

June 17, 2002



**CALIFORNIA
HEALTHCARE
ASSOCIATION**

*Providing Leadership in
Health Policy and Advocacy*

The Honorable William Thomas
Ways and Means Committee Chairman
U.S. House of Representatives
Longworth House Office Building
Washington, D.C. 20515

Dear Chairman Thomas,

Thank you for your work with the hospital and health system community to develop a revised Medicare proposal to provide vital financial assistance to health care providers. On behalf of CHA's membership, we support this significant step toward providing more fair and adequate Medicare payments to hospitals in California. We look forward to working with you to ensure final passage of comprehensive health care legislation this year. We share your commitment to providing a prescription drug benefit for America's seniors and appreciate your efforts to ensure that hospitals remain a healthy partner in providing Medicare beneficiaries access to the care they need.

As you know from our meetings, hospitals in California are facing a very difficult challenge in their mission to provide access to quality health care not only to Medicare beneficiaries but indeed, all Californians. Our highest priority this year is to prevent the drastic reduction in Medicaid disproportionate share (DSH) payments scheduled to take effect October 1, 2002. We continue to work with the Energy and Commerce Committee and the entire California delegation to secure these essential funds. Preventing the reduction would specifically target \$184 million toward California's safety net providers – public, children's, teaching and private safety net hospitals who ensure access the health care services for low-income populations and protect the stability of the entire delivery system. As you work with your colleague Chairman Tauzin, we urge you to support preservation of these vital funds for California's healthcare safety net.

We appreciate the thoughtful consideration you and your staff have given to all the issues facing California's hospitals and we stand ready to work with you to ensure enactment of legislation to address their needs.

Again, thank you for strong commitment to California's healthcare delivery system.

Sincerely,

A handwritten signature in black ink, appearing to read "C. Duane Dauner".

C. Duane Dauner
President

CC: Members of the California Congressional Delegation