



April 21, 2023

Dear Members of the California Congressional Delegation:

On behalf of the California Disproportionate Share Hospital (DSH) Task Force, composed of California's public, private and community safety net hospitals, we are writing in strong support of the two-year delay of the Medicaid DSH payment reduction as described in H.R. 2665, recently introduced by a bipartisan group of lawmakers. These hospitals are high Medicaid providers, often operating with negative margins, and simply cannot sustain additional cuts to reimbursement.

The DSH Task Force represents a wide variety of California's hospitals and hospital systems – including county-owned and operated organizations, hospitals affiliated with the University of California, district hospitals, private community hospitals, and children's hospitals. Although the size, structure, and payer mix vary, these providers serve high numbers of low-income, uninsured, and Medicaid patients. The Medicaid (Medi-Cal in California) program has a long history of recognizing the unique needs of hospitals that serve as the safety net for disadvantaged populations. Safety net hospitals ensure access to vital health care services for those most in need. They also provide essential services for everyone, regardless of whether they have health insurance, such as primary and specialty care, trauma care, neonatology services, burn care, pediatric care, and behavioral health services.

Medicaid DSH payments provide more than \$1.3 billion in federal funding to safety net hospitals in California. This is vital to preserving patient access to care and expanding services to uninsured Californians. The Medicaid DSH cuts, which include an \$8 billion reduction nationwide, are scheduled to begin on Oct. 1, 2023. That reduction, part of a total \$32 billion in DSH cuts over four years, would be devastating to California's safety net hospitals and the patients they care for.

A recent [report from national consulting firm Kaufman Hall](#) outlines the very bleak financial situation facing hospitals throughout California. The report found that one in five hospitals in the state is at serious risk of closure. California's safety net hospitals and their communities cannot withstand any further challenges.

We are grateful that Congress, understanding how essential Medicaid DSH funding is to safety net hospitals, has repeatedly delayed the implementation of Medicaid DSH cuts with bipartisan support. H.R. 2665 and its two-year delay of the scheduled Medicaid DSH funding cuts would preserve essential funding for the people who rely on California's safety net hospitals. By easing the burden of uncompensated care costs, Congress has the opportunity to support efforts to provide high quality, accessible care to patients who remain uninsured.

We respectfully urge you to co-sponsor and support H.R. 2665 to delay these cuts for at least two fiscal years until a more sustainable, permanent solution can be reached.

Sincerely,



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Executive Director
United Hospital Association



Sherreta Lane
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