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President and CEO
P.O. Box 60
Jefferson City, MO 65102

January 4, 2018

The Honorable William Lacy Clay
U.S. Representative
2428 Rayburn Office Building
Washington, D.C. 20515

Dear Representative Clay:

The new year brings a host of new opportunities to shape the health care system for the better. The Missouri Hospital Association looks forward to collaborating with the Missouri congressional delegation in this effort.

Some of these opportunities involve completing the unfinished business from 2017. MHA urges quick action on the following issues.

- **Reauthorizing the Children’s Health Insurance Program.** While Missouri is better able than some states to deal with the lapse in federal funding caused by congressional failure to reauthorize CHIP, the issue must be resolved soon. Each year, 88,000 Missouri children receive health care through CHIP. But the issue affects more than just health care providers and distraught parents. For example, the Missouri General Assembly is in the process of developing and enacting a budget. It cannot do so effectively based on short-term temporary extensions of CHIP funding while Congress postpones final decisions.
- **Renewing the Medicare “extender” payment streams.** The authority to make these payments lapsed October 1. The loss of those funds predominately falls on small rural hospitals, rural ambulance services and hospitals deemed by law to be particularly dependent on the Medicare funding that has run dry because Congress missed its deadline. The funding involved in reauthorizing these payment streams is modest, but vitally important to the financial stability of the rural hospitals and ambulance services that receive it.
- **Addressing the 340B drug discount program.** A final regulation from the Centers for Medicare & Medicaid Services late in 2017 imposes significant payment reductions for drugs purchased through the 340B drug discount program. CMS’ authority to compel those payment reductions is being litigated. Meanwhile, Congress is preparing to consider legislative proposals from 2017 to block the CMS payment cuts and to refine federal standards for the 340B program to ensure that it promotes accountability and is able to continue to provide the benefits envisioned by current law. We urge your support for these legislative initiatives.

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- **Delaying states' Medicaid Disproportionate Share Hospital allotment reductions.** Reductions in states' Medicaid DSH allotments took effect October 1, 2017. Originally slated to take effect January 1, 2014, the Medicaid DSH allotment cuts were delayed by Congress in 2013, 2014 and 2015. Nothing has occurred to make the DSH allotment reductions any more justifiable in October 2017 than they were when Congress enacted its previous delays. The Medicaid DSH cuts are a vestige of the Affordable Care Act. The premise underlying them is that the Affordable Care Act would expand coverage and reduce the number of uninsured Americans, eliminating some of the need for federal Medicaid DSH payments to offset hospitals' uninsured costs. Instead, the money would be used to support the cost of expanded coverage. When the U.S. Supreme Court struck down the mandate for states to expand eligibility for their Medicaid programs, Missouri was one of those that opted to reject the expansion. Hospitals in Missouri and other nonexpansion states are facing big payment cuts with no offsetting coverage benefit. MHA urges a two-year delay in the Medicaid DSH allotment reductions.

As always, we look forward to providing you with information and context about the implications of these health care issues for your constituents.

Sincerely,

A handwritten signature in black ink, appearing to read "Dan Landon", with a long horizontal flourish extending to the right.

Daniel Landon
Senior Vice President, Governmental Relations

DL/drd