



Charlene MacDonald
Executive Vice President, Public Affairs

July 1, 2025

Dear Representative,

On behalf of the Federation of American Hospitals (FAH) and our more than 1,000 member hospitals across the country, we write to communicate the devastating impact the cuts contained in the reconciliation bill would have on patients and the hospitals across the country who care for them. We urge Members of Congress to reject this bill and instead fulfill their initial promise to protect and strengthen the Medicaid program.

The FAH opposes H.R.1, the One Big Beautiful Bill Act (OBBA), and we urge members of Congress to vote NO on this legislation.

The Senate rejected the delicate balance of Medicaid reforms carefully negotiated in the House, while increasing the deficit by \$3.3 trillion. Their revisions include substantially deeper, unsustainable cuts to Medicaid that will increase costs for patients and reduce hospital access for families with private insurance, seniors on Medicare, and vulnerable kids and adults alike.

The *OBBA* contains unrealistic limits on provider taxes and state-directed payments (SDPs), drastically changing the way Medicaid is financed, and directly undercutting critical sources of revenue that allow states to support hospitals that disproportionately serve Medicaid patients. These funding mechanisms are critical to ensuring that Medicaid plans have adequate networks of participating providers to ensure services to Medicaid patients.

The FAH supports the goal of boosting the American economy and workforce with pro-growth tax policies; however, arbitrary limits on provider taxes and SDPs jeopardize access to care for the very same working Americans who would reap certain tax benefits. These cuts would hit particularly hard in rural and underserved areas, where rural hospitals are already operating on thin margins.

We urge you to reject this bill and stand up for the working poor, vulnerable population, hospitals, and communities that rely on stable and predictable Medicaid funding. Should this legislation become law, we believe significant work will need to be done in the future to prevent and mitigate the loss of coverage that will be left in its wake.

Thank you for your attention to this critical matter.

Sincerely,

A handwritten signature in blue ink, appearing to read "Charlene".

Charlene MacDonald
Executive Vice President, Public Affairs