

September 15, 2023

To the Honorable Members of the Texas Congressional Delegation:

Congress has recently returned from the August work period, and we know there is a time-sensitive commitment to address expiring programs, federal fiscal year funding, and health care reforms in the coming months. The Lower Costs, More Transparency Act (H.R. 5378), which was recently introduced by some leaders of the House Energy and Commerce, Ways and Means, and Education and Workforce committees, is expected to be voted on by all members of the House of Representatives before the end of the year. As you assess this bill and other opportunities for engagement, Texas hospitals urge you to keep in mind the following priorities that will help protect access to care across the state.

On behalf of our more-than 450 member hospitals and health systems, the Texas Hospital Association respectfully asks you to:

- **Support safety-net hospitals in Texas by preventing \$8 billion in cuts to Medicaid Disproportionate Share Hospitals (DSH) scheduled to occur on Oct 1.** The Medicaid DSH program provides essential financial assistance to hospitals that care for our state’s most vulnerable populations — children, impoverished, disabled and elderly. Congress reduced Medicaid DSH payments in the Affordable Care Act, reasoning that hospitals would care for fewer uninsured patients as health coverage expanded. However, those coverage gains have not yet been fully realized, and Texas leads the nation in the number of uninsured. Without action by Congress, payments to Texas safety-net hospitals will be cut by \$800 million in fiscal year 2024 alone, and by more than \$3 billion over the next four fiscal years. Texas hospitals support H.R. 2665, the Supporting Safety Net Hospitals Act, a bipartisan measure to repeal two years of Medicaid DSH cuts.
- **Oppose site-neutral payment cuts, which would reduce access to critical health care services, especially in rural and other underserved communities.** Several committees have passed legislation that will reduce payments to off-campus hospital outpatient departments (HOPDs) for drug administration services. HOPDs – such as hospital-owned clinics that provide complex cancer, pediatric and mental health services – should not be paid the same Medicare rate as a stand-alone physician office. HOPDs treat more patients from medically underserved populations who tend to be sicker and more complex to care for than Medicare patients treated in independent physician offices and ambulatory surgical centers. HOPDs also are held to more rigorous licensing, accreditation and regulatory requirements.
- **Oppose new mandates that require additional reporting on price transparency.** Hospitals believe consumers should have information to make the best possible choices

for their care. To drive greater transparency in the market, hospitals support price transparency for all provider types. Today, only hospitals and health plans have requirements to post their prices. According to Turquoise Health, 75% of Texas hospitals are compliant or mostly compliant with the federal requirements for posting procedure prices – a higher percentage than many other states.¹ Texas hospitals are also subject to a state price transparency law that includes penalties in addition to those set by the federal government. Despite some mischaracterizations, we believe that hospitals' compliance with these laws, coupled with federal and state oversight, is achieving greater transparency and more control for consumers over their health care.

- **Call on the Centers for Medicare & Medicaid Services (CMS) to withdraw a proposed rule that will limit states' ability to access federal Medicaid dollars.** Hospitals across the state rely on payments through state-directed payment programs (SDPs) to provide essential care for Medicaid enrollees and the uninsured. In May 2023, CMS issued a proposed rule that would restrict Texas from using longstanding CMS-approved methods to finance its Medicaid program. The rule puts at risk \$6 billion in Medicaid funding and may be finalized before the end of the year.

Texas hospitals applaud your dedication to ensuring access to care across the state. As cornerstones of health in communities large and small, we share in that pledge and consider it core to our mission. Yet, Texas hospitals are facing significant challenges including workforce shortages resulting in increased costs, treating sicker patients longer, meeting increased demands for behavioral health services, ensuring a safe work environment, and skyrocketing inflation. **Today almost half of Texas hospitals (48%) are operating in the red, and nearly one out of every 10 is at risk of closure.**²

As Congress considers ways to improve the health care system, thank you for keeping the priorities listed above in mind. Your support of hospitals can have far-reaching consequences for the patients they serve.

Sincerely,



John Hawkins
President/CEO
Texas Hospital Association

¹ Turquoise Health (2023). Price transparency impact report: Q1 2023, Appendix, By state.

² KaufmanHall. (2022). The financial impact of Covid-19 on Texas hospitals. <https://www.tha.org/wp-content/uploads/2022/11/Texas-Hospital-Association-Financial-Impact-Report-11.1.22.pdf>