



Dec. 6, 2021

Sent electronically

Dear Members of the California Congressional Delegation:

On behalf of California's hospitals and physicians, we write to urge Congress to act quickly to eliminate or delay Medicare cuts that are scheduled to go into effect on January 1, 2022. Doctors and hospitals across California continue to put their patients and communities first, despite ongoing financial struggles due to the burden of the COVID-19 pandemic.

California's hospitals and doctors continue to provide critical health services to their patients and communities during this pandemic, all while facing their greatest financial crisis. To ensure they can continue to provide essential care and emerge from the pandemic equipped to tackle tomorrow's challenges, the California Hospital Association and the California Medical Association (CMA) request your support for legislation that would both extend the moratorium on the 2% Medicare sequestration cuts and prevent the Pay-As-You-Go (PAYGO) sequestration — which would further reduce Medicare payments by 4% — from taking effect at the end of the year. We also urge your support for stopping the additional 3.75% Medicare physician cut.

These three cuts would result in as much as a 10% payment cut to our nation's hospitals and physicians — specifically, \$1.1 billion in cuts to California's hospitals and roughly \$85 million in cuts to California's physicians. This represents a significant and devastating financial burden during an extraordinary public health crisis and threatens access to care for all Californians.

California's doctors and hospitals continue to incur significant COVID-19-related expenses that have not been adequately covered by the Provider Relief Funds distributed to date. Hospital losses as a result of the pandemic in 2020 and 2021 are projected to be more than \$10 billion, even after accounting for the Provider Relief Funds Congress allocated. These losses will harm our ability to appropriately serve patients, particularly the critically ill in underserved and rural communities.

According to a new CMA survey of California physician practices, after two years of the COVID-19 crisis, frontline physicians are exhausted and burnt out; 70% are extremely worried about their financial health as well. Physicians are currently reporting an average 35% reduction in revenue and a 15% increase in COVID-19-related expenses. Most frustrating is the inability to hire staff and the substantial increases in staff wages that are necessary to fill positions. Half of physician practices report that they have been unable to return to pre-pandemic staffing levels. Many physicians with small, independent practices report that they are seeking to retire early, close their practices, or join larger health systems. Physicians

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simply cannot sustain 10% cuts to their Medicare payments and continue to provide care to their patients, particularly in a pandemic environment.

While we are grateful for the federal relief funds that have been made available to hospitals and doctors so far, our greatest public health and financial challenges lie ahead. These three Medicare cuts are simply unsustainable.

Thank you for your continued support of California's hospitals and doctors and the patients they serve.

Sincerely,



Carmela Coyle
President & CEO
California Hospital Association



Dustin Corcoran
Chief Executive Officer
California Medical Association