



Charlene MacDonald
Executive Vice President, Public Affairs

July 18, 2025

The Honorable Josh Hawley
United States Senate
115 Russell Senate Office Building
Washington, DC 20510

Dear Senator Hawley,

On behalf of the more than 1,000 leading tax-paying hospitals and health systems we represent throughout the United States, the members of the Federation of American Hospitals (FAH) write to express our **strong support for S. 2279, the *Protect Medicaid and Rural Hospitals Act***, and express our appreciation for your efforts throughout the reconciliation process to fend off cuts to the Medicaid program. We urge Congress to consider this bill to protect access to care for millions of vulnerable Americans and mitigate the impact of the Medicaid reductions contained in H.R. 1, *the One Big Beautiful Bill Act (OBBA)*.

By introducing S. 2279, you rightly acknowledge that hospitals cannot maintain essential health care services if the provider tax and state directed payment (SDP) changes in *OBBA* are implemented. SDPs and provider taxes provide critical sources of revenue that allow states to support hospitals that disproportionately serve Medicaid patients. SDPs and provider taxes help hospitals cover the costs of essential services like obstetrics and behavioral health and, without them, many providers will be forced to reduce service lines or close entirely – leaving patients without care and entire communities without access to the vital services they need.

S. 2279 would also help mitigate the disproportionate burden *OBBA*'s Medicaid cuts place on rural communities. Rural hospitals already operate on thin margins and face persistent workforce and infrastructure challenges. Investing an additional \$50 billion in the Rural Health Transformation Fund is a meaningful acknowledgment that more support is needed and is a critical step toward shoring up hospitals that serve as the sole source of care in many communities.

We urge Congress to stand with you in preserving America's health care safety net and supporting the vulnerable populations who rely on it by passing S. 2279 and reversing the severe Medicaid provider tax and SDP reductions enacted under *OBBA*. We look forward to working with you to advance this important legislation.

If you have any questions or if FAH can be of assistance to you, please do not hesitate to contact me at cmacdonald@fah.org. We look forward to our continued collaboration to ensure your constituents have access to high-quality health care.

Sincerely,

A handwritten signature in blue ink, appearing to read "C. MacDonald", is positioned below the word "Sincerely,".