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Dear Representative March 3, 2025

As the member associations representing the majority of health and human services providers throughout the District of Columbia, Maryland and Virginia, we are writing today to express our strong opposition to any changes to the District of Columbia’s Federal Medical Assistance Percentage (FMAP) as part of the reconciliation process. Inclusion of this provision would not lead to long-term government savings due to unintended consequences. The reduction in Medicaid revenue for health care providers and health systems in the District would have a ripple effect throughout the entire health system, crippling access to care for not only Medicaid beneficiaries but also all those who live, work, and visit the District of Columbia, including Members of Congress and their staffs.

**The Health System in the Nation’s Capital Must Remain Financially Viable**

The estimated potential savings of $8 billion over ten years would decimate the health system in the District, causing the loss of access to medical care for many individuals. The current FMAP rate was established by Congress as part of the District of Columbia Revitalization Act, which was led by Republicans. During the consideration of this legislation, Congress recognized that the District of Columbia faces unique financial challenges due to its non-state status and the significant amount of federally owned land within its boundaries. Specifically, the District is limited in its ability to generate revenue due to the following factors:

1. **DC’s inability to tax non-residents’ earnings:**  A substantial portion of the city’s workforce comes from Maryland, Virginia and other states, and these workers pay no taxes to support the infrastructure and services, such as roads, public safety and emergency services that they benefit from in the District. Estimates show that the District cannot tax $2 out of every $3 dollars earned within its borders.
2. **Restrictions on taxing real property: The** District is also unable to tax up to 40% of the real property within its borders due to statutory restrictions and limitation on federally owned property.

The FMAP rate of 70% established by the Revitalization Act resulted from bipartisan analysis, discussion, and negotiation by Congressional leadership aiming to balance fairness with the District’s restricted ability to generate revenue.

**How FMAP Minimum Reductions Would Endanger DC Population – Including Government**

The proposed cut to DC’s FMAP would destabilize the entire health system including the emergency response services. The difference between a 50% FMAP and the 70% FMAP would mean the loss of over $1 billion of revenue for the city’s health providers and would have devastating impacts across the continuum of care in the District as detailed below. Every person who lives or works in the District-or who visits the District—would be at risk.

**Community Health Centers: Over** 55% of health center patients are Medicaid beneficiaries, and Medicaid remains a critical partner for FQHC financial sustainability. We anticipate that a change to a 50/50 FMAP would result in a loss of coverage for more than 33,000 adult health center patients. Health center revenue losses in the first year are estimated at $58 Million, resulting in a loss of 300 staff positions, meaning health centers would be unable to serve over 24,000 of their current patients.

Such revenue losses will reduce primary care access in a health system already struggling to meet the primary care needs of all residents. Loss of primary care capacity inevitably results in pressure within the acute care system, charged in the District with meeting emergent needs of all those who live, work, or visit our city.

**Services to Persons with Disabilities**: The District is home to thousands of persons supported under the District’s Home and Community-Based Services (HCBS) Individuals with Intellectual and Developmental Disabilities (IDD) and Individual and Family Supports (IFS) Waivers. The waiver program provides an alternative to institutional residential services by offering a wide range of daily living, respite, vocational, employment, retirement, social, clinical, therapy and adaptive services and supports in the home and community in a variety of settings. The entire premise of HCBS supports permits individual choice and while offering services at a cost that is less than hospital or institutional settings. Without the existing 70/30 match, these same persons who are currently supported through community services would require more costly support in nursing homes or adult day care facilities, creating additional drain on the health and human services framework within the District while eroding independence and quality of life.

**Hospitals:** Hospitals in the District of Columbia admit over 104,000 patients each year and see nearly 400,000 patients in their emergency departments. These patients come from not only the District but also Maryland, Virginia, and across the country. A reduction in the FMAP would result in an estimated loss of over $464 million, with at least an additional $232 million in uncompensated care on top of the losses. Such a revenue loss is unsustainable and would likely lead to hospital closures, the elimination of essential services, and the loss of approximately 4,500 hospital jobs. Critical service lines—such as burn and trauma centers, labor and delivery, behavioral health, and primary care—would be at risk of shutting down. As a result, those who live, work, and visit the District would face longer wait times for primary care, specialty care, and emergency services, as well as increased patient boarding due to the inability to transfer patients to the appropriate level of care in a timely manner.

**Behavioral Health:** Over 70,000 District Medicaid beneficiaries have a diagnosis of a mental illness, a substance use disorder, or both. At least 45,000 of those individuals receive services through the Department of Behavioral Health’s Mental Health Rehabilitation Services and Adult Substance Use Rehabilitation Services benefits. Without these services, many of these individuals would experience a dramatic escalation of symptoms of untreated serious mental illness or severe substance use, including psychotic behavior, suicidal ideation and attempts, and chaotic drug use. Many would require hospitalizations more costly than their current care and increasing wait times for access to hospital services for others who need that level of care. An unfortunately high number could also be expected to engage in criminal behavior, from minor nuisance activities to violent or even lethal actions. They would also be more likely to be unsuccessful living independently in the community, causing property damage in apartments or homes they might rent or adding to the District’s already too high population of people who are experiencing homelessness.

Because of the disabling nature of serious mental illness and severe substance use disorders, almost all people who receive these services, regardless of income or wealth before their diagnosis, are enrolled in Medicaid. Almost no commercial insurance plans cover mental health or substance use rehabilitative services. In the District, 90% of those who receive these services are Medicaid beneficiaries, and the other 10% are uninsured. As a result, elimination of Medicaid funding for these services would likely result in all mental health and substance use rehabilitation treatment organizations discontinuing services for all District residents, as there would be no alternative payor for services

**Medical Society:** Private practices operate with much thinner margins than health systems and hospitals. Drastic Medicaid cuts would undoubtedly lead to practice closures or relocations. Individuals seeking care may need to default to hospital waiting rooms versus seeing a primary care or specialist in an office, which would exacerbate an already overcrowded hospital situation.

**Nursing Homes:** Across the country Medicaid is the primary provider of coverage for nearly two out of every three (63percent) nursing home residents. In the District of Columbia, Medicaid is the primary provider of coverage for **83** percent of nursing home residents. In addition to nursing home care Medicaid covers long term services and supports (LTSS) to help individuals with basic activities of daily living like bathing, dressing, and walking. Many of these critical services are not covered by Medicare or private insurance.

**Oral Health Care:** The DC Department of Health Care Finance has stated that it may terminate all optional coverage under Medicaid, which includes dental care under federal statute, if federal funds under the FMAP are reduced.

If the more than 286,000 DC residents who are covered by Medicaid are not able to receive regular preventive oral health care, dental emergencies involving preventable conditions (e.g., toothaches, abscesses, etc.) will increase in frequency. Tragic cases have demonstrated that even a toothache can have a fatal outcome without access to timely, appropriate care (see articles “[Toothache Leads to Boy's Death](https://abcnews.go.com/Health/Dental/story?id=2925584), ABC News,” March 5, 2007 and “[Man Dies From Toothache, Couldn’t Afford Meds](https://abcnews.go.com/Health/insurance-24-year-dies-toothache/story?id=14438171),” ABC News, September 2, 2011). An increasing number of DC residents seeking care from hospital emergency rooms for preventable dental emergencies—conditions that were never meant to be treated in emergency departments by providers who are not dental providers—will increase health care costs and put greater strain on the health care system at the point where swift access to care is essential to saving lives.

**Retain the District’s 70/30 FMAP**

The proposed changes to Medicaid will overwhelm the District’s health system and imperil national and global security. The residents, workers, visitors, and national and world leaders who rely on a high-functioning system of care could face ruinous consequences should they confront an injury, accident, or other health crisis.

The 250th anniversary of the founding of the United States will bring record numbers of visitors to our nation’s capital. We must be prepared to offer them world class hospitality, world class experiences, and world class health and safety. We urge Congressional leadership to retain the District’s existing FMAP to prevent untold damage to the health ecosystem on which so many rely.

Sincerely,

The District of Columbia Primary Care Association

The District of Columbia Hospital Association

The District of Columbia Behavioral Health Association

The Medical Society of the District of Columbia

The District of Columbia Health Care Association

The District of Columbia Coalition of Disability Service Providers

The District of Columbia Dental Society