



Nov. 5, 2021

Dear Texas Congressional Delegation:

On behalf of hospitals and health systems across the state, we want to draw your attention to newly added provisions to the Build Back Better Act (H.R. 5376) that will have a detrimental effect on Texas' Medicaid program and severely impact hospital care. Texas hospitals wholeheartedly support efforts to close the Medicaid coverage gap and increase the number of people with access to high-quality health care. For years, we have worked alongside stakeholders in earnest to creatively address the high number of uninsured individuals in Texas. While we celebrate the possibility of significant coverage gains under the BBB, we are very concerned that newly proposed funding cuts to hospitals and health systems will directly undermine their ability to provide care across the state.

We draw your attention to problematic provisions in Section 30608 of the draft [bill](#) released on November 3 that (1) would prohibit the use of funding from 1115 waiver uncompensated care pools to reimburse care for patients who qualify for Affordable Care Act Medicaid expansion and (2) reduce a non-expansion state's Disproportionate Share Hospital allocation by 12.5% until that state expands its Medicaid program pursuant to the ACA. These provisions use reductions in DSH and uncompensated care funding, critical funding streams for hospitals that treat the most vulnerable patients, including those currently enrolled in Medicaid – children, disabled individuals, and pregnant women, -- to incentivize states to expand their Medicaid population. The Medicaid DSH cuts alone would result in an estimated \$250 million reduction to Texas annually.

We respectfully ask that you urge House leadership to eliminate the punitive Medicaid DSH and uncompensated care cuts from the bill. Even if coverage gains are fully realized, Texas hospitals will still serve millions of uninsured individuals. These funding streams are critical to offset those costs and underpayment in the Medicaid program.

The financial challenges of the pandemic and associated workforce shortages, coupled with uncertainty surrounding the state's 1115 Medicaid waiver and funding for essential delivery programs, are creating a perfect storm for Texas' hospitals. The additional proposed cuts will undermine the vital role hospitals play in providing access to essential health care for all.

Thank you for carefully reviewing these concerns and this urgent request for timely action. We remain your partners in the commitment to provide the very best care for all Texans, and appreciate your ongoing engagement on issues threatening hospitals and the patients we serve.

Sincerely,



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