



October 29, 2024

Dear Members of the California Congressional Delegation:

Lifesaving and life-changing health care services for tens of millions of Californians remain in peril.

Half of California's hospitals lose money every day caring for patients. And California's physician workforce is stretched to its limit, as an increasing number of older and sicker patients have more complex health care needs.

Access to quality health care for all Californians means a stronger, more vibrant state where everyone has the opportunity to live a healthy and productive life. Health care is a basic human need — one that all of us must come together to provide and protect.

On behalf of California's more than 400 hospitals and 50,000+ California Medical Association (CMA) physicians, we ask for your support to achieve these goals in the December year-end legislation by:

- **Continuing to delay the Medicaid Disproportionate Share Hospital (DSH) Program payment reductions.** More than 150 hospitals in California participate in the DSH program, a financial lifeline for hospitals that care for the most vulnerable — children, impoverished, disabled, and elderly. Payments from this program are vital to preserving access to services such as trauma and burn care, maternal and child health, high-risk neonatal care, and more — especially in rural and underserved communities. DSH resources are also vital to delivering care to those without any health coverage at all. Without congressional action, major cuts to this essential program will take effect on Jan. 1, 2025, and would **reduce health care resources to California's hospitals by as much as \$1.9 billion**. To preserve access to vital services, Congress must act again.
- **Replacing the Medicare physician cuts with an inflation update.** Physicians are facing a Medicare payment cut of 2.8% in 2025 — the fifth straight year of cuts — despite Medicare estimating that the cost of running a physician practice will increase another 3.6% next year. While Congress has mitigated some of these cuts, Medicare physician payment has fallen 29% since 2001, when adjusted for inflation. The combination of annual pay cuts, lack of inflation updates, problems with fee schedule budget neutrality, and costly administrative burdens pose a very real threat to the ability of physician practices to provide high quality care. Physicians are sounding the alarm that in California, patient access to care is deteriorating. In a recent CMA survey, California physicians reported that inadequate Medicare payment is creating instability and forcing nearly half of them to contemplate early retirement — with 70%

considering limiting or closing their practices to new Medicare patients. California patients are waiting longer to access both primary and specialty care. Even the non-partisan Medicare Trustees are reiterating concern that they “expect access to Medicare participating physicians to become a significant issue in the long-term.” **To prevent further erosion of the physician workforce and patient access to medical care, Congress must stop the 2.8% payment cut before it occurs on Jan. 1, 2025, and replace it with a payment update that reflects the cost of inflation.**

- **Supporting an extension of telehealth opportunities.** Telehealth is a growing, efficient, and effective way for patients to access needed care. The telehealth waivers Congress granted during the COVID-19 public health emergency allowed hospitals, health systems, and physicians to continue caring for patients during an unprecedented crisis. We are urging Congress to extend these flexibilities, allowing patients to continue accessing telehealth from their homes. This would benefit patients in both rural and urban areas — supporting Californians who are too sick to travel or who lack access to transportation in underserved communities. An extension should support audio-only services for patients with bandwidth constraints, those who lack data plans or devices to support video-based visits, and patients otherwise not able to participate in video visits.

We are grateful for your partnership and engagement on these critical health care issues facing California. We are available at any time to discuss the issues further. Please contact Anne O’Rourke at aurourke@calhospital.org or Elizabeth McNeil at emcneil@cmadocs.org.



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