



Congress of the United States

House of Representatives

Washington, DC 20515

June 4, 2009

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
H -232 The Capitol
Washington, DC 20515

The Honorable Harry Reid
Senate Majority Leader
S-221, The Capitol
Washington, DC 20510

The Honorable Steny Hoyer
House Majority Leader
H-107, The Capitol
Washington, DC 20510

The Honorable Mitch McConnell
Senate Minority Leader
S-230 U.S Capitol
Washington, DC 20510

The Honorable John A. Boehner
House Republican Leader
H-204, the Capitol
Washington, DC 20510

The Honorable Max Baucus
Chairman, Senate Finance Committee
219 Dirksen Senate Office Bldg.
Washington, DC 20510

The Honorable Charles Grassley
Ranking Member
Senate Finance Committee
219 Dirksen Senate Office Bldg.
Washington, DC 20510

The Honorable Edward Kennedy
Chairman
Senate HELP Committee
428 Dirksen Senate Office Bldg.
Washington, DC 20510

The Honorable Michael Enzi
Ranking Member
Senate HELP Committee
428 Dirksen Senate Office Bldg.
Washington, DC 20510

The Honorable Henry Waxman
Chairman
House Energy and Commerce Committee
2125 Rayburn House Office Bldg.
Washington D.C. 20515

The Honorable Joe Barton
Ranking Member
House Energy and Commerce Committee
2322-A Rayburn House Office Bldg.
Washington D.C. 20515

Dear Speaker, Leaders, Chairman, and Ranking Members:

As Congress considers health care reform, we think it is important that we do not forget programs designed to address critical funding issues for hospitals and the patients they serve. During debate and discussion on the Stimulus Bill H.R. 1, the Senate version of this legislation included 16 percent funding increases to Medicaid's Low Disproportionate Share Hospital (DSH) states. Unfortunately, the 16 percent funding increases did not make the final version of the bill and subsequent law, P.L. 111-5. In addition, since 2006, two bills have been introduced – one in the Senate (S. 3819, 109th Congress) and one in the House (HR 5721, 110th Congress) – that addressed this issue.

We believe it is critical that Congress reinstate the 16 percent funding increases for another 5 years to reduce the financial burden and decrease uncompensated care costs on our states, hospitals and taxpayers for providing health care services to the indigent and uninsured. Congress created the Medicaid DSH requirement in 1981 to ensure that state Medicaid programs provide adequate payments to hospitals whose patient populations are disproportionately composed of low income Medicaid and uninsured patients. Medicaid DSH payments have evolved into one of the most important sources of financing for the nation's health care safety net.

Under current law, DSH payments are subject to a series of caps, both on the amount of DSH money an individual hospital can receive (Hospital-specific DSH Caps) as well as on the total amount of DSH payments within a state (state DSH allotments). The amount of the state-by state allotments was established in a fairly arbitrary manner as a function of the size of a states' DSH program in 1991, the year the original DSH caps were determined. While some states had fairly robust programs in 1991 and therefore have fairly generous cap, many states were left with low DSH caps.

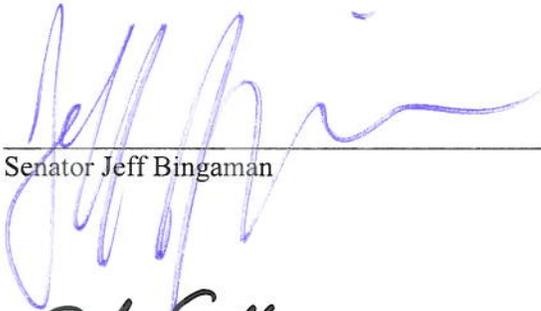
In 2003, Congress passed the Medicare Modernization Act (MMA). The MMA statutorily defined Low DSH states with 16 percent annual funding increases to their DSH allotments through FY 2008. After FY 2008, low DSH states will only receive limited consumer price index inflation adjustments. The MMA defined low DSH states as those states where DSH expenditures are less than 3 percent of total Medicaid expenditures as of FY 2000. We would also like to see the definition of low DSH states updated through FY 2006, excluding those states that are expending their DSH funds through waivers adopted after passage of the MMA. Once updated, the list of low DSH states will include the following states: **Alaska, Arizona, Arkansas, Delaware, Florida, Idaho, Iowa, Kansas, Maine, Maryland, Minnesota, Montana, Nebraska, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Utah, Wisconsin, and Wyoming.**

Below you will find a table reflecting how much each low DSH state will receive if the 16 percent funding increases are continued through FY 2014, and which states will become low DSH states if the definitions are updated to 2006, excluding those states operating their DSH programs through waivers adopted since the passage of the MMA in 2003.

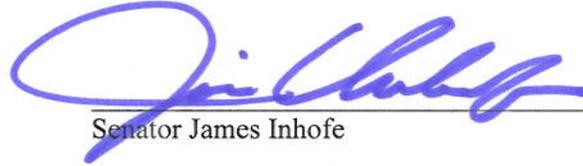
Low Disproportionate Share Hospital Allocations through FY 2014 for Low DSH States (16% Increases and Updated List of Low DSH States)						
State	Actual FFY 2009 (w/o Stimulus incr.)	FFY 2010 w/ 16% Increase (w/o Stimulus incr.)	FFY 2011 w/ 16% Increase	FFY 2012 w/ 16% Increase	FFY 2013 w/ 16% Increase	FFY 2014 w/ 16% Increase
Alaska	\$19,954,087	\$23,146,741	\$26,850,219	\$31,146,255	\$36,129,655	\$41,910,400
Arkansas	\$42,257,634	\$49,018,855	\$56,861,872	\$65,959,772	\$76,513,335	\$88,755,469
Delaware	\$8,868,482	\$10,287,439	\$11,933,429	\$13,842,778	\$16,057,623	\$18,626,842
Idaho	\$16,102,123	\$18,678,463	\$21,667,017	\$25,133,739	\$29,155,138	\$33,819,960
Iowa	\$38,577,638	\$44,750,060	\$51,910,070	\$60,215,681	\$69,850,190	\$81,026,220
Minnesota	\$73,164,983	\$84,871,380	\$98,450,801	\$114,202,929	\$132,475,398	\$153,671,462
Montana	\$11,119,184	\$12,898,253	\$14,961,974	\$17,355,890	\$20,132,832	\$23,354,085
Nebraska	\$27,720,847	\$32,156,183	\$37,301,172	\$43,269,359	\$50,192,457	\$58,223,250
New Mexico	\$19,954,087	\$23,146,741	\$26,850,219	\$31,146,255	\$36,129,655	\$41,910,400
North Dakota	\$9,357,090	\$10,854,224	\$12,590,900	\$14,605,444	\$16,942,315	\$19,653,086
Oklahoma	\$35,473,930	\$41,149,759	\$47,733,720	\$55,371,115	\$64,230,494	\$74,507,373
Oregon	\$44,342,413	\$51,437,199	\$59,667,151	\$69,213,895	\$80,288,118	\$93,134,217
South Dakota	\$10,819,300	\$12,550,388	\$14,558,450	\$16,887,802	\$19,589,850	\$22,724,226
Utah	\$19,217,714	\$22,292,548	\$25,859,356	\$29,996,853	\$34,796,349	\$40,363,765
Wisconsin	\$92,604,049	\$107,420,697	\$124,608,008	\$144,545,290	\$167,672,536	\$194,500,142
Wyoming	\$221,711	\$257,185	\$298,334	\$346,068	\$401,439	\$465,669
Total for Existing Low DSH States	\$469,755,272	\$544,916,116	\$632,102,694	\$733,239,125	\$850,557,385	\$986,646,567
Arizona	\$99,184,176	\$115,053,644	\$133,462,227	\$133,462,227	\$154,816,184	\$179,586,773
Florida	\$195,919,360	\$227,266,458	\$263,629,091	\$263,629,091	\$305,809,745	\$354,739,305
Kansas	\$40,408,368	\$46,873,707	\$54,373,500	\$54,373,500	\$63,073,260	\$73,164,982
Maine	\$102,857,664	\$119,314,890	\$138,405,273	\$138,405,273	\$160,550,116	\$186,238,135
Maryland	\$74,694,256	\$86,645,337	\$100,508,591	\$100,508,591	\$116,589,965	\$135,244,360
New Low DSH States	\$472,655,456	\$595,154,036	\$690,378,682	\$690,378,682	\$800,839,271	\$928,973,554
Totals for All Low DSH States	\$942,410,728	\$1,140,070,151	\$1,322,481,376	\$1,423,617,807	\$1,651,396,656	\$1,915,620,121
Annual Impact Amounts		\$197,659,423	\$182,411,224	\$101,136,431	\$227,778,849	\$264,223,465

The ability for low DSH states to meet the problem of adequately funding the health care safety net is enormous. We understand the difficulty of addressing priority issues in a time of limited resources. Nonetheless, as you consider the health care reform legislation, we encourage you to include the adoption of 16 percent funding increases for low DSH states through FY 2014.

Sincerely,



Senator Jeff Bingaman



Senator James Inhofe



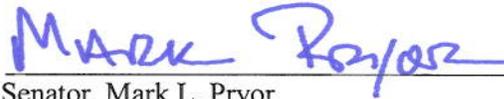
Representative John Sullivan



Senator Tom Udall



Senator Robert F. Bennett



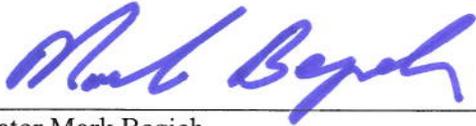
Senator Mark L. Pryor



Senator Blanche L. Lincoln



Senator Jon Tester



Senator Mark Begich



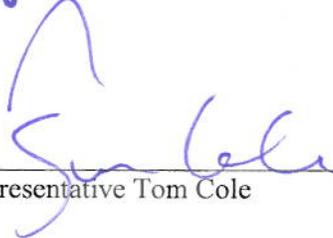
Representative Dan Boren



Representative John Boozman



Representative Mary Fallin



Representative Tom Cole



Representative Martin Heinrich



Representative Gabrielle Giffords



Representative Frank D. Lucas



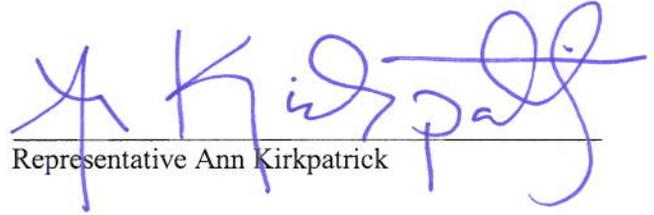
Representative Michael H. Michaud



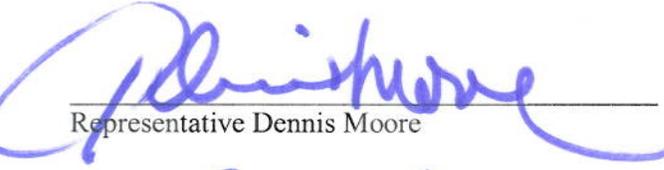
Representative Leonard Boswell



Representative Jerry Moran



Representative Ann Kirkpatrick



Representative Dennis Moore



Representative Harry Teague



Representative Don Young



Representative Kurt Schrader



Representative Mike Ross