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Contact:
Ellen Kugler, Executive Director
703-444-0989, 202-236-4599 (cell)
ellen@safetynetalliance.org

Safety-Net Hospital Group Expresses Concern About Proposed Federal Budget

(Washington, D.C.) The administration's proposed FY 2021 federal budget, released today, includes massive health care spending cuts that could pose an enormous challenge for private safety-net hospitals, according to the National Alliance of Safety-Net Hospitals (NASH).

Among those cuts: \$464.8 billion in reduced Medicare payments and \$920 billion in reduced Medicaid payments over the next ten years.

"The extent of the proposed spending cuts is daunting," said Ellen Kugler, NASH's executive director. "The payments that have been targeted for the biggest cuts are the very payments that enable safety-net hospitals to provide vital services to their communities. Without them, the capacity of private safety-net hospitals across the country to continue serving the low-income, low-income elderly, uninsured, and medically vulnerable residents of their communities could be in serious jeopardy."

Among the cuts that would pose the biggest challenges to private safety-net hospitals are reductions in Medicare and Medicaid disproportionate share (DSH) payments, which are made to hospitals that care for especially large numbers of low-income and uninsured patients and help pay for that care; reductions in Medicare bad debt payments, which reimburse safety-net hospitals for the co-pays so many of their low-income patients cannot afford; and reductions in Medicare graduate medical education payments, which hospitals use to train the next generation of caregivers and that help pay for those caregivers in training to serve low-income patients in hospital clinics and through community outreach programs.

In addition, the administration has called for major reductions in payments for outpatient care for Medicare patients.

"For years," Kugler explained, "elected officials, policy-makers, health care economists, and other experts have been telling us we need to keep patients out of hospital beds and serve them in the community. Now that we're doing that, and saving Medicare billions in the process, they want to pay us less to do exactly what they asked."

NASH also is alarmed about the size of the Medicaid cuts, including through the introduction of Medicaid block grants and the ability of states to impose new restrictions on eligibility.

NASH will seek to work with the administration and Congress to ensure that the federal FY 2021 budget ensures the ability of private safety-net hospitals to continue to be effective caregivers in the low-income communities in which they are located.

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 much older and poorer; they are more dependent on Medicare and Medicaid for revenue; 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 the patients served by these distinctive private safety-net hospitals. NASH pursues its mission through a combination of vigorous, informed advocacy, data-driven positions, and an energetic membership with a clear stake in the outcome of public policy debates.

Additional information about NASH can be found on the group's web site at <https://safetynetalliance.org/>. NASH staff and members are available for information, analysis, and comment on health care legislation, regulations, proposals, and developments that affect private safety-net hospitals and the generally low-income communities they serve.

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