

NATIONAL ASSOCIATION OF URBAN HOSPITALS

Private Safety-Net Hospitals Caring for Needy Communities

December 22, 2004

President George W. Bush
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

Dear President Bush:

I am writing on behalf of the National Association of Urban Hospitals (NAUH) to urge you to not to reduce the federal government's commitment to Medicare and Medicaid in your fiscal year 2006 budget.

NAUH consists of private, non-profit, urban safety-net hospitals that work together to advocate fair and adequate support, financing, and reimbursement from government payers such as Medicare and Medicaid. This is so important to our hospitals because the communities we serve include significant numbers and proportions of elderly and low-income residents.

While we share our fellow Americans' optimism about our recovering economy, the effects of this recovery have yet to be felt in our urban communities. Medicaid enrollment continues to rise, the ranks of the uninsured has not yet diminished, and the graying of the population continues. The purpose of the health care safety net, of which our hospitals are a vital part, is to be there and to be of service when the need for it is greatest. That time is now, and any reductions in Medicare and Medicaid payments could deal a devastating blow to our continued ability to serve in this essential capacity.

State Medicaid programs historically underpay hospitals for their services, so the more Medicaid patients a hospital serves, the more money it loses. Our hospitals care for significant numbers of Medicaid patients, so our losses are correspondingly greater than those of most providers. We are still reeling from the effects of the cuts mandated by the Balanced Budget Act of 1997, and since that law was enacted, many urban safety-net hospitals have closed their doors – including hospitals in Cleveland, Detroit, Los Angeles, Newark, Philadelphia, Pittsburgh, Phoenix, San Diego, Washington, D.C., and elsewhere. Between our significant Medicaid responsibilities and our large numbers of uninsured patients, many of our hospitals verge on insolvency today. Any further damage to our frail financial underpinnings could result in still more hospital closings – and a crippling loss of access to care for hundreds of thousands or even millions of people – honest, hard-working American men, women, and children.

For these reasons, we respectfully urge you to refrain from reducing the federal government's financial commitment to Medicare and Medicaid in the FY 2006 budget.

Sincerely,

Ellen J. Kugler, Esq.
Executive Director