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American Hospital
Association



AAMC



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Children's Hospitals

EMBARGOED FOR RELEASE
March 11, 2008; 12 noon EDT

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HOSPITALS FILE LAWSUIT AGAINST FEDERAL GOVERNMENT TO STOP MEDICAID CUTS

*NAPH, AHA, AAMC, N.A.C.H. Claim Bush Administration
Tried to Circumvent Will of Congress
to Cut Medicaid Program*

Washington, D.C. – A coalition led by the National Association of Public Hospitals and Health Systems (NAPH), the American Hospital Association (AHA), the Association of American Medical Colleges (AAMC), and supported by the National Association of Children's Hospitals (N.A.C.H.), today asked a federal court to prevent the Bush Administration from implementing a proposed Medicaid regulation that would cut \$5 billion in funding to safety net hospitals.

Congress last year put in place a moratorium that prevents the Centers for Medicare & Medicaid Services (CMS) from issuing a final rule, but the moratorium is set to expire May 25, 2008, unless Congress or the courts act soon.

“This regulation, together with a number of others proposed in the last several months by CMS, would do nothing less than diminish the historic role of the Medicaid program as a vital safety net for low income children and families.” said Larry S. Gage, president of NAPH. “We believe—and our lawsuit maintains—that this devastating action is beyond the scope of CMS' regulatory power under current federal law. The consequences for public hospitals that provide lifesaving trauma care and treat the most vulnerable Americans would be devastating.”

The suit, filed in the U.S. District Court for the District of Columbia, asks the court to reject the CMS regulation on three grounds: (1) CMS has overstepped its authority in dictating to states the governmental status of entities within their jurisdiction; (2) Congress has barred the agency from imposing a cost limit on Medicaid payments to governmental providers; and (3) CMS improperly issued the rule on the very day (May 25, 2007) that a Congressional moratorium blocking the rule took effect.

Hospital leaders say that if the rule is implemented, some of the services all communities rely on – in good times and in bad – will be jeopardized.

“Trauma centers, burn units and emergency preparedness programs could all be drastically affected if this rule takes effect,” said Darrell G. Kirch, M.D., president and CEO of the AAMC. “Many public hospitals provide critical services that support both local and regional communities. The loss of Medicaid funds may threaten this critical infrastructure. Whether it's a bus crash, a fire or a terrorist incident, without these Medicaid funds, public hospitals will be less able to help people when they most need our highly specialized services.”

The litigants in the lawsuit filed today say the hospital field continues to work with Congress to seek a legislative solution to prevent the proposed cuts from taking place.

“We are standing up for the millions of people who depend on public hospitals for their care, and we hope that Congress will stand with us and reclaim control of its critical funding power,” said Richard J. Umbdenstock, president and CEO of AHA. “The administration blatantly disregarded Congressional intent when it rushed these regulations deliberately to avoid the moratorium Congress intended. We are asking the court to rectify this situation and reject the rule while we also are actively urging members of the House and Senate to now impose their will to ensure that these vital funds do not disappear.”

“Children insured by Medicaid account for over half of all inpatient days of care provided at freestanding acute care children’s hospitals,” said Lawrence A. McAndrews, president and CEO of N.A.C.H. “Harmful cuts to Medicaid can have a profound impact on children’s hospitals and their ability to serve all children.”

Officials say that public hospitals deliver one-fourth of all uncompensated hospital care provided in the United States, making them a critical lifeline for the poor, uninsured and under-insured.

“We know that there is strong support on Capitol Hill to take action, but so far, Congress has not extended the moratorium and time is running out,” said Wright Lassiter, III, CEO of Alameda County Medical Center in California, which is one of the plaintiffs in the suit. “For me, it’s very real. I have just a few months until this rule paralyzes my hospital. Alameda treats thousands of our community’s most vulnerable patients every year, and if this rule becomes a reality, we’ll take very serious actions in terms of our staffing levels and the services we provide, and I’m afraid our patients will pay the price.”

Lassiter says it is especially egregious that CMS is trying to cut billions in funding when the nation’s health care system is already overloaded trying to provide care for 47 million uninsured Americans. “Look around – the economy is weakening and people are really hurting,” he said. “I see no wisdom in trying to limit the ability of hospitals like mine to take care of people in our communities, especially when times are so tough for them.”

*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 Children’s Hospitals** (N.A.C.H.) represents more than 140 children’s hospitals across the country, including independent acute care children’s hospitals, children’s specialty hospitals, and children’s hospitals that operate within larger institutions. More information is available at www.childrenshospitals.net.*

*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.*