



American Hospital
Association

THE IMPACT OF THE ECONOMIC CRISIS ON HOSPITALS...

PROTECT THE SAFETY NET

The American Recovery and Reinvestment Act (ARRA) provided immediate relief to help shore up and invest in the nation's fragile health care system. However, the ability to provide hospital services continues to be challenged by the economic crisis, and steps must be taken to ensure that hospitals can continue their vital role as America's health care safety net.

Specifically, hospitals seek assistance in the following areas:

FMAP: The ARRA provides \$86.6 billion to help state Medicaid programs. It is important to ensure that health care dollars be used for health care; specifically that state governments utilize those funds for Medicaid services, particularly to the most vulnerable populations. Those funds should not be siphoned off to other state funding needs.

ACCESS TO CAPITAL: Hospitals need to fund upgrades and improvements to meet the demand for care. But in today's market, capital is scarce. Federal help is needed to revive the hospital tax-exempt bond market and reduce borrowing costs. Modernizing the Department of Housing and Urban Development's Hospital Mortgage Insurance Program can expand the availability of financing and lower borrowing costs.

MAINTAINING PAYMENT LEVELS: Payments for hospital services have been cut at the state and local levels, even as the economy has ripped health care coverage away from more and more people, leaving them unable to pay for their care. Hospitals cannot sustain further reductions to Medicare and Medicaid, which already pay hospitals less than the cost of providing service.

OUR MESSAGE: America's hospitals are feeling the impact of the economic crisis. Legislators need to understand the challenges hospitals – as major employers, economic engines and the health care safety net – face in meeting community need.