

Meeting 3/9 to
discuss these issues
with HRC.

United States Senate

WASHINGTON, DC 20510-1303

October 18, 1993

Hillary Rodham Clinton
The White House
Washington, D.C.

Dear Mrs. Clinton:

As a follow-up to my letter to you dated October 13 on Children's Hospitals, I would like to raise another issue of critical importance. The status of disproportionate share hospitals under the President's health care reform plan is also worthy of additional review.

The President's proposal would phase out disproportionate share payments over time. The implementation schedule was not spelled out in the draft document. Therefore, it is important to ensure that, during the transition period, hospitals that serve a disproportionate share of Medicaid recipients and the indigent are not disadvantaged in their ability to continue to provide services in their communities. Regardless of the final implementation plan, these dedicated facilities should be "held harmless" with respect to the elimination of disproportionate share payments.

As you know, disproportionate share payments are designed to supplement Medicaid payments already being made for the poor in the Medicaid program. Medicaid reimbursement has typically been substantially under cost. Some providers in Illinois for example, have been reimbursed as little as 57 cents on the dollar. Even with the disproportionate share payments, hospitals with very high Medicaid populations barely break even. Therefore if the transition period for eliminating the disproportionate share payments is short and the additional cuts in Medicaid proposed by the President are phased-in, disproportionate share hospitals, which are already working from a deficit, will be irreparably harmed.

I am not advocating in any way that we set up a system that would subsidize disproportionate share hospitals indefinitely. With universal access, presumably all individuals would have greater provider options causing an appropriate reduction in inefficient providers. I am advocating, however, that we develop a system that fosters a "level playing field". Phasing out disproportionate share payments too quickly would inappropriately penalize those institutions that have chosen to open their doors to everyone.

It is for these reasons that I would request that you revisit this issue and consider a minimum of five years to phase out disproportionate share payments to relevant institutions.

Thank you for your consideration. I will call your office to set up a time to discuss this and the children's hospital issue with you.

Yours truly,

A handwritten signature in cursive script, reading "Carol Moseley-Braun".

Carol Moseley-Braun
United States Senator

CMB:fc

CAROL MOSELEY-BRAUN
ILLINOIS

COMMITTEES:
BANKING, HOUSING, AND
URBAN AFFAIRS
JUDICIARY
SMALL BUSINESS

United States Senate

WASHINGTON, DC 20510-1303

October 13, 1993

Hillary Rodham Clinton
The White House
Washington, D.C.

Dear Mrs. Clinton:

I applaud your commitment and that of the President to health care reform. I share your dedication to improving our health care system and look forward to working with you and my colleagues in Congress to achieve the comprehensive health care reform our nation so desperately needs and deserves.

I realize the legislative detail is enormous in an initiative of this magnitude, but I believe the contribution of children's hospitals should be recognized in the final bill language under development. The draft plan does not adequately acknowledge the contributions provided by children's hospitals. Generally, sick children requiring complex or long term care receive that care from children's hospitals. Other community and private hospitals do not typically care for sick children.

Language in the current plan would require health plans to contract with essential community providers during a five year transitional period. In keeping with the proposed health plan's emphasis on primary and preventive care as well as its commitment to maternal and child health it is essential that the vital role of children's hospitals in caring for chronically ill children be acknowledged. I would like to recommend that the legislative language define "essential community providers" to include children's hospitals.

As the President noted in his speech, a children's hospital literally can perform miracles. Children's hospitals all around the country have been performing miracles every day for millions of children. I hope we can work together to insure that the important work of children's hospitals can continue.

Thank you very much for your consideration. I will call you later in the week to follow-up on this issue.

Yours truly,

A handwritten signature in black ink, appearing to read "Carol Moseley-Braun", written in a cursive style.

Carol Moseley-Braun
United States Senator

cc: Ira Magaziner

CMB/fc