

The Honorable Anthony Brindisi
Ways and Means Members Day Testimony
June 4, 2019
1100 Longworth House Building

Chairman Neal, Ranking Member Brady, thank you for the opportunity to testify at today's Ways and Means Member Day. I appreciate the opportunity to share my priorities, which I believe are of great importance to my District and our country. I know your Committee receives many requests, and your consideration is greatly appreciated.

First, I'd like to highlight a serious issue for rural hospitals in my district. As you all know, rural hospitals are usually the first or second largest employers in small communities, and often the only provider of health care. Across the country however, they are currently experiencing a crisis. 90 rural hospitals have closed since 2010 and many more are vulnerable to closure.

We need to ensure that we are making it easier, not harder, for patients in rural communities to access these safety-net facilities and the critical services they provide. One way to do this is through a critical Medicare payment known as the Volume Decrease Adjustment (VDA). Medicare VDA payments are a lifeline that help Sole Community and Medicare Dependent hospitals maintain core staff and services when these facilities experience a significant decrease in patient volume due to circumstances beyond their control.

Unfortunately, rural hospitals in Upstate New York are facing a bureaucratic mess that began when National Government Services (NGS), the Medicare contractor for New York and New England, began recouping millions of dollars based on a recalculation of prior year VDA

payments. In good faith, four hospitals in my district applied to NGS for VDA payments; were determined to meet all requirements to qualify for an adjustment; and were awarded the funds. However, new VDA calculation instructions from CMS required NGS to re-review all VDA calculations made since 2013. As a result, 16 small rural hospitals in New York have faced or continue to face recoupments that could total \$15 to \$20 million, with a punitive interest rate of over 9 percent.

CMS fixed this issue on a go-forward basis effective October 1, 2017. While I appreciate CMS' work to correct this moving forward, those hospitals already negatively impacted by the flawed VDA calculation have seen no relief and continue to experience undue hardship.

I have proposed legislative text included with my testimony today that would provide CMS with the authority to apply retrospective payment corrections in situations like this. This has bipartisan support from the Upstate New York delegation, and would provide immense relief to these institutions and help preserve the health care system in our communities. I hope to receive a commitment from you all to work with my office to fix this issue and protect rural hospitals.

I would also like to briefly touch on the rising cost of health care in general. I appreciate the work that Chairman Neal and the Committee have done to put forward solutions to stabilize our health insurance system. I encourage the Committee to also work to ease burdensome taxes, including the Health Insurance Tax. I have introduced the bipartisan Jobs and Premium Protection Act (H.R. 2447) with Congressman Marchant, to permanently repeal the HIT.

Congress has recognized the harmful nature of this tax and how it impacts our health care system and has voted multiple times to delay collections of the HIT. As you all know, under current law, the HIT is scheduled to return in 2020 with an even higher annual rate. Health insurance carriers will take these additional costs into consideration, pricing their premiums in accordance to the uncertainty that Congress may or may not provide another moratorium on HIT collections. While I understand the budget confines that this Committee operates in, I ask consideration of legislation to repeal this tax. Short of full repeal, I would also support delaying the tax to help small businesses immediately.

Finally, I would close with a point on the 2017 tax law. Although some individuals and corporations saw a reduction in taxes, many New Yorkers have seen their federal taxes increase. In my hometown of Utica, non-profit organizations such as the Mohawk Valley Community Action Agency are facing a new tax on so-called "fringe benefits" such as employee parking. Congress must take action to fix these problems with the 2017 tax law. We should focus on lowering taxes for the middle class, not raising taxes on non-profits, churches, and charities. I am glad to see bipartisan support for many fixes to this law, including the Restoring Investment in Improvements Act and a much-needed fix for Gold Star families. I look forward to this Committee continuing to address the shortcomings in the tax bill in a bipartisan manner.

Thank you for your consideration, and I am happy to answer any questions you may have.