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The Critical Need to Define "Safety-Net Hospitals"

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Across the country, safety-net hospitals play an indispensable role in preserving access to care for millions of Americans who face economic, geographic, and systemic barriers to health services. Even while operating under significant financial pressure, they provide essential services that few others choose to sustain.

Though safety-net hospitals share a common mission, creating a consistent federal definition has proven difficult because health care financing and delivery vary widely across states. Some states have public hospitals, while others do not. Some expanded Medicaid coverage broadly but pay providers at lower rates, while others rely more heavily on institutional support for hospitals that care for large numbers of uninsured patients. Because safety-net hospitals are shaped by these local conditions, no single metric can appropriately identify them nationwide.

A clear, standardized definition is critical to identifying these hospitals accurately, targeting resources where they are most needed, and strengthening the nation's health care safety net for the patients and communities that rely on it most. Achieving that goal requires a nuanced approach that recognizes differences across states while establishing a consistent federal framework.

The Problem

Hospitals that shoulder the greatest responsibility for caring for Medicaid, low-income Medicare, uninsured, and underinsured patients often face severe financial pressure because these patients are least able to afford the care they need. Medicaid and Medicare insure most of the patients at safety-net hospitals, while relatively few are covered by private insurance. Years of public-program underpayment have entrenched financial strain among hospitals serving low-income rural and urban communities. Those inadequate reimbursements also limit the ability of these hospitals to absorb sweeping policy changes affecting the programs that cover most of their patients.

Insufficient reimbursement also undermines safety-net hospitals' ability to recruit and retain physicians, particularly primary care providers and specialists essential to timely, coordinated care. When these hospitals cannot compete against their counterparts in more affluent communities for clinical talent, patients face longer wait times, delayed diagnoses, and fewer available services. Policymakers have relied on supplemental supports, including Medicaid and Medicare disproportionate share payments, uncompensated care funding, and special hospital designations, but these stop-gap measures have not kept pace with rising workforce and care-delivery costs.

These financial pressures are expected to worsen in the next few years. New limits on Medicaid state-directed payments and provider taxes, some that even go beyond the statutory language, could seriously destabilize funding for providers that deliver the most care to low-income patients. Pending eligibility requirements and redeterminations also are expected to cause millions of patients to lose Medicaid coverage next year, increasing the number of uninsured patients safety-net hospitals must continue to treat.

Together, these pressures threaten the financial viability of hospitals that serve as primary sources of health care and employment in communities where both are already at risk because of geographic or economic limitations. As federal policies further strain resources, hospitals may be forced to cut services or close altogether, further threatening the health and security of hard-working Americans.

The Proposal: Federally Designated Safety-Net Hospitals

The Alliance of Safety-Net Hospitals (ASH) seeks a new approach to defining safety-net hospitals. Specifically, **ASH supports *H.R. 7145*, a bill that would use a combination of existing, readily available nationwide metrics to identify safety-net hospitals**. By relying on multiple variables, the bill avoids unfair comparisons between states that have expanded Medicaid and those that have not. It also accounts for state-specific health care delivery structures that predate and operate independently of Medicaid expansion by identifying hospitals that provide the most care to low-income individuals relative to other hospitals within their own state.

This approach would identify hospitals that are central to caring for America's most vulnerable patients and also especially exposed to the effects of reduced government spending on health care services.

Conclusion

Safety-net hospitals across the country are at risk of continued decline or closure, jeopardizing access to care for millions of Americans. **We urge lawmakers to co-sponsor *H.R. 7145* and provide a mechanism for the federal government to formally designate safety-net hospitals.** By clearly identifying these hospitals and aligning federal policy accordingly, Congress can help stabilize essential community pillars, protect patient access to care, and ensure that communities across the country are not left without essential health services.