



Congress Must Protect the Safety Net and Delay Medicaid DSH Cuts

Unless Congress intervenes, effective October 1, 2019 (FY 2020), safety net hospitals across the nation will incur \$4 billion in Medicaid disproportionate share hospital (DSH) cuts, impeding services to the most vulnerable communities. In May, over 300 members of the House sent a letter to Speaker Nancy Pelosi (D-Calif.) and Minority Leader Kevin McCarthy (R-Calif.) urging them to delay the Medicaid DSH cuts for at least two years until a more sustainable, permanent solution is reached. The cuts are scheduled to increase to \$8 billion per year in FYs 2021-2025, totaling \$44 billion over the six-year period. This represents nearly two-thirds of the total funding for the program. Cuts of this magnitude are untenable and will cripple the program.

In order to preserve and protect the safety net, Congress must delay the Medicaid DSH cuts.

Medicaid DSH Remains a Vital Lifeline for Safety Net Providers

The Medicaid DSH program was created in 1985 to help hospitals that provide care to a disproportionate number of low-income and uninsured patients. AAMC-member teaching hospitals provided more than \$11 billion in uncompensated care in FY 2017 – a number that is expected to increase as the number of uninsured patients recently increased for the first time since the implementation of the Affordable Care Act. These hospitals – which represent just 5% of the nation’s hospitals – provide 32% of all hospital charity care and 25% of all Medicaid hospitalizations. Medicaid DSH payments are a vital source of funding that helps offset a portion of that cost.

Cuts to the Medicaid DSH program would be particularly harmful to major teaching hospitals, which rely on this funding to provide state-of-the-art care for all, including the most vulnerable patients with the most complex conditions. Medicaid DSH funding allows these hospitals to provide a wide range of critical community services, including trauma and burn care, high-risk neonatal care, and disaster preparedness resources.

Congress Should Act to Delay Looming Medicaid DSH Cuts

Congress has worked together in a bipartisan fashion to delay the scheduled Medicaid DSH cuts several times in the past and should do so once again this year. These cuts are not appropriate until greater coverage gains have been made. All states would benefit from a delay in the Medicaid DSH cuts, including those states that have not yet expanded Medicaid. Teaching hospitals and their physician faculty – which rely on federal Medicaid DSH funding to care for Medicaid-enrolled and uninsured patients and their communities – would feel the impact of the cuts most of all.

In May, over 300 members of the House sent a letter to Speaker Nancy Pelosi (D-Calif.) and Minority Leader Kevin McCarthy (R-Calif.) urging them to delay the Medicaid DSH cuts for at least two years until a more sustainable, permanent solution is reached.

The AAMC supports this letter and urges Congress to delay these unsustainable cuts.

AAMC Contact: Jason Kleinman, Senior Legislative Analyst, jkleinman@aamc.org or (202) 903-0806