

Congress of the United States
Washington, DC 20515

September 16, 2011

The Honorable Jeb Hensarling
U.S. House of Representatives
129 Cannon House Office Building
Washington, DC 20515

The Honorable Patty Murray
U.S. Senate
448 Russell Senate Office Building
Washington, DC 20510

Dear Representative Hensarling and Senator Murray:

As the Joint Select Committee on Deficit Reduction begins the difficult task of negotiating a compromise to address our national deficit, we respectfully request that you consider the potential implications that cuts to health care providers could have on beneficiaries, hospitals, physicians, continuing care providers, and the economy. These providers have been and will be, under current law, subject to significant Medicare and Medicaid cuts already. We understand that you face a serious challenge and will need to consider all potential savings, but the standing of health care providers, the patients they serve and individuals they employ in our state as well as the country, would be in jeopardy should the Committee seek to cut payments as a means to achieve short-term savings in Medicare and Medicaid.

In terms of Medicare payments, we hope the Committee will foresee and carefully consider the broader implications that hospital provider cuts and reductions to Graduate Medical Education (GME – Direct and Indirect Medical Education) will have on our nation's health care system. New York teaching hospitals train 1 out of every 7 physicians in America and provide highly specialized care not found in community hospitals, making these funds not only critical for New York hospitals, but also an important component for ensuring access to physicians throughout the United States. With 10,000 seniors aging into Medicare every day, reducing funds that are critical in developing our nation's physician workforce would have the unintended consequence of limiting access to quality health care services for current and future Medicare beneficiaries. Additionally, the Association of American Medical Colleges predicts that these cuts would result in the loss of nearly 73,000 direct jobs and an even larger number of indirect jobs nationwide.

As you know, physicians were threatened with six rounds of payment cuts last year alone, with a 30 percent cut in reimbursement now set to go into effect next year. Further payment cuts would discourage potential physicians from going into medicine and current physicians from staying in practice, which would only exacerbate the physician shortage. Additionally, the significantly reduced payments that hospitals are set to see in the coming years will strain their ability to train new doctors. If the Committee chooses to include changes to Medicare among its recommendations, we respectfully request that you pursue reforms that seek to lower costs and strengthen Medicare, rather than propose short-term savings by reducing payments to providers.

We are also concerned that any additional Medicaid payment reductions on the part of the Committee could further disrupt providers' ability to care for their most vulnerable patients, and

significantly hamper patients' access to care. There have been and are scheduled to be many reductions and reforms at both the federal and state level that have and will result in significant Medicaid cuts to providers. For example, the Affordable Care Act included a reduction of Medicaid Disproportionate Share Hospital (DSH) payments of \$14.1 billion by the end of the decade. Earlier this year New York State enacted Medicaid reforms, which are designed to reduce projected Medicaid spending by \$6 billion in the current state fiscal year. As a result, health care providers have carried much of the burden of Medicaid cuts, with the cuts reaching hospitals, nursing homes, and home care agencies.

Additionally, we are concerned about the potential effects that would be seen in rural and small communities should the Committee recommend reductions to or elimination of Medicare special payment status programs of Critical Access Hospitals (CAHs), Sole Community Hospitals (SCHs), Rural Referral Centers (RRCs) and Medicare Dependent Hospitals (MDHs). Elimination or reductions in this area, absent fundamental reform, would be harmful to many rural and small communities where the locus of the provision of health care services and the centers of employment resides with the community hospital.

In these difficult economic times where we continue to see record unemployment, it is important that we remember the impact of hospitals on the economy as employers and major purchasers of goods and services. Moreover, hospital payroll and other expenditures support jobs throughout the economy creating a "ripple effect" in our communities. Together, New York State hospitals generate nearly \$108 billion for state and local economies each year and support more than 686,000 jobs through direct and indirect employment. Taken together, these individuals pay more than \$4.7 billion in state and local personal income and sales taxes. We should be supporting and investing in these economic engines rather than hampering their ability to grow our economy and care for our constituents.

While the task before you is great, we believe that the Joint Select Committee has a unique opportunity to put forth a bold bipartisan solution to reduce our deficit, taking steps to put entitlement programs on the right track. We ask that you take our concerns into consideration as you move forward with the deliberations and consider the consequences cuts would mean to providers, the patients they serve and the individuals they employ. Thank you for serving on the committee and we appreciate your attention to this matter.

Sincerely,



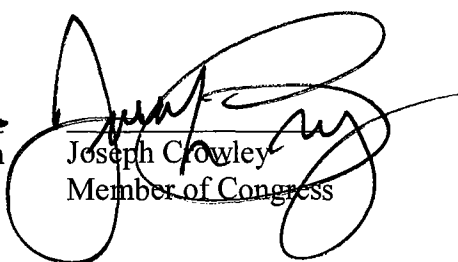
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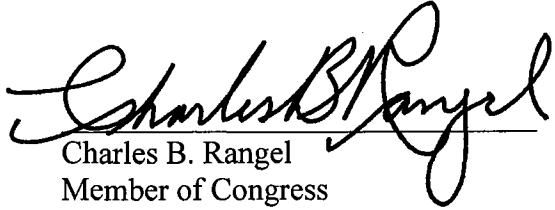
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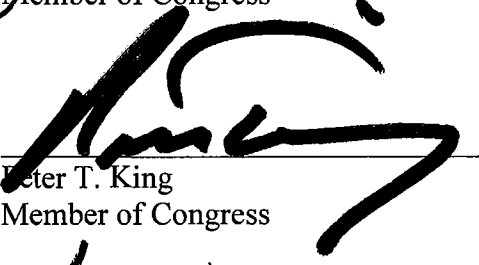
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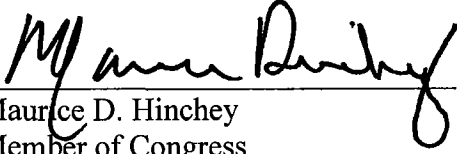
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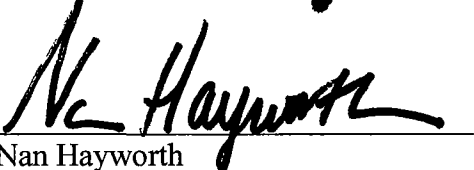
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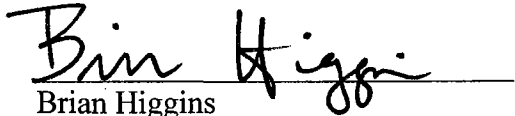
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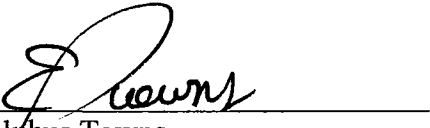
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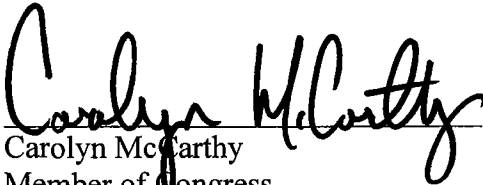
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