

September 8, 2025

To the Honorable Members of the Texas Congressional Delegation:

Congress has recently returned from the August work period, and there is an urgent need to address expiring programs and federal fiscal year (FY) funding in the coming months. On behalf of our more-than 450 member hospitals and health systems, the Texas Hospital Association respectfully asks you to address the following time-sensitive priorities that are critical to protecting access to care across the state:

**Support safety-net hospitals in Texas by providing long-term relief from \$2 billion in cuts to the Medicaid Disproportionate Share Hospital (DSH) program by Sept. 30.** The Medicaid DSH program provides essential financial assistance to hospitals that care for our state's most vulnerable populations – children, impoverished, disabled and the 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 safety-net hospitals nationwide will be cut by \$8 billion in fiscal year 2026 alone (\$800 million in Texas), and by more than \$24 billion over the next three fiscal years (\$2 billion in Texas). District-specific impact data is available [here](#).

*A short-term delay of several months may not prevent DSH cuts from taking effect.* Last year, the Centers for Medicare & Medicaid Services (CMS) still held back states' DSH funds under short-term funding deals, only restoring full DSH allotments when the cuts were postponed through Sept. 30. When the state cannot make full DSH payments to hospitals as scheduled, these hospitals are starved of needed operating resources during the year and must seek other ways to cover costs until DSH is restored. This painful process saves the government no money, adds to hospitals' financial strain, and is poised to repeat itself again unless Congress provides long-term relief.

**Extend programs that provide vital support for rural hospitals by Sept. 30.** Two vital lifelines for rural hospitals – the Medicare-Dependent Hospital (MDH) and Low-Volume Adjustment (LVA) programs – are set to expire after Sept. 30. MDH is a payment source for facilities with a particularly high Medicare patient population, while LVA provides payments to facilities that don't reach a certain threshold of discharge numbers, among other requirements. For the stability of the vulnerable rural facilities they benefit, including 57 in Texas, these programs must be made permanent or extended. District-specific impact data on the LVA cuts is available [here](#).

**Support permanence for telehealth flexibilities and the hospital-at-home program by Sept. 30.** Telehealth flexibilities that Medicare authorities granted during the COVID-19 pandemic have netted lasting benefits for remote care. The federal Acute Hospital Care at Home program was likewise a beneficial pandemic-era initiative, allowing hospitals to treat eligible patients at home. Currently, 41 hospitals in Texas operate a hospital-at-home program.<sup>1</sup> Authorization for telehealth flexibilities and the hospital-at-home program run through Sept. 30. THA is asking for them to be extended or made permanent.

**Prevent Medicare sequestration cuts.** Without Congressional action by Sept. 30, mandatory Medicare payment cuts for hospital inpatient and outpatient services will increase from 2% to 4%. This means Medicare will now pay hospitals only 96 cents for every dollar owed. The maximum sequester is triggered by the Statutory Pay-as-you-go Act (S-PAYGO) due to deficit increases resulting from the One Big Beautiful Bill. Failure to waive S-PAYGO cuts would result in over \$242 million in reduced Medicare payments to Texas hospitals in FY 2026.

**Preserve affordable health insurance coverage for Texans by renewing the enhanced premium tax credits (EPTCs) by Dec 31.** More than 3.3 million working Texans and their families currently receive tax credits from the federal government to purchase health insurance on the private marketplace. The strict eligibility rules and tax credit amount are set by the federal government. In 2021, Congress increased the income eligibility threshold; however, that revised policy will expire at the end of this year.

Without Congressional action, annual premiums for most marketplace enrollees in Texas would increase by 115%.<sup>2</sup> This change will undoubtedly lead to decreased coverage in the state that already has more uninsured residents than any other. The loss of coverage would also put significant financial stress on hospitals and other providers, as they face more uncompensated care and bad debt. The EPTCs must be protected so Texans can access the care they need. More details about the impact of EPTCs in Texas are available [here](#).

Thank you for keeping these priorities in mind as Congress considers its agenda for the fall. Bipartisan engagement from the delegation to advance these policies is critical to ensuring the health care needs of individuals and families across the state are met.

Sincerely,



John Hawkins  
President/CEO

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<sup>1</sup> Centers for Medicare & Medicaid Services. Approved Facilities/Systems for Acute Hospital Care at Home. <https://qualitynet.cms.gov/acute-hospital-care-at-home/resources> (updated 8/18/2025).

<sup>2</sup> Inflation Reduction Act Health Insurance Subsidies: What is Their Impact and What Would Happen if They Expire? (July 26, 2024) <https://www.kff.org/affordable-care-act/issue-brief/inflation-reduction-act-health-insurance-subsidies-what-is-their-impact-and-what-would-happen-if-they-expire/>