

June 20, 2025

Dear Congressman Comer:

On behalf of the undersigned organizations, we respectfully urge you to advance the carefully negotiated Medicaid provider tax and directed payment provisions included in the House-passed budget reconciliation bill (H.R. 1). These provisions take a balanced and pragmatic approach to controlling Medicaid spending, while recognizing the essential role that Medicaid directed payments and provider taxes play in maintaining access to care. The draft legislative text released by the Senate Finance Committee on June 16 threatens these key programs and could jeopardize rural access, medical education, essential child and adult services and access to specialty care.

We appreciate President Trump's stated commitment to preserving Medicare and Medicaid benefits. The undersigned represent hundreds of health systems and rural hospitals that will be impacted if these programs are modified in the manner set forth by the Senate Finance Committee. An impact that could cost tens of thousands of healthcare jobs, hurt local economies, and limit life-saving care for everyone—including Medicaid and non-Medicaid patients alike. Maintaining the balanced approach taken by the House to these sections in H.R. 1 is essential to protecting our healthcare delivery system and local economies.

Hospitals throughout the country remain under extraordinary financial strain. Directed payments help bridge the gap by using legally authorized tax structures to support safety-net hospitals that provide life-saving care, train the next generation of physicians, and are often their communities' largest employer. Hospitals will be forced to make devastating decisions without these supplemental payments: eliminating key services, reducing staff, or even closing their doors altogether. These outcomes would disproportionately impact low-income families, rural residents, and communities already facing barriers to care.

We remain committed to collaborating on thoughtful, long-term solutions for Medicaid's sustainability and rooting out true waste, fraud and abuse. However, any attempt to scale back or dismantle the Medicaid provider tax and directed payment framework endangers the health infrastructure our healthcare provider members depend on.

Thank you for your attention to this urgent matter and for your continued support of healthcare providers and the communities they serve.



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