



Charlene MacDonald
Executive Vice President, Public Affairs

October 28, 2024

The Honorable Mike Johnson
Speaker
U.S. House of Representatives
Washington, DC 20515

The Honorable Charles Schumer
Majority Leader
U.S. Senate
Washington, DC 20515

The Honorable Hakeem Jeffries
Minority Leader
U.S. House of Representatives
Washington, DC 20515

The Honorable Mitch McConnell
Minority Leader
U.S. Senate
Washington, DC 20515

Dear Speaker Johnson, Majority Leader Schumer, Minority Leader McConnell, and Minority Leader Jeffries:

Thank you for your continued support of our nation's hospitals and health care systems throughout the 118th Congress. Hospitals have a long history of working in a bipartisan manner with lawmakers to create innovative solutions to promote affordable and accessible high-quality care for all Americans, and this Congress was no exception.

As we near the end of the year, we urge Congress to work together to address the Office of Management and Budget (OMB) statutory Pay-As-You-Go (PAYGO) scorecard, which currently holds a \$1.7 trillion balance.¹ Failure to act on PAYGO will result in a mandatory across-the-board cut to Medicare payments of four percentage points, or \$45 billion in 2025.² This draconian cut would put patients access to care at risk by creating pressure on hospital finances, particularly in rural and underserved communities where hospitals already operate on thin margins.

The FAH is the national representative of nearly 1,000 leading tax-paying 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.

¹ https://www.whitehouse.gov/wp-content/uploads/2024/09/scorecards_09-13-2024.pdf

² <https://www.crfb.org/blogs/addressing-statutory-paygo-scorecard>

Hospitals already face significant financial challenges. On average, Medicare pays only 82 cents for every dollar of hospital care provided to Medicare beneficiaries,³ resulting in a nearly \$100 billion shortfall in Medicare payments in 2022 alone. Despite this, hospitals continue to serve their communities as shown recently in our response to hurricanes Helene and Milton. Any further reductions to Medicare payments would be unsustainable, disproportionately affecting rural communities and underserved populations leading to limited access and worsened health outcomes.

Recent analysis by the Committee for a Responsible Federal Budget states that if the \$1.7 trillion sequester is enforced in 2025, the “unrealistic outcome would be roughly \$200 billion in across-the-board cuts, zeroing out most spending accounts subject to the sequester” because the “sequester is many multiples larger than the spending base it is supposed to be levied upon.”⁴ Cuts of these magnitude are unsustainable for all impacted sectors, and the impact on our health care system would be particularly devastating.

We urge Congress to address statutory PAYGO implications for 2025 to avoid drastic cuts to Medicare that would put hospitals and the patients we care for at risk.

We look forward to working with you on this important matter. If you have any questions or wish to speak further, please do not hesitate to reach out to me or a member of my staff at (202) 615-0599.

Sincerely,

A handwritten signature in blue ink, appearing to be 'Ch. Mc', is centered below the text 'Sincerely,'.

³ <https://www.aha.org/2024-01-10-infographic-medicare-significantly-underpays-hospitals-cost-patient-care>

⁴ <https://www.crfb.org/blogs/addressing-statutory-paygo-scorecard>