



Charlene MacDonald  
Executive Vice President, Public Affairs

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

The Honorable John Thune  
Majority Leader  
U.S. Senate  
Washington, DC 20515

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

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

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

On behalf of the Federation of American Hospitals (FAH), we welcome lawmakers to the 119<sup>th</sup> Congress. The next two years will offer opportunities to continue the important work of improving health care choice and affordability for patients across the country, and hospitals look forward to collaborating with members of Congress on this shared goal.

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.

As we begin this new congressional session, we call on lawmakers to support hospitals and the patients we serve by considering FAH's legislative priorities outlined below.

### **Prevent Cuts to Medicare and Medicaid and Protect Patient Access to Care**

We thank lawmakers and the incoming Administration for their stated commitment to protect the Medicare program.

We agree that cuts to Medicare reduce access to essential health care services for seniors, increase out-of-pocket costs, and lead to worsened health outcomes. 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.<sup>1</sup> Any reductions to Medicare payments would further contribute to Medicare’s chronic failure to cover hospitals’ cost of caring for beneficiaries.

Similarly, Medicaid payments to providers fall well below the cost of care, which creates an unsustainable financial structure for the health care safety net. Any policy proposals that reduce Medicaid funding, whether through cuts to provider payment rates or changes in federal funding for Medicaid, threaten access to health care for America’s most vulnerable individuals.

Medicaid and the Children’s Health Insurance Program (CHIP) are sources of health care coverage for more than 79 million individuals, including:

- Children
- Low-wage workers and their families
- Persons with physical and mental disabilities
- Pregnant women

For most Medicaid beneficiaries, Medicaid is their sole health coverage option and the gateway to accessing providers and services to address their medical needs.

It is imperative that federal funding for Medicaid remain stable so that states can focus on maintaining coverage and ensuring provider payments are “consistent with efficiency, economy, quality and access”<sup>2</sup>, as ensuring access to care is inextricably intertwined with ensuring that efficient providers are paid adequately for the costs they incur when serving Medicaid enrollees.

We call on Congress to support Medicaid beneficiaries and providers by eliminating or further delaying the implementation of reductions to the Medicaid Disproportionate Share Hospital (DSH) payments. 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.

Congress should reject any proposals that would cut the Medicaid or Medicare programs at the expense of other priorities and instead protect patient access to care and support providers by solving the chronic failure to cover the cost of caring for beneficiaries.

### **Capitalize on Tax Reform by Protecting Health Care Coverage and Extending Enhanced Premium Tax Credits**

We look forward to working with Congress and the Administration on enacting a pro-growth tax agenda by preventing tax increases on American families and businesses and continuing to build a robust economy that keeps America globally competitive. The tax reforms enacted in 2017 played a key role in boosting the economy, encouraging capital investment, creating jobs, and raising wages, including in the health care sector. Allowing these tax cuts to expire would slow economic growth, raise costs for families, hurt small businesses, lower workers’ take-home pay, and lead to substantial job losses.

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<sup>1</sup>[Infographic: Medicare Significantly Underpays Hospitals for Cost of Patient Care](#) | AHA

<sup>2</sup>Section 1902(a)(30)(A) of the Social Security Act

We urge Congress to capitalize on tax reform by also extending the enhanced premium tax credits (PTCs) for health insurance which are set to expire at the end of 2025. Without these tax credits, nearly 20 million people would be forced to pay an average of 90% more for their health care coverage, with Americans living in southern states and the heartland disproportionately feeling the financial impact.

It is our shared goal to reduce health care costs, promote choice and competition, and ensure coverage purchased through the individual health insurance marketplace is affordable. To that end, extending the PTCs helps create a real market for people to shop for individual health coverage through the private sector.

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 a recent study<sup>3</sup>. 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<sup>4</sup>.

Without enhanced tax credits, marketplace participants with very low incomes (less than 150% of FPL) who currently pay no premium would see their cost of coverage rise to \$387 per year in premiums. Individuals in the next lowest income category (166% FPL) would see their premiums increase 573%, and for people with incomes below 250% of FPL, the average annual increase in premiums could be as much as \$924 a year,<sup>5</sup> as expected in Alaska. Without action, five million Americans will lose their coverage completely and millions more would see their premiums increase by more than 50%.<sup>6</sup>

These tax credits are particularly important for people living in rural areas where options for health care services are fewer and harder to reach, and the cost of insurance is typically higher. The Americans who rely on these tax credits are hardworking entrepreneurial people – those who are self-employed, small business owners, those in the building trades, farmers and ranchers, hourly workers, and people in the gig economy.

If Congress fails to extend the tax credits, premiums will skyrocket and the more than 1.5 million children covered by the state and federal marketplaces will be at risk of losing access to essential health care

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

<sup>4</sup>[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

<sup>5</sup>[Household Spending on Premiums Would Surge if Enhanced Premium Tax Credits Expire](#) | Urban Institute

<sup>6</sup>[Enhanced ACA Marketplace Tax Credits Worked – And Shouldn't Be Eliminated](#) | The Century Foundation

services, and the nearly 2 million Americans with chronic health conditions will be forced to drop their health coverage entirely.

As Congress works to extend the Trump tax cuts, such legislation should include extending enhanced tax credits in the individual health insurance market to put meaningful health insurance plans within reach for millions of Americans. This will allow small business and individuals to be full participants in the American economy, instead of worrying about how to afford health coverage that meets the needs of their families.

We urge the Committee to extend the enhanced premium tax credits and preserve access to affordable health care coverage for the more than 20 million Americans who rely on it.

### **Strengthen and Support Rural Health Care**

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 support permanently extending LVH and MDH payment programs to ensure stability for the facilities that serve a high proportion of older, sicker patients on Medicare and those in rural communities. We seek to delay implementation of Medicaid DSH cuts that would otherwise threaten patient access to critical health care services, particularly at hospitals that serve high numbers of Medicaid and uninsured patients most often in rural communities.

We thank Congress for their work to continue telehealth flexibilities. Telehealth advancements help ensure critical services and access to specialists are available to all patients, especially those in rural areas where many patients travel over an hour for a routine doctor's appointment and often much further to seek specialty care. Additionally, in many cases (particularly in rural areas where it is difficult to recruit physicians and other highly trained staff), telehealth and other remote technologies help make up for staffing shortfalls or staff burnout, aiding rural hospitals struggling with recruiting and retaining qualified staff.

We thank Congress and the incoming administration for their commitment to-date in supporting these programs and prioritizing access to care in rural areas by seeking solutions to our country's rural health care problems.

### **Rein in Abuses of Prior Authorization in Medicare Advantage Plans**

The FAH and our members are strong supporters of the Medicare Advantage (MA) program and the way that program offers choice and flexibility beyond the benefit structure of the traditional Medicare program. Our members increasingly serve more of America's seniors with MA coverage than through Traditional Medicare fee-for-service. However, we are 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.

Additionally, Congress should consider legislation that creates sensible guidelines for the prompt payment of clean, in-network claims by Medicare Advantage (MA) plans. MA plans routinely delay and deny providers' claims because there is no consistent, clear, and enforceable law ensuring MA plans promptly reimburse providers for in-network services. Prompt pay legislation would hold MA plans accountable and rein in the arbitrary delay and denial of payment of clean, in-network claims.

These solutions are a step forward in ensuring seniors access to the care they need in a timely manner, while also reducing the unnecessary burdens on doctors, hospitals, and our healthcare workforce.

### **Lift Regulatory Burdens and Unleash Private Sector Innovation**

We look forward to a regulatory environment that seeks to ease unnecessary burdens in the private sector. Freedom from the regulatory regime will unleash innovation in the private sector and allow hospitals and health care providers to dedicate more time and resources towards streamlining and improving patient care and experience.

The FAH has serious concerns with mandatory models and reporting requirements found in certain initiatives at the Centers for Medicare and Medicaid Innovation (CMMI). We urge Congress to eliminate mandatory participation requirements under CMMI to return the Center to an innovative laboratory of voluntary programs that seek to address affordability, quality, and accessibility.

We encourage Congress to refrain from enacting other burdensome regulations that take time away from patient care, such as requiring unique National Provider Identifiers (NPI) for off-campus hospital outpatient departments (HOPDs). The FAH finds this proposed requirement to be repetitive, unnecessary and burdensome since there are already mechanisms in place to identify off-campus HOPDs.

Additionally, we ask lawmakers to reverse nursing home minimum staffing standards that mandate a one-size-fits-all staffing model from the Centers for Medicare and Medicaid Services (CMS) that will exacerbate the workforce crisis, jeopardizing access to care for seniors. Mandated ratios are a flawed approach that will impede rather than promote our ability to deliver quality care and retain an adequate workforce.

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We appreciate Congress' commitment to health care legislation that prioritizes the needs of the American people, and we look forward to working with you during the 119<sup>th</sup> Congress. Addressing these 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 wish to speak further, please do not hesitate to reach out to me at (202) 615-0599.

Sincerely,

A handwritten signature in blue ink, appearing to read "Ch. Mc".