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#### LETTER TEXT:

Speaker McCarthy and Democratic Leader Jeffries:

Thank you for your long-standing support of our nation's safety-net providers and the communities they serve. This support has been vital in ensuring patient access to essential health care services during the public health emergency. We write to urge action to address pending cuts to Medicaid Disproportionate Share Hospital (DSH) payments, scheduled to take effect on October 1, 2023. If the proposed cuts go into effect, rural and urban safety net hospitals will lose critical funding that enables them to keep their doors open and treat the most vulnerable Americans.

Medicaid DSH payments are an important tool for hospitals that provide care in underserved communities, where they serve a disproportionate number of low-income and uninsured patients. In treating those that have nowhere else to turn, these hospitals incur significant uncompensated care costs. Furthermore, these same hospitals typically operate on very narrow, or even negative, margins. Medicaid DSH payments allow them to continue serving our constituents and communities. These payments support safety net hospitals in cities across the country and are also especially important to rural hospitals, which often face their own added financial burdens.

Since 2013, Congress has recognized the critical need for Medicaid DSH payments by passing thirteen pieces of legislation delaying what would have been immediate cuts to the program. Most recently, the Consolidated Appropriations Act of 2021 delayed DSH reductions until FY 2024.

On October 1<sup>st</sup>, safety net hospitals will face an \$8 billion annual cut that is equivalent to more than two-thirds of annual federal DSH spending. These cuts would continue apace through FY2027. Importantly, these cuts don't impact states evenly. In fact, some states, according to the Medicaid and CHIP Payment and Access Commission (MACPAC), will face cuts of 90 percent of their current DSH allotments.

Our nation's rural and urban safety net hospitals cannot sustain losses of this magnitude, leaving our constituents and communities without access to the medical care they depend on and need.

We ask that you work to avert the scheduled reductions so our nation's safety-net hospitals can continue to care for the most vulnerable in our communities. As you know, the bipartisan H.R. 2665, the *Supporting Safety Net Hospitals Act*, was recently introduced to eliminate the cuts for FY24 and FY25 entirely. This legislation is a reasonable and responsible path to take in order to avoid the disastrous consequences to our safety net hospitals if the Medicaid DSH cuts were to take effect. It is imperative

we continue to protect access to Medicaid beneficiaries who heavily rely on the essential services provided through Medicaid DSH program.

We look forward to working with you on a solution and thank you for your consideration.

Sincerely,