

July 24, 2009

Member of Congress
United States House of Representatives
Washington, DC 20215

Dear Congressman:

I am writing on behalf of the membership of the South Carolina Hospital Association (SCHA) to express our support for comprehensive, meaningful health care reform. While Congress is moving forward on various proposals and we applaud these efforts, there are a few concerns of hospitals that I would like to share.

In recent days, a new proposal has emerged to create an executive agency similar to SuperMedPAC with broad authority to cut Medicare spending by targeting provider payments. The recommendations made by this new agency would be binding unless Congress passes a joint resolution of disapproval to reject those recommendations within 30 days. The President would have veto power over such a resolution, which means the resolution would have to pass with a two-thirds majority to ensure an override. Hospitals are ready to do their part to ensure that every American has access to affordable and quality health care and our field has already agreed to \$155 billion in Medicare cuts as part of our shared responsibility to expand health care coverage. Giving a new federal entity the authority to impose further cuts is something that hospitals, and the communities they serve, simply cannot afford. As a member of Congress, you would significantly limit your ability to intervene and oppose recommendations that would be harmful to hospitals in your district.

In addition, we are very concerned with the public option plan included in the House health care reform package, H.R. 3200. This plan would pay Medicare rates to hospitals and with a very quick phase in would allow coverage to anyone after three years. In South Carolina, four out of every five hospitals experienced a negative margin treating Medicare patients in 2007 and the statewide aggregate Medicare margin is negative 14.1 percent. If rates continued at Medicare levels, an estimate by the private consulting firm Lewin shows, the plan could result in as much as **\$36 billion in annual lost revenues** to hospitals. If a public plan option is included as part of a health care reform package hospitals believe it should be limited to those uninsured for at least 12 months, the self-

employed and small businesses—those who need a different alternative in order to get the health care coverage they need—and it should not exacerbate the underpayment of providers by paying rates at Medicare levels. One idea that is of interest is the creation of insurance cooperatives. This option could serve the role of ensuring a level playing field for competition within the current private insurance market. There are few details available on this issue, but we find the concept intriguing and would like to learn more.

I know Congress is diligently working through many of these proposals and we appreciate the opportunity to express our thoughts on this very important process. I greatly appreciate your thoughtful consideration of these concerns and if you would like to further discuss any of these issues or others, please feel free to contact me directly.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Kirby". The signature is fluid and cursive, with a large loop at the end.

J. Thornton Kirby, FACHE
President & CEO