



AMERICA'S
ESSENTIAL
HOSPITALS

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Essential Hospitals Urge Congress to Reject Medicaid Cuts

Medicaid Works

Nearly 68 million Americans rely on Medicaid for health care coverage—particularly children, pregnant women, the disabled, and the elderly. Medicaid pays for the care of the nation's most vulnerable at a lower cost per beneficiary than private insurance and Medicare, making it one of only a few programs that have reduced estimated baseline costs over time. Medicaid allows essential hospitals to serve their communities. Cuts to it would hurt millions of people.

Medicaid Cuts Shift, but Do Not Reduce, Costs

There's no easy path to lower Medicaid spending. Proposals typically shift costs to states and, in turn, to providers, which limits patient access. Medicaid cuts hurt the very people the program seeks to protect. These are proposals of concern:

- **Applying a per capita caps system.** This would set an upper limit on what the federal government pays per Medicaid beneficiary. An arbitrary cap likely would fail to keep pace with medical inflation and force states to cut services or provider payment rates to moderate their growing share of Medicaid costs.
- **Cutting Medicaid disproportionate share hospital (DSH) payments.** DSH cuts under the Affordable Care Act (ACA) assume Medicaid expansion will result in more covered patients. But the Supreme Court made expansion voluntary and only half of states have decided to expand. Given this outcome, scheduled DSH cuts that

reduce federal support by about 50 percent by 2019 can no longer be justified.

- **Eliminating or reducing provider assessments and other vital funding streams.** These federally approved funding streams help states support a functioning Medicaid program. Cutting them limits state flexibility in funding Medicaid and ultimately harms patients and increases costs to taxpayers.
- **Cutting the federal Medicaid match.** Some policymakers support across-the-board cuts to the federal share of Medicaid costs. This arbitrary cut has no basis in policy and simply shifts costs to patients, providers, and states. It does nothing to meaningfully reduce costs or increase efficiency.

Our Ask

We urge Congress to protect vulnerable patients and their essential hospitals by preserving Medicaid.

Members of America's Essential Hospitals see first-hand Medicaid's crucial role in making health care accessible to all people. Cutting important Medicaid funding sources will only shift costs, which hurts patients, providers, and their communities.

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