



DISTRICT HOSPITAL LEADERSHIP FORUM



November 10, 2023

RE: Support for Two-Year Delay in Scheduled Medicaid DSH Cuts

Dear Members of the California Congressional Delegation:

On behalf of the California Disproportionate Share Hospital (DSH) Task Force, composed of the state's public, private, and community safety-net hospitals, we are writing in strong support of a two-year delay of the Medicaid DSH payment reduction that was passed by the House Energy and Commerce Committee with bipartisan backing. **We urge you to sustain the delay in federal funding legislation.** These hospitals are high Medicaid (Medi-Cal in California) 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 health 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 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, burn care, pediatric care, and behavioral health.

Medicaid DSH payments are vital to preserving patient access to care and expanding services to the uninsured. The proposed Medicaid DSH cuts, which include an \$8 billion reduction nationwide and as much as \$1.3 billion in California, would be devastating to California's safety-net hospitals and the patients they care for. These cuts were scheduled to begin on Oct. 1, 2023, but were thankfully delayed in the current short-term continuing resolution.

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 strong bipartisan support. A two-year delay of these scheduled cuts would preserve essential funding for those who rely on California's safety-net hospitals. This is especially important, given a 2023 [report from national consulting firm Kaufman Hall](#) that found one in five hospitals in the state is at serious risk of closure. Given the bleak financial picture, California's safety-net hospitals and their communities cannot withstand any further challenges.

By easing the burden of uncompensated care costs, Congress has the opportunity to support efforts to provide high-quality, accessible care to uninsured patients. We respectfully urge you to continue to block these Medicaid DSH cuts as part of federal funding legislation.

Sincerely,



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Executive Director
United Hospital Association



David Rubin, MD, MSCE
Executive Vice President
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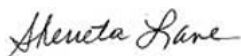
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