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August 24, 2017

To Senator Charles Schumer, Senator Kirsten Gillibrand, and Members of the New York State Congressional Delegation, 115th Congress:

On behalf of New York's not-for-profit and public hospitals and health systems, including skilled nursing facilities, home health agencies, hospices, and other Medicaid and safety net providers, we, the members of the Board of Trustees of the Healthcare Association of New York State (HANYs), encourage your support to address a number of immediate challenges facing New York's hospitals and health systems and the patients and communities we serve.

Over the course of the last several months we, and HANYs' members across the state, discussed with Delegation members our highest priority of safeguarding comprehensive health coverage, including through the Medicaid program, to allow for widespread access to necessary healthcare services and predictable and rational reimbursement to hospitals and health systems.

Our firm commitment to that principle drives our urgent request for passage of legislation before the end of September to ensure payment of the Affordable Care Act's (ACA) Cost Sharing Reductions (CSRs) and stabilization of ACA markets. Further, in the legislative arena, we ask the Delegation to lift impending Medicaid Disproportionate Share Hospital (DSH) reductions, fully fund the Children's Health Insurance Program, and make permanent the Medicare Dependent Hospital and Medicare Low Volume Hospital programs. Finally, in the regulatory arena, we ask the Delegation to urge the Centers for Medicare and Medicaid Services (CMS) to withdraw recent proposals that would undermine safety net hospitals' participation in the 340B Drug Discount Program and reduce Medicare support for services furnished in certain off-campus clinics.

Ensure Cost Sharing Reduction Payments and Market Stabilization

We welcome leadership from Delegation members to pursue bipartisan efforts on CSRs and market stabilization. More than 700,000 low- and moderate-income New Yorkers depend upon CSRs paid to insurers to keep down premiums for plans purchased through the New York State of Health exchange, including for the Essential Health Plan.

Ensuring stable ACA markets is critical to safeguarding health insurance coverage across the country. While we welcome bipartisan efforts in the House and Senate to pursue continuation of CSRs and market stabilization, HANYs is deeply concerned about some of these developing proposals that include provider reductions as offsets.

Cutting provider payments to pay for CSR and market stabilization would erode, not strengthen, access to care in rural and urban communities alike.

We urge the entire Delegation to stand firm on protecting hospitals and health systems during legislative debates this fall on CSRs and market stabilization and any other legislative debate that raises the prospect of policies harmful to hospitals and health systems and the patients and communities we serve.

Prevent Medicaid Disproportionate Share Hospital (DSH) Reductions

Congress has taken steps each of the last three years to pursue a moratorium on Medicaid DSH cuts scheduled under current the law to begin October 1 of this year. We are grateful that Congress has recognized the need to maintain current federal Medicaid DSH payments. DSH payments are a lifeline to safety net hospitals, enabling these facilities to fulfill their mission to care for the uninsured and underinsured in their communities as they contend with public payer reimbursement that often does not cover the cost of care.

If the scheduled cuts take effect, New York hospitals would be subject to a \$5.2 billion loss over the next ten years; hospitals nationwide would lose \$43 billion over the same period. We urge the Delegation to continue the moratorium on Medicaid DSH cuts.

Fully Fund the Children's Health Insurance Program (CHIP)

Since its inception, CHIP has had widespread, bipartisan support, in acknowledgment of the tremendous benefit the program accrues to the health and well-being of children and their families who are low-income. States are facing rapidly depleting funds that support CHIP. New York's CHIP plan—Child Health Plus—covers more than 300,000 children. We urge the Delegation to ensure legislation is passed before the end of September to fully fund the program for the next five years.

Permanently Extend the Medicare Dependent Hospital Program (MDH) and Medicaid Low Volume Hospital (LV) Payments

At the end of September both the MDH program and LV payments, critical to small community and rural hospitals, are set to expire. Rural and small community hospitals are essential for maintaining the healthcare services and economies of their communities. MDHs are small hospitals for which Medicare beneficiaries comprise a significant percentage of their patients and, hence, their revenue. They are considered more financially vulnerable than hospitals that are reimbursed for patient care under a wider mix of private and public insurance. Hospitals eligible for LV payments are essential to their rural communities, have a modest volume of patients, and are located at least 15 miles from the next nearest hospital.

Under the leadership of Senate Minority Leader Charles Schumer in the Senate and Representative Tom Reed in the House, these programs/payments have been extended several times in recent years. We appreciate Senator Schumer and Congressman Reed having sponsored legislation in the Senate and House, the Rural Hospital Access Act (S. 872/H.R. 1955) to make these programs permanent at current funding levels. We urge the entire Delegation to support the permanent extension of the MDH program and LV payments prior to September 30.

Protect the 340B Drug Discount Program

The Centers for Medicare and Medicaid Services (CMS), as part of its (CY) 2018 outpatient prospective payment system (OPPS) proposed rule, has put forward a proposal that would dramatically reduce Medicare reimbursement to hospitals that furnish certain Part B drugs purchased

through the 340B program, from the Average Sales Price, plus six percent to the Average Sales Price, *minus* 22.5 percent. This proposal would do nothing to tackle the systemic problem of rising drug prices, but rather would only serve as a Medicare payment cut to 340B, safety net hospitals that care for vulnerable patients.

340B program discounts enable safety-net hospitals across New York State to stretch scarce resources while mitigating losses such hospitals experience due to chronic underpayments from public payers, like Medicaid. HANYS' member hospitals that participate in the 340B program report using resultant savings to operate a variety of programs and services that otherwise may not be financially viable, including:

- Free or substantially discounted prescriptions to uninsured or low-income patients;
- Medication therapy management programs to improve patient care and reduce overall health costs and hospital readmissions;
- Mobile units to bring care to rural and other medically underserved communities without local primary care options or pharmacies;
- Free oncology services to low-income patients;
- Multidisciplinary clinics offering substance abuse and mental health needs; and
- Transportation support to patients who need to utilize emergency room services.

Given the value of the 340B program we ask that the Delegation urge CMS to withdraw this proposal and ensure that safety net hospitals and the communities we serve continue to have access to the direct and secondary benefits our participation in the 340B program affords.

Protect Hospital Clinics from Further Site-Neutral Reductions

CMS' 2018 Medicare Physician Fee Schedule (PFS) proposed rule includes a proposal to cut in half Medicare reimbursement to those hospitals that are currently operating off-campus, provider-based clinics that opened after November 2, 2015—"non-grandfathered" sites.

Hospitals and health systems are already absorbing reductions under the site-neutral policy that became law as part of the Bipartisan Budget Act of 2015; the further reductions to new off-campus HOPDs proposed by CMS are without policy basis and could threaten access to care in vulnerable communities.

We ask the Delegation to urge CMS to withdraw this proposal, given the critical role hospital clinics serve in ensuring access to necessary physician services for all patients.

We thank the Delegation for your longstanding, bipartisan work to protect New York's hospitals and health systems and the patients and communities we serve. We look forward to working with you on these critically important and timely issues.

For further information, contact Susan Van Meter, HANYS' Senior Vice President, Federal Relations, at (202) 488-1272 or at svanmete@hanys.org.

On behalf of HANYS' Board of Trustees, by its unanimous consent:



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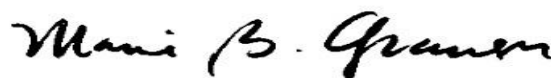
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