



August 28, 2017

Seema Verma, Administrator
Centers for Medicare & Medicaid Services
Department of Health and Human Services
Attention: CMS–2394-P
P.O. Box 8016
Baltimore, MD 21244–8016

RE: CMS–2394-P: Medicaid Program; State Disproportionate Share Hospital Allotment Reductions

Submitted electronically via <http://www.regulations.gov>

Dear Ms. Verma:

UnityPoint Health (“UPH”) appreciates the opportunity to provide comments on the Proposed Rule related to Medicaid State Disproportionate Share Hospital (DSH) Allotment Reductions published in the Federal Register on July 28, 2017. UPH is one of the nation’s most integrated healthcare systems. Through more than 30,000 employees, our relationships with more than 280 physician clinics, 33 hospitals in metropolitan and rural communities, and home care services throughout our 9 regions, UPH provides care throughout Iowa, Illinois and Wisconsin. On an annual basis, UPH hospitals, clinics and home health provide a full range of coordinated care to patients and families through more than 4.5 million patient visits.

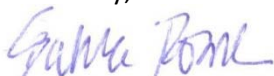
BACKGROUND: State Medicaid programs are mandated to make Disproportionate Share Hospital payments to partially offset costs of uncompensated care for hospitals that serve a high proportion of Medicaid beneficiaries and other low-income patients. As envisioned, the Affordable Care Act (ACA) was intended to expand Medicaid coverage to almost all non-elderly adults under the age of 65. In anticipation of lower uninsured rates and lower levels of hospital uncompensated care, the ACA contained a schedule to decrease Medicaid State DSH allotments and authorized the Secretary of Health and Human Services to design the methodology for these reductions. Despite ACA projections, the number of uninsured individuals still cared for by hospitals, and the associated costs of caring for these individuals, has not declined by the levels anticipated in the ACA. Accordingly, Congress has delayed these payment reductions from their original start date of 2014. In this Proposed Rule (CMS–2394-P), CMS has set forth a payment reduction methodology for the Medicaid State DSH allotments to begin in 2018.

We respectfully urge CMS to utilize its regulatory discretion to delay and/or reconsider the implementation of Medicaid DSH cuts. While we understand that Congress has set forth formula guidance for the Secretary to consider when designing this allotment, we oppose these cuts that are aimed at institutions providing essential health care services to their communities. As a nonprofit health system, our hospitals utilize these funds to further our mission and maintain high-quality services.

- Access to Care: The Medicaid DSH program targets vulnerable populations represented by Medicaid or an uninsured status, including children, disabled, elderly, and low income individuals. For UnityPoint Health, Medicaid is a predominant payer for births, behavioral health and emergency services. As proposed in this rule, the DSH reduction amount for the State Medicaid allotments is 18.92% (Illinois), 6.64% (Iowa), and 2.71% (Wisconsin). This proposed reduction will adversely impact the ability of hospitals to continue to provide critical community services. While the total of the proposed cuts is based on projections of fewer uninsured, coverage increases have not been fully realized – either states have not expanded Medicaid or, where expanded, enrollment in the Health Insurance Marketplaces has underperformed. We encourage CMS to reexamine the ACA projections and their relationship to the total reduction of Medicaid DSH payments.
- Marketplace Uncertainty: We are particularly concerned about the timing of this funding cut in combination with the further decline in coverage availability / affordability under the ACA. The instability of the marketplace contributes to the heightened financial pressures faced by our hospitals. In Iowa, there is currently only one health insurer (Medica) offering individual coverage statewide, following the withdrawal of Aetna and Wellmark Blue Cross and Blue Shield earlier this year. Recently, Medica refiled its rate request with the Iowa Insurance Division for a 56.7% increase for the 2018 coverage year for silver level plans – its prior filing indicated an average 43.5% increase of 2017 rates. It is extremely likely that this rate increase will directly impact uninsured rates as well as the amount of hospital uncompensated care. While an allotment formula allocates the total federal contribution among the states, this allotment presumes an increase in coverage which is a faulty assumption.

We appreciate the opportunity to provide comments on the Proposed Rule and its impact on our non-profit hospitals and their patients and communities. To discuss our comments or for additional information on any of the addressed topics, please contact Sabra Rosener, Vice President and Government Relations Officer, Public Policy and External Affairs at Sabra.Rosener@unitypoint.org or 515-205-1206.

Sincerely,



Sabra Rosener, J.D.
VP / Government Relations Officer
UnityPoint Health