



Charles N. Kahn III  
President and CEO

**STATEMENT  
of the  
Federation of American Hospitals  
to the  
U.S. Senate  
Committee on Finance**

**Re: Open Executive Session to Consider an Original Bill Entitled the *Better Mental Health Care, Lower-Cost Drugs, and Extenders Act***

**November 8, 2023**

The Federation of American Hospitals (FAH) submits the following Statement for the Record in response to the Senate Finance Committee's (Committee's) Open Executive Session to consider the *Better Mental Health Care, Lower-Cost Drugs, and Extenders Act*. The FAH commends the Committee's leadership in pursuing bipartisan solutions to expand access to mental health care, reduce prescription drug costs for seniors, and extend critical Medicare and Medicaid programs.

The FAH is the national representative of more than 1,000 tax-paying community hospitals and health systems throughout the United States. FAH members provide patients and communities with access to high-quality, affordable care in both urban and rural areas across 46 states, plus Washington, DC, and Puerto Rico. Our members include teaching, acute, inpatient rehabilitation, behavioral health, and long-term care hospitals and provide a wide range of inpatient, ambulatory, post-acute, emergency, children's, and cancer services.

We applaud the Committee for including a delay in implementing Medicaid Disproportionate Share (DSH) cuts in the *Better Mental Health Care, Lower-Cost Drugs, and Extenders Act*. Eliminating DSH cuts through 2026 is a crucial step towards protecting the health care safety net for the nation's uninsured and most vulnerable. This vital provision would help ensure that hospitals can continue to provide the lifesaving services on which millions of Americans depend.

The FAH applauds the Committee's approach to expanding access to mental health care, making permanent the state option to provide medical assistance for certain individuals who are in Institutions for Mental Disease (IMD). Medicaid currently prohibits, in most instances, federal Medicaid funding to be used for inpatient psychiatric care provided to adults in IMDs. Making permanent the state option to provide medical assistance to certain individuals who are in IMDs, and easing the state requirements so more states add this option, are crucial steps in addressing the national need for acute, inpatient psychiatric and substance use disorder treatment.

The FAH supports the Committee’s proposal to avert the 1.25 percent Medicare physician fee schedule cut scheduled for 2024. Unfortunately, the CY 2024 Physician Fee Schedule final rule cuts payments to physicians in a time of high inflation and workforce shortages. Physicians need an inflationary increase to keep up with the rising costs and to maintain access to care for America’s seniors. We also support the provision extending the physician payment work geographic index floor for calendar year 2024. This one-year extension is needed to ensure access to physician services, particularly those treating patients in rural hospitals.

We commend the Committee for its continued leadership in oversight of Medicare Advantage (MA). Hospitals and providers see the negative consequences that patients experience everyday due to inaccurate and out-of-date provider directories. We support the Committee’s intent to ensure that patients only pay in-network cost sharing amounts for providers that are listed as “in-network.” Further, we encourage the Committee to ensure that providers and hospitals are not met with increased financial risk when making these changes. We welcome the opportunity to work with the Committee to ensure these efforts to promote accountability in MA do not have unintended consequences for providers and their patients.

Finally, we commend the Committee’s effort to boost the behavioral health workforce through a number of provisions that would improve access to mental health care services. Hospitals and health systems have been sounding the alarm over workforce shortages for well over a decade, urging policymakers to take actions that incentivize workers to enter the field and ensure training opportunities for the next generation of caregivers to meet rising demand.

We look forward to working with the Committee on these critical issues. If you have any questions or would like to discuss these comments further, please do not hesitate to contact me or a member of my staff at (202) 624-1534.

Sincerely,

