



AMERICA'S ESSENTIAL HOSPITALS

December 2014

Essential Hospitals Rely on a Robust Medicare Program

Our Patients and the Challenges They Face

Medicare covers the cost of care for about one-quarter of patients at essential hospitals. The program is a vital source of funding for essential hospitals, which operate on negative margins, on average. When discussing changes to Medicare coverage and payment, Congress must consider the unique impact such changes might have on essential hospitals and the vulnerable patients they serve.

Support Graduate Medical Education

The nation's teaching hospitals—many of which are members of America's Essential Hospitals—train the next generation of clinicians. This is critically important work: Our country faces a growing shortage of qualified physicians for its aging population.

Today, hospitals spend an average of \$100,000 annually to train a physician resident—a cost largely unreimbursed by commercial payers and that Medicare and Medicaid only partially support. Medicare graduate medical education (GME) payments cover the direct cost of physician training and the indirect higher costs of operating a teaching hospital. Cuts to GME payments would threaten access to care for **all** people by reducing the ability of teaching hospitals to train the nation's physicians.

History shows that low-income and vulnerable patients, in particular, would find it harder to get the care they need to stay healthy. America's Essential Hospitals asks Congress to ensure a robust future health care workforce by protecting Medicare GME.

Ensure Access by Protecting Medicare DSH

Hospitals across the country are facing cuts to Medicare disproportionate share hospital (DSH) payments, which began in fiscal year 2014. While the new payment formula

directs most of the remaining Medicare DSH funding to hospitals with high volumes of Medicaid and uninsured patients, some essential hospitals—particularly those with a high proportion of patients dually eligible for Medicare and Medicaid—face significant cuts. These hospitals are vital sources of care in low-income communities and serve as a lifeline for our nation's most vulnerable seniors.

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

Reject Cuts to Outpatient Services Funding

Congress has discussed proposals to substantially reduce Medicare payment for evaluation and management services (E&M) and other care provided in hospital outpatient departments.

Essential hospitals are key sources of outpatient care in their communities, many of which are underserved by other providers. Across the country, essential hospitals provide 60 million outpatient visits per year. Because of their broad outpatient networks, essential hospitals would be disproportionately impacted by cuts to outpatient E&M payments. Members of America's Essential Hospitals would face an average E&M cut 4.5 times higher than other hospitals across the country.

We urge Congress to reject hospital outpatient payment cuts—particularly those that would disproportionately reduce funding for essential hospitals and their patients.