honorable Hakeem S. Jeffries
Democratic Leader
U.S. House of Representatives
Washington, DC 20515

Dear Majority Leader Thune, Leader Schumer, Speaker Johnson and Leader Jeffries:

On behalf of our nearly 5,000 member hospitals, health systems and other healthcare organizations, our clinician partners — including more than 270,000 affiliated physicians, 2 million nurses and other caregivers — and the 43,000 healthcare leaders who belong to our professional membership groups, the American Hospital Association (AHA) writes regarding the hospital field's priorities for the remainder of the 119th Congress.

Hospitals and health systems continue to face significant financial pressures that challenge their ability to provide 24/7 care for the patients and communities they serve. Increased expenses for drugs and supplies, rising patient volume and acuity, and inflation and mounting administrative burdens continue to strain hospitals and health systems. At the same time, underpayments in reimbursements from Medicare and Medicaid do not keep pace with these rising costs and exacerbate the problems hospitals face.

As Congress begins its end-of-the-year work, America's hospitals and health systems respectfully request that you consider the following priorities.

Extend Vital Programs Impacting Healthcare. We also urge Congress to extend the following programs, which expire before the end of the year:

- **The Medicare-dependent Hospital and the Low-volume Adjustment programs:** These programs provide rural, geographically isolated and low-

volume hospitals with additional financial support to protect their financial viability and ensure rural residents continue to have access to care.

- **Work Geographic Practice Cost Index (GPCI) floor:** maintains a 1.0 floor on the work component of the Medicare physician fee schedule geographic adjustment.
- **Clinical Laboratory Fee Schedule:** delays reductions of up to 15% that would otherwise resume in 2027.
- **National Health Service Corps:** supports scholarships and loan repayment for clinicians who serve in Health Professional Shortage Areas.
- **Conrad State 30 Program:** allows each state to request waivers of the two-year foreign-residence requirement for eligible J-1 physicians who agree to practice for at least three years in designated shortage or underserved areas.
- **Cybersecurity Information Sharing Act of 2015 (CISA):** supports the voluntary sharing of cyber threat indicators and defensive measures between private-sector entities, including hospitals and health systems, and the federal government, and provides specified liability protections for qualifying information-sharing activity.

Protect the 340B Drug Pricing Program and Delay the Rebate Model. The 340B program helps eligible hospitals stretch limited federal resources to provide comprehensive care to low-income, uninsured and rural patients and communities. For more than 30 years, hospitals have received 340B discounts at the point of sale. The Department of Health and Human Services' 340B Rebate Model Pilot Program, currently scheduled to take effect Jan. 1, 2027, would replace those upfront discounts with a rebate mechanism. Hospitals would be required to pay full price for outpatient drugs, submit extensive claims data and wait for manufacturers to determine whether, when and how much of a rebate to provide. This change would shift financial risk to hospitals and impose substantial administrative costs, with the greatest impact on rural, safety-net and financially vulnerable hospitals.

We urge Congress to pass the bipartisan 340B Rebate Model Delay Act (H.R. 10770) to preserve upfront 340B discounts and prevent implementation of the rebate model program or any substantially similar program from Jan. 1, 2027, through Dec. 31, 2028. More broadly, we ask Congress to continue protecting the 340B program from changes that would diminish its benefits to the hospitals, patients and communities that rely on it. This includes safeguarding 340B hospitals from harmful Medicare payment cuts and rejecting drug manufacturer policies that impose burdensome data reporting requirements or other conditions that undermine access to 340B discounts.

Stabilize and Preserve Access to Long-term Care Hospitals. We urge Congress to enact the Saving Today's Acute-Care Resources (STAR) Act (H.R. 9468) without delay.

Unanimously approved by the House Ways and Means Committee, the bill would improve access to specialized hospital-level care for Medicare beneficiaries with the most serious and medically complex conditions. It would expand standard-rate payment eligibility for high-acuity patients and allow direct admissions from critical access hospitals to long-term care hospitals. Enacting the STAR Act would stabilize this essential part of the healthcare system and preserve access to high-quality care for the patients who need it most.

Reject Site-neutral Payment Expansions. Congress should reject efforts to expand site-neutral payment policies, which would pay hospital outpatient departments (HOPDs) the same rates as independent physician offices and other ambulatory sites of care. These proposals ignore the very different level of care hospitals provide and the needs of the patients and communities they serve. HOPDs treat Medicare patients who are sicker and more medically complex, maintain standby capacity such as emergency services and intensive care units and are held to higher regulatory and safety standards than other sites of care. In rural and other underserved communities, HOPDs are often the only accessible option for essential outpatient services. Additional payment cuts would directly reduce the care and services available to these patients.

Improve Insurer Accountability. Certain insurer practices, such as inappropriate care denials and delayed approvals, threaten patient access to care and add excessive administrative costs and burdens to the healthcare system. Medicare Advantage (MA) plans received nearly 53 million prior authorization requests in 2024, and more than 81% of denials were overturned on appeal. These delays and denials leave patients sicker and costlier to treat, and they slow transfers to post-acute care. We urge Congress to pass the Improving Seniors' Timely Access to Care Act (H.R. 3514/S. 1816). This bipartisan legislation would establish an electronic prior authorization standard, reduce the time plans have to act on requests and require MA plans to report on their use of prior authorization, including artificial intelligence and approval and denial rates.

We appreciate your leadership and look forward to working together to advance policies that strengthen hospitals and health systems and ensure patients and communities have continued access to high-quality care.

Sincerely,

/s/

Stacey Hughes
Executive Vice President
Government Relations and Public Policy