Federation of American Hospitals

Charles N. Kahn III
President & CEO

May 21, 2025

The Honorable Mike Johnson
Speaker
U.S. House of Representatives
Washington, DC 20515

The Honorable Hakeem Jeffries
Minority Leader
U.S. House of Representatives
Washington, DC 20515

Dear Speaker Johnson and Minority Leader Jeffries:

On behalf of the Federation of American Hospitals (FAH), I write to express our opposition to the Medicaid cuts that are included in *H.Con.Res.14***.** FAH supports the goal of boosting the American economy through the budget reconciliation's tax cuts; however, this legislation should be held to the standard of doing no harm. The bill's cuts to health coverage and care impact Americans in every congressional district. **Therefore, the FAH opposes *H.Con.Res.14* in its current form.** We look forward to working with the Senate to further develop this legislation, and we welcome the opportunity to see Medicaid policies that are more consistent with the health care needs of millions of Americans.

The FAH is the national representative of over 1,000 leading tax-paying hospitals and health systems throughout the United States. FAH members provide patients and communities with access to high quality, affordable care in both urban and rural areas across 46 states, plus Washington, DC and Puerto Rico. Our members include teaching, acute, inpatient rehabilitation, behavioral health, and long-term care hospitals and provide a wide range of inpatient, ambulatory, post-acute, emergency, children's, and cancer services.

FAH supports Congress and the Administration's pro-growth policies that will help American families and businesses, fuel economic growth, and keep America globally competitive. We also believe Congress should ensure that Medicaid-funded health care remains readily available in the future for those who depend on it. It is an important mission to root out true waste, fraud, and abuse in the program so that America's taxpayers can be assured their tax dollars are being protected. However, many of the provisions under consideration in this bill go well beyond the mandate of ridding the program of waste, fraud, and abuse, and instead reflect an unprecedented threat to Medicaid coverage and access to care in communities across the country.

Of particular concern to hospitals are the proposed changes to provider taxes and state directed payments (SDPs). In 2023, hospitals faced a $27.5 billion shortfall between the cost of caring for Medicaid patients and the payments received—a deficit that these two policies under consideration would deepen further. Provider taxes return federal taxpayer dollars to local communities, helping states pay for patient care without raising taxes on families and small businesses. Imposing a moratorium on new and increased provider taxes creates an imbalance in Medicaid financing across states and eliminates a critical mechanism by which states fund their portion of the program. Relatedly, capping payments in SDP programs will deny states the flexibility needed to ensure provider payments cover the cost of providing care and keep pace with inflation. While we believe a provision allowing existing SDPs to continue is critical, the "grandfather clause" in this bill fails to protect these programs beyond the first year.

Additionally, any changes to Medicaid should be considered with the broader landscape of coverage in mind. The reconciliation bill ends automatic re-enrollment in the exchanges and includes other changes to enrollment policies that could result in millions of Americans losing private insurance. We call on Congress to ensure the stability of the individual market and to extend the enhanced premium tax credits (EPTCs) for purchasing insurance in the exchanges, which are set to expire at the end of this year. In 2025, these tax credits are projected to nearly double the size of the nongroup health insurance market in five states—Texas, South Carolina, Mississippi, Louisiana, and Georgia—while reducing the uninsured rate by at least 21 percent in each.[1] [2] If Congress allows the tax credits to expire, premiums will increase by 93%, costing the average marketplace enrollee an additional $624 per year.[3]

According to the CBO, *H.Con.Res.14* would result in 7.6 million individuals going uninsured.[4] These coverage losses would lead to increased emergency service utilization and uncompensated care ultimately driving up health care costs for all Americans, threatening the viability of community hospitals and straining taxpayer resources. **Therefore, we urge lawmakers to continue working on improvements to *H.Con.Res.14*. We look forward to working with Senators on their approach to mitigating these coverage losses and ensuring Medicaid is appropriately financed to serve America's most vulnerable populations.**

We would welcome the opportunity to work with you on this important matter. If you have any questions or wish to speak further, please do not hesitate to reach out to me or a member of my staff at (202) 624-1500.

Sincerely,

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[1] Who Benefits from Enhanced Premium Tax Credits in the Marketplace? | Urban Institute
[2] Enhanced ACA Marketplace Tax Credits Worked And Shouldn't Be Eliminated | The Century Foundation
[3] Inflation Reduction Act Health Insurance Subsidies: What is Their Impact and What Would Happen if They Expire? | KFF
[4] Preliminary CBO Estimate, Energy & Commerce Markup | Congressional Budget Office (May 9, 2025)