



NATIONAL ASSOCIATION of PUBLIC HOSPITALS and HEALTH SYSTEMS

1301 PENNSYLVANIA AVENUE, NW, SUITE 950, WASHINGTON D.C. 20004 | 202.585.0100 | FAX 202.585.0101

November 19, 2003

The Honorable William Thomas
Chairman, Ways and Means Committee
United States House of Representatives
2208 Rayburn House Office Building
Washington, DC 20515

Dear Mr. Chairman

I am writing on behalf of the National Association of Public Hospitals and Health Systems (NAPH) to express our support for the conference report on H.R. 1, which includes a number of important provisions that will strengthen America's safety net hospitals and health systems. These institutions serve the nation's growing numbers of uninsured and underinsured citizens.

NAPH represents more than 100 of America's metropolitan area safety net hospitals and health systems. The mission of NAPH members is to provide health care services to all individuals, regardless of insurance status or ability to pay. Medicaid Disproportionate Share Hospital (DSH) payments are a major source of financing for the otherwise uncompensated care provided by NAPH member hospitals. In 2001, Medicaid DSH payments covered one quarter of the costs incurred by NAPH members for treating the uninsured and underinsured. Inadequacies in DSH funding have posed a potentially devastating risk to safety net hospitals and patients in many states.

NAPH commends the conferees for including \$3.8 billion for Medicaid DSH relief in the conference agreement. This funding partially restores cuts in DSH funding that went into effect in FY 2003. It also increases the allotments of certain states that have suffered for years with unconscionably low limits on DSH payments. While NAPH continues to believe that low DSH states require more substantial relief, we are gratified that the overall DSH package provides generous support for our nation's safety net providers.

NAPH is also pleased that the legislation includes an exemption from the Medicaid best price calculation for inpatient drugs for 340B hospitals. This provision will allow safety net providers to negotiate substantial savings on inpatient drugs. The legislation also includes a range of other provisions that will help hospital providers, including a modest increase in Indirect Medical Education (IME) funding and inpatient and outpatient Medicare PPS adjustments. We also support a provision that would reimburse providers and states for the costs associated with the emergency treatment of illegal immigrants.

We appreciate your commitment to ensuring continued access to healthcare for our nation's poor and underserved by supporting the hospitals that deliver care to these individuals.

Sincerely,

Larry S. Gage
President