



TO: The Honorable Members of the Pennsylvania Congressional Delegation

FROM: Neal Leshner, Director, Government Affairs

DATE: November 22, 2022

RE: Potential Medicare Payment Reduction

I write on behalf of the PA Chamber of Business and Industry (PA Chamber) regarding the potential for an additional four percent cut to Medicare payments if Congress does not act in the coming weeks.

The PA Chamber is the largest board-based business association in Pennsylvania. Our nearly 10,000 members include employers across all industry sectors and all sizes throughout the Commonwealth, including our major health systems and other health care providers.

We have heard from many of our members in the health care industry who are concerned about a four percent cut in Medicare payments mandated under the federal PAYGO law, which requires mandatory cuts if spending reaches a certain threshold. This reduction would be on top of a two percent cut that went into effect this July, which we understand reduced payments to Pennsylvania hospitals by \$176 million annually.

Health care policy is a key focus for the PA Chamber and our member-driven [Health Care Policy position statement](#) recognizes the ongoing struggle to manage the cost and complexity of health care coverage while striving to maintain high standards of quality and accessibility. As the policy states: "Balancing cost, quality and accessibility within the health care system remains a challenge for all stakeholders in the process, including government, insurers, providers, purchasers and consumers." Our position statement further states that the PA Chamber opposes "shifting the costs of government health care programs onto employers, providers, and insurers."

Nationally, hospitals already lose 16 cents on the dollar through Medicare reimbursements, according to the American Hospital Association. We share in our members' concern that additional cuts to Medicare reimbursements would put further stress on a health care system that is already financially strained due to increased costs of supplies, workforce shortages, and the lingering impacts of the COVID-19 pandemic. Ultimately, the cost of these reductions will be borne by providers, other payers, and the business community at large, and could result in decreased access to care.

We encourage you to work with industry stakeholders, as Congress has done in previous years, to prevent these pending cuts. Thank you for considering our views on this important matter.