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Robert A. Malson

President

March 12, 2009

The Honorable David A. Catania
Councilmember At-Large
Council of the District of Columbia
1350 Pennsylvania Avenue, NW, Suite 404
Washington, DC 20004

Dear Mr. Chairman:

I am writing on behalf of the District of Columbia Hospital Association (DCHA) to provide comments for the Department of Health Care Finance (DHCF) Oversight Hearing. DCHA is a non-profit organization with 17 member hospitals and 35 Associate Members whose mission is to provide leadership in improving health care in the District of Columbia. DCHA has worked collaboratively with DHCF throughout 2009 and the beginning of 2010 and looks forward to continuing to build a long and mutually beneficial relationship.

Although DCHA continues to be supportive of DHCF, its leadership and the public servants who carry out the agency's responsibilities, the Association is concerned that the emphasis on increasing health care coverage has obscured the important role of reimbursement in securing access to care. The 2009 increase of Medicaid physician fee-for-service rates was a significant and much appreciated step forward in the Department's efforts to reimburse Medicaid providers at a rate closer to costs. However, increasing the number of persons in the District with health care coverage will matter little if there are too few providers to care for the new patients.

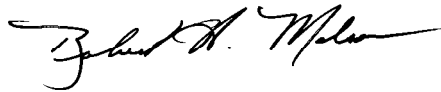
The DRG rebasing model, as presented to the hospitals in October 2009, is intended to level the playing field by bringing hospitals' inpatient Medicaid reimbursement rates to or near 100 percent of cost. Because the process involved a fixed sum of money, it unfortunately resulted in "winners" and "losers" within the Association's membership. Some hospitals will see an increase in reimbursement relative to what they received under the previous model, while others will see a reduction. The end result of the inpatient rebasing when combined with the current outpatient Medicaid reimbursement rates are payment levels that are substantially below provider costs. We are completely aware of the current economic challenges that face the District and the nation. However, during this time and as the economy improves, we implore the Committee and the Department to continue to look for ways to maintain and subsequently improve both local and federal matching funds in order to bring provider rates to cost. Such an investment will help to ensure access to quality health care for the city's low-income and vulnerable populations.

The reallocation of \$25 million in disproportionate share hospital (DSH) dollars in FY2010—a cut of more than 50 percent from the \$48 million in DSH funds available in FY2009—was a reduction that our hospitals could ill-afford. These funds are, by design, to be invested in hospitals that serve a disproportionate share of Medicaid and uninsured patients to help offset the losses they incur caring for this population. The combined effects of the DRG rebasing and reallocation of DSH dollars away from the city's safety-net hospitals makes it all the more crucial that the Department move to increase outpatient rates in the coming year.

In today's economic environment, Medicaid is as important to all hospitals as it is to the program's increasing number of beneficiaries. We are committed to partnering with the Department to ensure the program works for its beneficiaries and for the hospitals that serve them.

Thank you for the opportunity to provide comments on the DHCF oversight. Please feel free to contact me or Stefanie Jones, Government Relations Analyst, at DCHA at (202) 289-6212 if you need additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert A. Malson". The signature is fluid and cursive, with a long horizontal stroke at the end.

Robert A. Malson
President