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Contact: Brigette Settles Scott, NAPH, 202-585-0102
Alicia Mitchell, AHA, 202-626-2339
Nicole Buckley, AAMC, 202-828-0041

FEDERAL COURT RULES IN FAVOR OF HOSPITALS ON MEDICAID RULE

*NAPH, AHA, AAMC Pleased With Verdict
But Urge Congress to Extend Moratorium to Protect Nation's Health Safety Net*

Washington, D.C. (May 23, 2008) – The U.S. District Court for the District of Columbia today ruled that the Centers for Medicare & Medicaid Services (CMS) violated a congressionally-imposed one-year moratorium by attempting to issue the regulation in final form on May 25, 2007, the same day President Bush signed the moratorium into law. The regulation, which would cut \$5 billion in funding to safety net hospitals, would be delayed temporarily when the current moratorium expires this Sunday. Congress has included language to stop this regulation and six others in the Iraq war supplemental appropriations bill that passed in the House and Senate in the last two weeks. The hospital community applauds the ruling, but strongly urges Congress to complete work on the Medicaid moratoria legislation, which has overwhelming bipartisan support in both the House and the Senate.

Plaintiffs in the lawsuit, Alameda County Medical Center v. The Honorable Michael O. Leavitt, which include Alameda County Medical Center in Oakland, CA, the National Association of Public Hospitals and Health Systems (NAPH), the American Hospital Association (AHA), and the Association of American Medical Colleges (AAMC), had asked the Court to overturn a final rule issued by CMS. Plaintiffs charged that CMS violated a congressional moratorium on the rule in its rush to issue the rule on May 25, 2007, the same day the President signed the moratorium into law. The Court agreed, holding that the moratorium prevented CMS from issuing or taking any action to advance the rule for one year beginning May 25, 2007.

The judge declined to rule on the substantive issues in the case.

Unless Congress acts immediately to extend the moratorium on this rule, it would be up to CMS to decide whether or not to republish it—with or without changes—after May 25. If CMS does decide to republish the rule in final form, despite overwhelming Congressional opposition, the rule could then go into effect 60 days thereafter. Consequently, hospitals are urgently working with Congress to seek a legislative solution to prevent the rule from taking effect.

“Residents of Alameda County can breathe a sigh of relief that the courts stopped this devastating rule at least temporarily. If implemented, this regulation will severely undermine our ability to provide medical services to patients in our community,” said Wright Lassiter III, CEO of Alameda County Medical Center,

the lead plaintiff in the case. “We encourage Congress to provide a legislative solution for Medicare and Medicaid funding for public hospitals.”

“We are pleased that the Court struck down the effort by CMS last year to defy Congress by rushing to publish this regulation in final form before the 2007 moratorium was to take effect. ,” said Larry S. Gage, President of NAPH. “We are gratified at the overwhelming bipartisan opposition to this regulation, which would virtually dismantle our nation's health safety net. We urge Congress to continue to move ahead swiftly to extend the moratorium.”

“Hospitals serve as the family doctor for millions of Americans in need,” said Richard J. Umbdenstock, president and CEO of AHA. “These cuts will have devastating effects on patients, as well as whole communities that could see critical services vanish, including trauma care, burn units, neonatal departments and outpatient clinics.”

“These regulations will seriously damage our nation’s health safety net and have dire effects on patients,” said Darrell G. Kirch, M.D., president and CEO of the AAMC. “We urge Congress to take immediate action to right this course of action and enable the nation’s teaching and public hospitals to continue to provide vital services to patients and communities.”

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*The **American Hospital Association (AHA)** is a not-for-profit association of health care provider organizations and individuals that are committed to health improvement in their communities. The AHA is the national advocate for its members, which include almost 5,000 hospitals, health care systems, networks, and other providers of care. Founded in 1898, the AHA provides education for health care leaders and is a source of information on health care issues and trends. For more information, visit the Web site at www.aha.org.*

*The **Association of American Medical Colleges (AAMC)** is a not-for-profit association representing all 129 accredited U.S. and 17 accredited Canadian medical schools; nearly 400 major teaching hospitals and health systems, including 68 Department of Veterans Affairs medical centers; and 94 academic and scientific societies. Through these institutions and organizations, the AAMC represents 109,000 faculty members, 67,000 medical students, and 104,000 resident physicians. Additional information about the AAMC and U.S. medical schools and teaching hospitals is available at www.aamc.org/newsroom.*

*The **National Association of Public Hospitals and Health Systems (NAPH)** represents more than 100 of America’s most important safety net hospitals and health systems. These facilities provide high-quality health services for all patients, including the uninsured and underinsured, regardless of ability to pay. In addition to functioning as the country’s default national health insurance system, public hospitals provide many essential community-wide services, such as primary care, trauma care, and neonatal intensive care. Public hospitals also train many of America’s doctors, nurses, and other health care providers. More information is available at www.naph.org.*

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