

Senate Members Letter to the Medicare Conferees on Medicaid DSH Provisions

Circulated by Sens. Chafee, Graham, Bingaman, and Enzi

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As supporters of legislation to prevent unnecessary reductions or adverse limits to the Medicaid Disproportionate Share Hospital (DSH) program, we ask that you provide as much relief as possible for our nation's safety net hospitals, which receive federal funding through this invaluable program.

We have strong concerns about the expiration of the Medicaid DSH provisions included in the Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act of 2000 (BIPA). These provisions provided crucial, but temporary, relief from the deep reductions and limits in state Medicaid allotments that were contained in the Balanced Budget Act of 1997 (BBA). With the BIPA provision, Congress recognized that the funding cuts to DSH-cliff states and severe limits imposed on extremely low-DSH states in the BBA could severely undermine health care safety net services throughout our nation. Although relief was provided in S. 3018 in the last Congress, unfortunately that bill did not become law, and the Medicaid DSH provisions from BIPA expired on October 1, 2002.

To prevent these reductions to our nation's safety net hospitals, we support the inclusion of two provisions in the conference report for S. 1/H.R. 1. These provisions address the adequacy of Medicaid DSH, one of our nation's major sources of care for the uninsured and under-insured. Specifically, we support the inclusion of the Medicaid DSH provision for DSH-cliff hospitals, as specified in H.R. 1. This provision in H.R. 1 includes partial restoration of federal DSH allotments with a one-time 20% increase in DSH allotments for FY 2004. Subsequent years are held harmless at the FY 2004 funding levels until Medicaid DSH allotments reach the levels they would have been prior to BBA. We also support a provision in S. 1 to provide relief for our nation's low-DSH hospitals. Specifically, the provision in S. 1 increases the federal DSH allotments for low-DSH states for FY 2004 and FY 2005.

It is imperative that these provisions, which enjoy strong bipartisan support, be included and retained in the Medicare prescription drug conference report this year. These payments help reimburse hospitals' costs of treating Medicaid patients, particularly those with complex medical needs such as those dually eligible for Medicare and Medicaid, and make it possible for communities to care for those who lack health coverage.

We appreciate your consideration of our views, and look forward to working with you to ensure adequate funding for the Medicaid DSH program.

Signed by Sens. Lincoln Chafee (R-RI), Bob Graham (D-FL), Jeff Bingaman (D-NM), Michael Enzi (R-WY), Mike DeWine (R-OH), Gordon Smith (R-OR), Diane Feinstein (D-CA), John Kerry (D-MA), Patty Murray (D-WA), Joe Lieberman (D-CT), Herbert Kohl (D-WI), Jon Corzine (D-NJ), Ben

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