



Charlene MacDonald
Executive Vice President, Public Affairs

November 12, 2024

The Honorable Mike Johnson
U.S. Capitol, HB-232
United States House of Representatives
Washington, D.C. 20515

The Honorable Chuck Schumer
322 Hart Senate Office Building
United States House of Representatives
Washington, D.C. 20515

The Honorable Hakeem Jeffries
U.S. Capitol, HB-18
United States House of Representatives
Washington, D.C. 20515

The Honorable Mitch McConnell
U.S. Capitol, S-230
United States House of Representatives
Washington, D.C. 20515

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

As we look back on the 118th Congress, we thank Members of Congress for their diligent work in support of patient access to hospital care and their successful efforts to keep the government funded despite difficult negotiations. Now, as we near the adjournment of the session, several critical health provisions are set to expire and require Congressional action before the end of year. As negotiations on an end-of-year government funding agreement begin, we call on lawmakers to support hospitals and the patients we serve by considering the Federation of American Hospitals' (FAH) legislative priorities outlined below.

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.

Extend the Medicare-Dependent Hospital (MDH) and Low-Volume Hospital (LVH) Adjustment Payment Programs to Support Rural Hospitals

Rural hospitals play a pivotal role in providing access to care for over 60 million Americans in underserved communities. These hospitals often operate on slim financial margins and depend on critical payment programs like the Low-Volume Hospital (LVH) and Medicare-Dependent Hospital (MDH) programs to provide financial stability and maintain the health infrastructure of rural areas. We thank Congress for recognizing the importance of these programs by reauthorizing them through the end of 2024 in the *Consolidated Appropriations Act, 2024*.

Congress must again take swift action to ensure the LVH and MDH payment programs do not expire. We urge Congress to take the necessary steps to ensure the long-term fiscal stability of rural hospitals by including a long-term extension of these two crucial rural hospital payment programs in the forthcoming end of year government funding legislation.

Delay Implementation of Medicaid Disproportionate Share Hospital (DSH) Cuts

We commend Congress for acting in the *Consolidated Appropriations Act, 2024* to delay Medicaid DSH cuts to January 1, 2025, including a full buyout of the \$8 billion FY2024 DSH cuts rather than a delay, thereby reducing the cost of future DSH-related legislation.

The Medicaid DSH program is vital in assisting hospitals that serve high numbers of Medicaid and uninsured patients. More than 2,500 hospitals in the U.S. receive DSH payments to address Medicaid underpayment and uncompensated care. These payments ensure patients have access to critical services including trauma, burn care, high-risk neonatal care, and hospital access throughout natural disasters and pandemic events.

We once again ask that Congress take action to eliminate the DSH cuts scheduled to take effect in the beginning of the new year to protect access to care for vulnerable patients across the country.

Reject Site-Neutral Cuts to Medicare

The FAH strongly opposes site neutral cuts to Medicare payments, such as the site neutral payment proposal for physician-administered drugs in off-campus hospital-based outpatient departments (HOPDs) contained in the House-passed H.R. 5378, the *Lower Cost More Transparency Act*.

Site-neutral payments do not consider one simple fact: hospitals and doctors' offices are not the same. Hospitals require a different payment structure because we provide critical services to communities including 24/7/365 access to emergency care, disaster response, and treatment of high-acuity patients. Hospital-affiliated sites offer patients more integrated care across health care settings, services for which we need to be properly reimbursed to maintain coordinated, high-quality care for patients.

HOPDs treat more underserved populations and sicker, more complex patients than other ambulatory care sites.¹ A 2023 study by the American Hospital Association indicates that relative to patients seen in independent physician offices and ambulatory surgical centers, Medicare patients seen in HOPDs tend to be:

- Lower-income;
- Non-white;
- Eligible for Medicare based on disability and/or end-stage renal disease;
- More severe comorbidities or complications;
- Dually-eligible for Medicare and Medicaid; and,
- Previously seen in an emergency department or hospital setting.

On average, Medicare pays only 82 cents for every dollar of hospital care provided to Medicare beneficiaries, leaving hospitals with nearly \$100 billion in Medicare shortfalls in 2022 alone.² Therefore, it is vital that payment for outpatient services provided in HOPDs reflects the higher overhead costs associated with providing care in that setting.

Congress should reject site-neutral cuts to Medicare, which would reduce patient access to care and further contribute to Medicare's chronic failure to cover the cost of caring for beneficiaries.

Support Tax-Paying Hospitals in the Wake of Natural Disasters

Local community hospitals are critical infrastructure, providing essential services and employing frontline workers through natural disasters, pandemics, and other emergencies. Despite this, tax-paying hospitals are ineligible for FEMA disaster relief funds, unlike other similar critical infrastructure entities.

In the wake of hurricanes Helene and Milton, tax-paying hospitals in Florida, North Carolina, and other impacted states have been actively responding to community needs by providing employees with temporary housing, meals, wash stations, water, fuel, food, and more, in addition to providing care to every patient who comes through our doors 24/7. Ensuring our facilities have the resources necessary to remain on the front lines of disaster response is crucial to rebuilding the communities in which we operate and ensuring a vibrant future for severely impacted areas.

As Congress deliberates a much-needed disaster aid bill, we encourage lawmakers to include relief for tax-paying hospitals in disaster-impacted areas using narrow provisions in the tax code. Provisions such as an Employee Retention Tax Credit (ERTCs), 100% Bonus Depreciation, Work Opportunity Tax Credit (WOTCs), credits for providing temporary housing, and deferrals of payment of employment taxes for impacted employees, would provide a lifeline for hospital employees and communities at risk of losing health care workers and access to health care facilities. These provisions all have precedent from previous disaster legislation and should be included in any upcoming Congressional action on disaster relief.

¹ [Fact Sheet: Medicare Hospital Outpatient Site-Neutral Payment Policies | AHA](#)

² [Infographic: Medicare Significantly Underpays Hospitals for Cost of Patient Care | AHA](#)

As we approach the next Congress, a major cliff looms with the expiration of the enhanced premium tax cuts, as well as unfinished business from the 118th Congress to rein in Medicare Advantage (MA) Plan abuses. We urge lawmakers to unite in bipartisan fashion to put patients first and find compromise on legislation that includes the follow provisions:

Extend Enhanced Premium Tax Credits

It is our shared goal to reduce health care costs for all Americans and ensure coverage purchased through the individual health insurance marketplace remains affordable. Extending the enhanced tax credits, which are set to expire at the end of 2025, will preserve and expand access to affordable health care coverage for the more than 20 million Americans who rely on it.

Every family should be able to afford health coverage, regardless of their zip code or income. Unless Congress acts, millions of people who purchase coverage on their own will see a premium hike that will make quality care too expensive to afford. Enhanced tax credits directly lower premiums and make coverage possible for these low- and middle-income individuals and families who could not otherwise afford it.

In five states – Texas, South Carolina, Mississippi, Louisiana, and Georgia – the enhanced tax credits will approximately double the size of the nongroup health insurance market in 2025 and result in a 21 percent or greater decline in the uninsured rate in each of these states, according to the Urban Institute.³ These individuals and families are among the nearly 50 million Americans who have gained coverage through the individual health insurance marketplace at some point over the past decade.⁴

We call on Congress to enact legislation that preserves enhanced tax credits in the individual health insurance market so that millions of Americans can be shielded from premium increases that would put coverage and care out of reach. Americans deserve to be able to purchase affordable health coverage that meets the needs of their families.

Rein in Abuses of Prior Authorization in Medicare Advantage Plans

The FAH is increasingly concerned by the alarming practices of MA plans that harm patients by eroding access to and affordability of medically necessary care. Abusive practices by MA plans include systematically inappropriately denying, limiting, and delaying the delivery services and care. This behavior often requires hospitals and caregivers to divert precious resources and time to respond to care denials and delay tactics.

We urge Congress to protect MA beneficiaries through prior authorization reforms and increased reporting standards by enacting the *Improving Seniors' Timely Access to Care Act*. Getting this legislation across the finish line would reduce the burden and complexity of prior authorization requirements imposed by MA plans and will help seniors access the care they need

³ [Who Benefits from Enhanced Premium Tax Credits in the Marketplace? | Urban Institute](#)

⁴ [U.S. Department of the Treasury Releases New Data Showing Nearly 50 Million Americans Have Been Covered Through Affordable Care Act Health Insurance Marketplaces Since 2014 | U.S. Department of the Treasury](#)

in a timely manner, while also reducing the unnecessary burdens on doctors, hospitals, and our healthcare workforce.

We appreciate Congress' commitment to bipartisan solutions that prioritize the needs of the American people, and we look forward to working with you during the sprint to the finish line in the remaining weeks of 2024 and beyond. Addressing the enclosed policy proposals will help provide long-term stability to hospitals across America to ensure we can continue to fulfill our mission of providing patients with access to the quality care they need 24/7/365.

If you have any questions or would like to discuss our support of the legislation further, please do not hesitate to contact me or a member of my staff at (202) 624-1534.

Sincerely,

A handwritten signature in blue ink, appearing to be "A. M.", is centered below the text "Sincerely,".