

# News Release

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Contact: HHS Press Office  
(202) 690-6343

## **Text of Letter From Tommy G. Thompson Secretary of Health and Human Services To Richard J. Davidson, President, American Hospital Association**

Richard J. Davidson  
President  
American Hospital Association  
Liberty Place, Suite 700  
325 Seventh Street, NW  
Washington, DC 20004-2802

Dear Mr. Davidson:

I received your letter regarding the issue of hospitals charging uninsured Americans more than individuals who have health insurance coverage. Hospitals' charging the uninsured the highest rates is a serious issue that demands all of our attention.

As I am sure you are aware, Medicare and Medicaid have a long history of doing their part to help the uninsured that includes paying hospitals \$22 billion each year through the disproportionate share hospitals provisions to help hospitals bear the cost of caring for the poor and uninsured. In addition, although Medicare beneficiaries are not uninsured, Medicare pays hospitals approximately \$1 billion a year to compensate them for bad debt associated with serving Medicare clients.

Your letter suggests that HHS regulations require hospitals to bill all patients using the same schedule of charges and suggests that as a result, the uninsured are forced to pay "full price" for their care. That suggestion is not correct and certainly does not accurately reflect my policy. The advice you have been given regarding this issue is not consistent with my understanding of Medicare's billing rules. To be sure that there will be no further confusion on this matter, at my direction, the Centers for Medicare & Medicaid Services and the Office

of Inspector General have prepared summaries of our policy that hospitals can use to assist the uninsured and underinsured. This guidance shows that hospitals can provide discounts to uninsured and underinsured patients who cannot afford their hospital bills and to Medicare beneficiaries who cannot afford their Medicare cost-sharing obligations. Nothing in the Medicare program rules or regulations prohibit such discounts. In addition, the Office of Inspector General informs me that hospitals have the ability to offer discounts to uninsured and underinsured individuals and cost-sharing waivers to financially needy Medicare beneficiaries.

With this guidance as a tool, I strongly encourage you to work with AHA member hospitals to take action to assist the uninsured and underinsured and therefore, end the situation where, as you said in your own words, "uninsured Americans and others of limited means are often billed and required to pay higher charges."

Sincerely,

/s/

Tommy G. Thompson