



Delay Medicaid DSH Cuts September 2019

NASH supports the current bipartisan effort in Congress to delay Medicaid DSH cuts scheduled to take effect on October 1, 2019.

Background

The Affordable Care Act called for a major reduction in future Medicaid DSH payments to hospitals in anticipation of a major reduction in the number of uninsured Americans. Fewer uninsured people would mean less uncompensated care, the law reasoned, which would mean hospitals would not need as much Medicaid DSH money. Congress has delayed this cut, however, ever since its scheduled implementation in FY 2014, concluding that while the number of uninsured Americans had declined, the reduction in the number of uninsured people has been nowhere near as great as anticipated. Millions remain uninsured today, leaving safety-net hospitals to continue providing significant amounts of uncompensated care.

The Situation Today

The most recent delay in Medicaid DSH payments expires at the end of the current fiscal year and the cuts are scheduled to take effect on October 1, 2019. If implemented, Medicaid DSH payments to hospitals would decline \$4 billion in FY 2020 and \$8 billion a year from FY 2021 through FY 2025. The loss of this funding could be devastating to many DSH hospitals.

The conditions that led Congress to believe Medicaid DSH payments could be reduced significantly without harming the health care safety net have not unfolded entirely as anticipated. While many Americans have taken advantage of the Affordable Care Act to obtain health insurance, millions remain uninsured, including millions in the 14 states that did not expand their Medicaid programs as the 2010 health care reform law authorized, and the past two years have seen the number of uninsured Americans rise, not fall. Meanwhile, two recent developments – the new public charge regulation and a proposed change in how the federal poverty level is calculated – may lead to still more uninsured people as many lose their eligibility for Medicaid. Consequently, any decline now in Medicaid DSH payments could lead to an increase in the provision of charity care, possibly forcing hospitals to reduce services, limit community outreach, and even reduce staff. Such measures could jeopardize access to care not only for hospitals' uninsured and low-income patients but also for their privately insured, Medicare, and Medicaid patients as well.

NASH's Request

While NASH believes the Medicaid DSH cuts mandated by the Affordable Care Act should be permanently repealed, we respectfully request that Congress address the most immediate threat and delay those Medicaid DSH cuts once again for two more years to ensure access to care in the low-income communities served by the nation's private safety-net hospitals.



About the National Alliance of Safety-Net Hospitals

The National Alliance of Safety-Net Hospitals advocates for adequate recognition and financing of private safety-net hospitals that serve America's neediest communities. These private safety-net hospitals differ from other hospitals in a number of key ways: they serve communities whose residents are older and poorer; they serve patients who are more dependent on Medicare and Medicaid for health care coverage; they provide more uncompensated care; and unlike public safety-net hospitals, they have no statutory entitlement to local or state funds to underwrite their costs. NASH's role is to ensure that when federal officials make policy decisions, they understand the implications of those decisions for these distinctive private safety-net hospitals.

