

May 1, 2023

The Honorable Yvette D. Clarke
Committee on Energy and Commerce
United States House of Representatives
Washington, DC 20515

The Honorable Dan Crenshaw
Committee on Energy and Commerce
United States House of Representatives
Washington, DC 20515

The Honorable Diana DeGette
Committee on Energy and Commerce
United States House of Representatives
Washington, DC 20515

The Honorable Michael C. Burgess, MD
Committee on Energy and Commerce
United States House of Representatives
Washington, DC 20515

Dear Representatives Clarke, Crenshaw, DeGette and Burgess,

On behalf of the Association of American Medical Colleges (AAMC), I write in support of the “Supporting Safety Net Hospitals Act” ([H.R. 2665](#)), which would address pending cuts to the Medicaid disproportionate share hospital (DSH) Program. This crucial legislation would ensure that safety-net hospitals can continue to care for low-income and under-resourced patients during a period of profound financial uncertainty.

The AAMC is a nonprofit association dedicated to improving the health of people everywhere through medical education, health care, medical research, and community collaborations. Its members are all 157 U.S. medical schools accredited by the [Liaison Committee on Medical Education](#); 13 accredited Canadian medical schools; approximately 400 teaching hospitals and health systems, including Department of Veterans Affairs medical centers; and more than 70 academic societies. Through these institutions and organizations, the AAMC leads and serves America’s medical schools and teaching hospitals and the millions of individuals across academic medicine, including more than 193,000 full-time faculty members, 96,000 medical students, 153,000 resident physicians, and 60,000 graduate students and postdoctoral researchers in the biomedical sciences. Following a 2022 merger, the Alliance of Academic Health Centers and the Alliance of Academic Health Centers International broadened the AAMC’s U.S. membership and expanded its reach to international academic health centers.

Established in 1981, the Medicaid DSH program provides crucial financial support to hospitals that care for a disproportionate share of low-income patients, including Medicaid enrollees and the uninsured. The Medicaid program does not adequately reimburse hospitals for the care they provide to enrollees, resulting in a financial shortfall. The Medicaid DSH program helps to offset these uncompensated costs, ensuring that safety-net hospitals may continue to care for low-income and under-resourced patients and communities. This holds true for AAMC-member teaching hospitals and health systems: Although they comprise just 5% of all inpatient hospitals in the U.S., they account for 27% of all Medicaid inpatient days and 30% of all hospital charity

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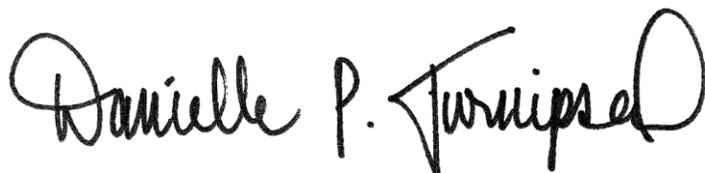
care costs.¹ The Medicaid DSH program ensures that AAMC-member institutions can continue to fulfill their missions and care for all patients, regardless of their ability to pay. The Affordable Care Act included reductions to the Medicaid DSH program under the assumption that an expansion of coverage would reduce hospitals' uncompensated care costs and consequently, the need for supplemental Medicaid DSH payments. This assumption has not materialized for the AAMC's membership: In fiscal year (FY) 2020, AAMC-member teaching hospitals' collective Medicaid shortfall exceeded \$8.6 billion, a 46.3% increase over FY 2018.² In 2023, our members face financial uncertainty as they grapple with historic workforce shortages, unprecedented growth in costs, and a potential surge in uninsured patients as states redetermine eligibility for millions of Medicaid enrollees.

Now more than ever, Congress must address scheduled reductions to the Medicaid DSH program, which are due to go into effect on Oct. 1, 2023. Absent congressional action, these cuts would significantly impede safety-net hospitals' ability to effectively care for low-income and under-resourced patients and communities. Since the ACA's enactment, Congress has acted on a bipartisan basis to prevent these cuts from going into effect. We appreciate that this legislation would again delay these cuts from taking effect for another two years, thereby allowing our members to continue to serve their communities during this critical transition period in the Medicaid program.

We thank you for your efforts to defend the health care safety net and look forward to working with you to advance this vital legislation.

Please contact me (dturnipseed@aamc.org) or Len Marquez (lmarquez@aamc.org), Senior Director, Government Relations and Legislative Advocacy, if you have any questions or concerns.

Sincerely,

A handwritten signature in black ink that reads "Danielle P. Turnipseed". The signature is written in a cursive, flowing style.

Danielle Turnipseed, JD, MHSA, MPP
Chief Public Policy Officer
Association of American Medical Colleges

CC: David J. Skorton, MD
President and CEO
Association of American Medical Colleges

¹ Source: AAMC analysis of AHA Annual Survey Database, FY 2020.

² Source: Centers for Medicare and Medicaid Services, Hospital Cost Reporting Information System (HCRIS) Database, FY2018-FY2020 released September 30 of each associated year. AAMC Membership data, March 2023.