



AMERICA'S ESSENTIAL HOSPITALS

March 2015

Essential Hospitals Rely on a Robust Medicare Program

Medicare Cuts Threaten Vulnerable Patients

Essential hospitals, which often operate at a loss, rely on Medicare as a vital funding source for about a quarter of their patients. We urge Congress to consider how Medicare cuts would disproportionately harm essential hospitals and the vulnerable patients they serve. The cumulative effect of cuts would be unsustainable and threaten access to care.

Reject Cuts to Outpatient Services Funding

Congress has discussed substantial Medicare payment cuts for many outpatient services, including evaluation and management (E&M), and the president included cuts to E&M and other outpatient services in his fiscal year (FY) 2016 budget proposal.

Essential hospitals, with their broad outpatient networks that provide more than 41 million visits a year nationally, would bear the brunt of Medicare outpatient payment cuts. These hospitals, which deliver, on average, four times more outpatient services than other hospitals, would face an average E&M cut 4.5 times higher than other hospitals under typical proposals. Essential hospitals would be left with tough decisions on the sustainability of clinics, jeopardizing access to care for vulnerable patients in many underserved communities.

Ensure Access by Protecting Medicare DSH

Hospitals across the country face cuts to Medicare disproportionate share hospital (DSH) payments, which began in FY 2014. While a new payment formula directs most remaining Medicare DSH

funding to hospitals with high volumes of Medicaid and low-income Medicare patients, some essential hospitals—particularly those with high proportions of Medicare patients—still face significant cuts. These hospitals are cornerstones of care in their communities and a lifeline for our nation's most vulnerable seniors.

America's Essential Hospitals commits to working with Congress on a solution to protect essential hospitals and their patients from damaging Medicare DSH reductions.

Support Graduate Medical Education

Essential hospitals train 12 times as many physicians as other U.S. teaching hospitals. Graduate medical education (GME) payments cover the direct cost of physician training and the indirect higher costs of operating a teaching hospital, which will spend an average of \$100,000 annually to train a physician resident.

Today, communities throughout the nation face physician shortages. Cuts to GME would only worsen those shortages and further threaten access to care. America's Essential Hospitals asks Congress to ensure a robust future health care workforce by protecting Medicare GME.

We urge Congress to reject all cuts to Medicare funding for hospitals. Vulnerable patients and underserved communities—and the essential hospitals on which they rely—could not sustain the combined impact of additional reductions.