

March 13, 2017

The Texas hospital community, represented by the Texas Hospital Association, Children's Hospital Association of Texas, Texas Organization of Rural and Community Hospitals, Teaching Hospitals of Texas and Texas Association of Voluntary Hospitals, appreciates your ongoing commitment to the state's Medicaid 1115 waiver and the essential role it plays in maintaining the health care safety net in Texas.

The waiver, as you know, has been instrumental in containing Medicaid costs, improving access to care and driving health system improvement. For Texas hospitals, the more than \$6 billion a year the waiver provides to fund uncompensated care costs and delivery system innovation is critical for our ability to continue providing the highest quality care to all Texans.

The waiver expires at the end of this year, and the Texas Health and Human Services Commission has submitted a renewal request to the Centers for Medicare & Medicaid Services to keep it in place through September 2019. Your continued support of the waiver as CMS and THHSC negotiate its future is appreciated.

Second, we ask that you support THHSC's request of Secretary Price that he use his authority to withdraw a decision by the previous administration to disallow federal matching funds related to uncompensated care payments for private hospitals. We, and THHSC, believe that CMS' decision to disallow these uncompensated care funds for private hospitals is based on an erroneous understanding of what constitutes an impermissible provider donation. THHSC is pursuing the formal appeals process to have the disallowance lifted but, in the meantime, submitted a letter to Secretary Price on March 7 asking that he immediately withdraw the disallowance.

Participation by both public and private hospitals in the 1115 waiver and its funding is essential for the continued shared responsibility of providing health care to the state's Medicaid and low-income populations.

For six years, Texas' Medicaid 1115 waiver has been a national example of cost-effective, locally driven health care reform. Its continuation has never been more important, particularly as Congress debates the future of access to health insurance and Medicaid financing. The waiver provides Texas and its hospitals critical financial stability without which access to care for all Texans would be significantly compromised.



Thank you for your continued support of Texas hospitals and our work. We look forward to working with you on these issues as well as on your ongoing work to reform the nation's health care system.

Sincerely,

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