Congress of the United States
House of Representatives
Washington, DC 20515

January 12, 2001

The Honorable A. Paul Cellucci
Governor
The State House, Room 360
Boston, Massachusetts 02133

Dear Governor Cellucci:

We are writing to urge that you take significant steps to alleviate the harm being done to Massachusetts' community hospitals and their ability to provide important medical services and care to the most financially vulnerable citizens of the state. Indeed, for these hospitals to continue to provide these services in an appropriate manner to the communities that they serve, the state must do its part now to raise significantly and sufficiently the level of Medicaid reimbursements it provides these facilities.

Community hospitals in virtually all regions of the state are struggling to maintain patient access to quality care and services. In fact, last year, two thirds of the state's hospitals lost a total of $250 million, despite the fact that a number of them operated at full capacity. Indeed, one of the hospitals in the poorest financial health is Whidden Memorial in Everett, which last year lost more than $10 million. The closure of Whidden would inevitably intensify the pressure on already overburdened hospitals in the surrounding region and leave residents with limited, and in many cases, distant alternatives. Many other hospitals across the state continue to struggle in meeting costs, including Athol Memorial Hospital, Carney Hospital in Dorchester, and Good Samaritan in Brockton. In addition, Southcoast Hospital Group suffered an operating loss of just under $6 million last year, and the Malden Medical Center announced yesterday that regrettably it would be closing its doors in 90 days.

Without question, Massachusetts' community hospitals are under financial distress, which has impacted the quality of services and care available to patients in many of these facilities. Moreover, the financial health of Massachusetts' community hospitals continues to worsen despite their being among the most efficient hospitals and having the lowest operating costs in the country.

Too many emergency rooms are full, too many patients are being diverted, and as a result, too many people who need appropriate care are not getting it. Couple this with a growing shortage of nurses in the state and the outlook for the future of Massachusetts' community hospitals and the residents they serve is not promising. Indeed, without immediate action on the part of the state, the plight of struggling community hospitals will only get worse, and possibly result in more closings.

We realize that the 1997 Balanced Budget Act contributed to some of the difficulty experienced by community hospitals. Under the Act, Medicare spending was intended to be reduced by $115 billion over five years, but that number has effectively doubled. In Massachusetts, hospitals lost $1.7 billion as a result of the Act. However, the entire Massachusetts delegation worked with our colleagues to pass legislation in 1999 and 2000 that reversed some of the Medicare cuts made by the 1997 budget law.

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As a result, Massachusetts' hospitals received approximately $177 million over 5 years from the legislation passed in 1999 and will receive an additional $266 million over 5 years from the measure that passed on December 15, 2000. We are committed to building on these efforts in the 107th Congress, and we are hopeful that we will have continued success.

Massachusetts has the lowest non-Medicare payments (Medicaid and private insurance) in the United States according to an analysis of the state's community hospitals released early last year. We believe, however, that the issue of the adequacy of private insurance payments certainly warrants a more careful examination, but it is absolutely critical that the state does its part now to preserve the integrity of the Massachusetts community hospital system.

Therefore, we strongly urge that you take action now to raise significantly and sufficiently the level of Medicaid reimbursements to Massachusetts' hospitals, and that you take the necessary steps to work with all relevant parties, including community and teaching hospitals, home health agencies, nursing homes, the ambulance industry, and health care providers in examining the issue of private insurance payments.

We look forward to working with you on this critically important effort to protect Massachusetts' community hospitals and the citizens of the state who depend on them for care.

Sincerely,

Edward J. Markey
Member of Congress

Edward M. Kennedy
U.S. Senate

Michael E. Capuano
Member of Congress

John F. Kerry
U.S. Senate

Barney Frank
Member of Congress

J. Joseph Moakley
Member of Congress

Richard E. Neal
Member of Congress

John W. Olver
Member of Congress

Martin T. Meehan
Member of Congress

William D. Delahunt
Member of Congress

John F. Tierney
Member of Congress

James P. McGovern
Member of Congress

cc: Professor Stuart Altman, Co-Chair, Governor's Task Force on Health Care
Judge Herbert Wilkins, Co-Chair, Governor's Task Force on Health Care