

# GNYHA FALL 2019 FEDERAL LEGISLATIVE PRIORITIES

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## MEDICAID DISPROPORTIONATE SHARE HOSPITAL (DSH) FUNDING

The Medicaid DSH program provides payments to hospitals that serve low-income communities to offset their uncompensated care losses from treating high rates of Medicaid and uninsured individuals. DSH funding is essential to ensuring that financially struggling safety net hospitals can continue to serve low-income individuals and vulnerable communities.

The Affordable Care Act (ACA) included cuts to DSH payments under the assumption that, with more people having health insurance, hospitals' uncompensated care would decrease.

The Medicaid DSH cuts were scheduled to occur from 2014 to 2020, but their implementation has been repeatedly delayed because universal coverage has not been achieved, safety net hospitals continue to provide uncompensated care, and lawmakers on both sides of the aisle recognize that these DSH cuts will severely harm these institutions.

If Congress fails to act—the cuts are scheduled to begin on October 1—Medicaid DSH payments will be reduced by \$4 billion in Federal fiscal year (FY) 2020 and \$8 billion annually in FYs 2021-2025.

Fortunately, a proposal to repeal \$16 billion in Medicaid DSH cuts, including for the next two years entirely, has passed the House Energy and Commerce Committee. There is wide bipartisan support in the House to delay the Medicaid DSH cuts, with more than 300 members signing a letter earlier this year calling for a delay.

### GNYHA Position

Delaying the Medicaid DSH cuts is GNYHA's top legislative priority. We strongly urge Congress to delay the Medicaid DSH cuts for at least two years.

## SURPRISE BILLING

GNYHA strongly supports ending surprise medical bills, but it is imperative that any surprise billing law does *not* include the setting of benchmark rates that would seriously weaken hospitals' ability to negotiate with for-profit insurers. Unfortunately, several proposals on Capitol Hill would amount to government rate-setting, including proposals that have passed the Senate Health, Education, Labor and Pensions (HELP) Committee and the House Energy and Commerce Committee.

### GNYHA Position

Any surprise billing proposal that Congress passes must 1) hold patients harmless from surprise bills, 2) not preempt state laws that already address surprise bills, and 3) not include benchmark rates. A Federal surprise billing proposal should instead adopt a dispute resolution process similar to New York State's model. GNYHA believes that New York's model is the best framework for Congress to adopt.

## GRADUATE MEDICAL EDUCATION

The United States' worsening physician shortage could reach up to 122,000 physicians by 2032.<sup>1</sup> Congress must give teaching hospitals the resources they need to train physicians by increasing the amount of Medicare-reimbursed residency slots, which are restricted by outdated and insufficient caps.



*GNYHA is a dynamic, constantly evolving center for health care advocacy and expertise, but our core mission—helping hospitals deliver the finest patient care in the most cost-effective way—never changes.*

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Two GNYHA-supported bills, the *Resident Physician Shortage Reduction Act of 2019* (S. 348/H.R. 1763) and the *Opioid Workforce Act of 2019* (H.R. 3414), have made promising inroads in the 116th Congress. The *Resident Physician Shortage Reduction Act* has over 145 House cosponsors and addresses the physician shortage by creating 15,000 additional Medicare-reimbursed residency slots over five years. The *Opioid Workforce Act*, which would create 1,000 new residency slots in specialties that treat patients with substance use disorders, has already passed the Ways and Means Committee with bipartisan support.

### GNYHA Position

Congress should pass the *Opioid Workforce Act* and the *Resident Physician Shortage Reduction Act*, and GNYHA encourages all members of the House and Senate to cosponsor both bills.

### DRUG PRICING

National reforms to make medications more affordable are long overdue, and GNYHA strongly supports the policy goal of bringing down drug costs to protect access to critical drug treatments. Congress is working on a number of proposals that would increase competition in the drug marketplace, including reforms to curb the abuses by some brand name pharmaceutical companies that stymie generic competition, and promoting policies that facilitate the uptake of biosimilars.

GNYHA also seeks reforms that will ensure that hospitals receive adequate reimbursement, such as through cost-based pass-through payments, for providing the latest high-cost therapies. Medicare currently only reimburses hospitals for a fraction of the costs they incur to provide these expensive but often life-saving treatments.

GNYHA opposes misguided proposals that address drug costs by reducing Medicare reimbursements to providers—such proposals would merely make it harder for hospitals to give their patients affordable, high-quality medications. Specifically, the Senate Finance Committee's *Prescription Drug Pricing Reduction Act of 2019* would cause this unintended consequence by enacting "site-neutral" reimbursement cuts to hospital outpatient departments (HOPDs) and weakening the negotiating power of group purchasing organizations. GNYHA also strongly opposes Medicare's unlawful 30% reimbursement cut to 340B hospitals for Medicare outpatient drugs.

### GNYHA Position

Congress must act to lower prescription drug prices for patients and providers, and improve Medicare reimbursement policies for costly new technology therapies. Congress must reject all policies that reduce hospital reimbursement rates.

### INFRASTRUCTURE

Hospitals are the indispensable anchor of the nation's health care delivery system and drivers of economic growth that supports over 16 million jobs nationwide. But too many hospitals are deteriorating and lack the funds to make necessary capital improvements. Congress must address this lack of funding.

GNYHA has circulated a proposal on Capitol Hill that outlines three ways that Congress can address hospital infrastructure shortfalls: increase access to capital, increase Health Information Technology (HIT) funding, and increase health care workforce development funding.

### GNYHA Position

Congress should include significant hospital infrastructure funding in any comprehensive infrastructure bill.

<sup>1</sup> "The Complexities of Physician Supply and Demand: Projections from 2017-2032," Association of American Medical Colleges, (April 2019). [https://aamc-black.global.ssl.fastly.net/production/media/filer\\_public/31/13/3113ee5c-a038-4c16-89af-294a69826650/2019\\_update\\_-\\_the\\_complexities\\_of\\_physician\\_supply\\_and\\_demand\\_-\\_projections\\_from\\_2017-2032.pdf](https://aamc-black.global.ssl.fastly.net/production/media/filer_public/31/13/3113ee5c-a038-4c16-89af-294a69826650/2019_update_-_the_complexities_of_physician_supply_and_demand_-_projections_from_2017-2032.pdf) (accessed September 10, 2019).