



The Honorable John Thune
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Mike Johnson
Speaker
United States House of Representatives
Washington, DC 20515

June 18, 2025

Dear Majority Leader Thune and Speaker Johnson:

We are writing to express our opposition to the Senate Finance Committee draft reconciliation proposal.

The funds generated by these programs are critical to maintaining essential services, retaining healthcare professionals, and ensuring that patients receive timely and effective care close to home.

The Senate's proposed revisions to H.R. 1 dramatically reduces the Medicaid safe harbor maximum provider tax from its current 6% to 3.5% and lowers the reimbursement rates for state-directed payment programs by 10% a year. A cut of this magnitude to hospitals is a cut to Medicaid benefits. Benefits are meaningless if hospitals are unable to provide the services covered by those benefits.

The proposed Senate changes threaten to destabilize health care in communities throughout our states. The severe funding reductions proposed by the Senate Finance Committee would harm beneficiaries, threaten the viability of struggling hospitals across

the nation, and cripple state budgets. **It will result in the closure of beds, services and numerous hospitals, particularly in rural America.**

It is important to emphasize that Medicaid reimbursement is not “fraud, waste, and abuse.” Nor is it a windfall for providers. Medicaid consistently pays below the cost of providing care, and this amount is further reduced when netting out the tax paid by hospitals. Medicare also pays far less than the cost of care, so capping Medicaid payments at Medicare rates, especially for at-risk urban and rural hospitals, will have devastating consequences to Americans who depend on Medicaid.

The nation’s hospitals have a singular call to be ready, 24-7-365, to respond to individual emergencies such as heart attacks, strokes, car accidents, and mass casualty events. Financial support for this state of readiness is a delicate balance between governmental payers, which pay below the cost of providing care, and commercial insurers.

This bill will disrupt not only the lives of more than 70 million Americans covered by Medicaid, but also the nation’s 150 million annual ER visits and its nearly 35 million hospital admissions, the majority of which serve our nation’s seniors.

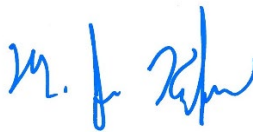
We appreciate President Trump’s commitment to avoid cutting Medicare and Medicaid benefits as lawmakers work to address record deficits. But, as drafted we urge our Senators to vote no on the proposed Medicaid cuts.

Thank you once again for your consideration. Please do not hesitate to reach out if we can provide additional information or assistance.

Sincerely,



Ann-Marie Alameddini
President & CEO
Arizona Hospital and Healthcare
Association



M. James Kaufman, PhD
President & CEO
West Virginia Hospital Association



Jeremy Nordquist
President
Nebraska Hospital Association



Patrick Kelly
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Nevada Hospital Association



Chris Mitchell
President & CEO
Iowa Hospital Association



Josh Dobson
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