



Oct. 23, 2019

Dear Texas Congressional Delegation,

On behalf of the hospitals, health systems and health care providers we collectively represent, **we urge you to eliminate permanently, or delay for at least two years, the impending Medicaid Disproportionate Share Hospital payment cuts set to take effect Nov. 21.** While a short-term delay in the continuing budget resolution signed Sept. 27 was a positive step forward, long term action is critically needed in the coming weeks.

The Affordable Care Act reduced federal funding for Medicaid DSH payments in anticipation of a reduction in the number of uninsured residents and the amount of uncompensated care hospitals provide. As a state that did not expand Medicaid, these outcomes were not realized in Texas.

Texas leads the nation with the largest number and percentage of uninsured individuals. In 2018, 5 million Texans lacked health care coverage—186,000 more than in 2017, according to the U.S. Census Bureau. The Bureau also reports that about 4 million or 15% of the state's residents lived in poverty that same year. The number of vulnerable Texans is significant, and the state simply cannot afford to limit patients' access to essential health care services.

Hospitals are anchors in Texas communities. They use Medicaid DSH payments to help offset the costs of providing care for low-income and uninsured Texans. Reducing these payments will significantly limit Texas hospitals' ability to meet the health care needs of our communities. In federal fiscal year 2020, Texas' 185 DSH hospitals stand to lose an estimated \$450 million or 23% of our Medicaid DSH payments, according to the Medicaid and CHIP Payment Access Commission. The estimated cumulative reduction for fiscal years 2020 through 2025 totals \$4.95 billion for Texas.

In addition to offsetting some of the costs of providing care to Medicaid and uninsured patients, Texas' safety-net hospitals use Medicaid DSH payments to deliver essential community services such as lifesaving trauma care, graduate medical education and neonatal intensive care. The scheduled cuts will present unsustainable financial circumstances for our safety net hospitals that could limit Texas residents' access to essential health care services, particularly for low-income and uninsured Texans.

Any reduction to vital Medicaid DSH payments will harm Texas hospitals and our patients. A permanent repeal or long-term delay of the Medicaid DSH payment cuts will help Texas residents access the care they need, when they need it. **Please support our effort to address the pending cuts.** The stability of the state's health care safety net is at risk without action.

We appreciate your attention to this urgent issue and thank those who have been steadfast advocates for these payments in the past.



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