

United States Senate

December 7, 2021

Dear Hospital Executives:

As Governor, I fought to protect Florida's Medicaid program from the Obama administration's shortsighted political attempt to force Medicaid expansion by cutting our Medicaid Low Income Pool (LIP) program. Now, as our state and nation continue to fight the COVID-19 pandemic, President Biden's "Build Back Better" is reviving the Obama-era playbook and proposing significant cuts to Florida's LIP and Disproportionate Share Hospital Payments (DSH).

Section 30608 of the House of Representatives' "Build Back Better" bill would cut 12.5% from DSH payments and drastically reduce payments from states' Uncompensated Care Pool (UCP), which is Florida's LIP program. I want to be very clear: what I have just described are massive cuts to Medicaid, supported by Democrats, squarely targeted at non-expansion states like ours.

Upon learning about these cuts, which will undoubtedly hamper our state's charity care providers from treating vulnerable and at-need Floridians, I wrote a letter on November 5 to the congressional delegations of all 12 states impacted by this misguided policy. Later that same day, House Democrats representing each of the 12 states reacted to my letter by writing their own letter to Speaker Pelosi and Leader Schumer saying that they had not been informed of this addition to the bill and warning that, "limiting uncompensated care (UC) pools and cutting disproportionate share hospital (DSH) payments is a misguided penalty that puts our most vulnerable constituents at risk."

The table below reflects an estimate from the non-partisan Medicaid and CHIP Payment and Access Commission (MEDPAC) detailing the DSH cuts that will occur from these misguided policies.

State	Current Federal DSH (in millions)	Proposed Reduction (in millions)
Alabama	\$385	\$48
Florida	\$251	\$31
Georgia	\$337	\$42
Kansas	\$52	\$6
Mississippi	\$191	\$24

North Carolina	\$370	\$46
South Carolina	\$410	\$51
Tennessee	\$53	\$7
Texas	\$1,200	\$150
Wisconsin	\$118	\$15
Wyoming	\$0 ¹	\$0
Total	\$3,381	\$423

With annual cuts totaling more than \$420 million, over a ten year period, 12 states will see a \$4.2 billion cut to charity hospitals whose work is predominately focused on treating the underserved and uninsured.

The Congressional Budget Office (CBO) has also estimated that the combined policy of DSH and LIP cuts will cut \$34.5 billion over the next ten years.² This means that approximately \$30 billion will be cut from Medicaid uncompensated care from four states (Texas, Florida, Tennessee, and Kansas). Florida has the second largest UCP of the four states and the impact to our state will be significant.

As this reckless legislation moves through Congress, it would be helpful to know how this harmful policy will affect your ability to treat uninsured patients.

- Do you have an estimate of how much DSH payments you could lose under this policy?
- Do you have an estimate of how much LIP payments could be reduced to your hospital?
- How could this impact your, or hospitals in general, ability to care for the uninsured?
- How do you think this will impact Florida's uninsured?

Making cuts to these valued and incredibly important programs defies reason. I was opposed to these cuts when I was Governor, and I continue to oppose to these cuts as your Senator. I look forward to hearing from you and hope to work together to defeat this bad policy. These punitive cuts will do nothing but hurt patients and those that provide care to people most in need.

Sincerely,



Rick Scott
United States Senator

¹ Wyoming's DSH is about \$300,000. MACPAC did not make estimates below a million.

² CBO Cost Estimate for H.R. 5376, the Build Back Better Act: https://www.cbo.gov/system/files/2021-11/hr5376_title_III_EC.xlsx