

California Legislature

April 5, 2019

Dear Members of the U.S. California Congressional Delegation:

We are writing to express our strong support of Medicaid Disproportionate Share Hospital (DSH) funding and urge your assistance in delaying the scheduled federal cuts to this program, which are set to take effect October 2019.

Medicaid DSH provides more than \$1.2 billion in federal funding to safety net hospitals in California, which include public health care systems, district hospitals, and private safety net hospitals. These systems use Medicaid DSH to offset low payments in Medi-Cal, expand services to the uninsured, and provide highly specialized local and regional services. For example, many public health care systems have dedicated all of their Medicaid DSH funding to serve the remaining uninsured by offering better access to preventive services and coordinating care in more appropriate settings. This approach has resulted in a decrease in inpatient and emergency services, and an increase in outpatient care, leading to more efficient care delivery overall. Additionally, California's private safety net hospitals are using their Medicaid DSH funds to partner with clinics and community-based organizations to ensure vulnerable communities receive more coordinated, higher value care in the right setting.

As part of the Affordable Care Act, Congress instituted scheduled cuts to the Medicaid DSH program that were intended to correspond with increased health coverage. However, despite California's success with expanding coverage, most of those gains were in Medi-Cal, where Medicaid DSH helps offset reimbursement rates that do not cover the cost of providing care. In addition, roughly 3 million Californians remain uninsured. With more than one-third of California residents now covered by either Medi-Cal or still uninsured, safety net providers continue to rely on Medicaid DSH to fulfill their mission to provide care for these vulnerable populations.

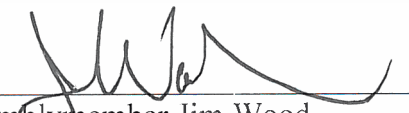
In recognition of the importance of Medicaid DSH funding to safety net providers across the country, Congress has repeatedly delayed the start of these cuts with strong bi-partisan support. However, the cuts are now slated to begin October 2019. If implemented, California safety net hospitals could lose nearly \$500 million in funding in FY2019-2020 and more than \$950 million in funding in FY 2020-2021 and beyond in federal Medicaid DSH and associated funding.

We respectfully urge the California Congressional Delegation to work with leadership and other congressional colleagues to again delay the Medicaid DSH cuts, so that low-income Medi-Cal and uninsured patients can continue to have access to high-quality, comprehensive, patient-centered care.

Sincerely,



Assemblymember Ash Kalra
27th Assembly District



Assemblymember Jim Wood
2nd Assembly District

Mike A. AD64

AD13

Frank Cizlaw AD5

WTR AD19

Bill Davis AD20

Alan B. AD24

Jim M. AD66

John AD23

David Chiu AD17

Sabir C. AD60

Mami Waldh AD75

Th. AD72

Mal S. AD29

AD42

Blanca E. Rubio AD48

AD61
AD54

Bobby U. AD15

AD52

AD12

AD37

AD37

AD56

Jim Cooper AD09

Rob Barte (AD18)

Jacqui V ~~AD44~~

Ly AD21

Randy Voepel AD71

Algo AD47

Enr AD28

Jr AD11

Patricia O'Donnell AD70

Rod/SAS AD32

John AD80

Jan Calder AD57

Brian Jelle AD1

Mr + Mrs AD30

Debbie AD62

Carol Ann AD18

Ken Cooley AD8

Kupukus AD39

Jay Colan AD33