

THE ISSUE

The Medicaid provider assessments program has allowed state governments to expand coverage, fill budget gaps and maintain patient access to health services by avoiding additional provider payment cuts. Some policymakers have called for restricting states' ability to use this program. The President's Plan for Economic Growth and Deficit Reduction proposes to phase down, but not eliminate, Medicaid provider taxes beginning in 2015. The administration estimates this would save \$26.3 billion over 10 years. The Simpson-Bowles deficit commission also recommends restricting, and eventually eliminating, states' ability to finance a portion of their Medicaid spending by imposing assessments on health care providers who are paid by the Medicaid program. This proposal to eventually eliminate provider assessments would result in reductions of \$44 billion in the Medicaid program by 2020.

AHA POSITION

Reject options that restrict states' ability to partially fund Medicaid programs using provider assessments.

WHY?

- **Provider assessment cuts are just another name for Medicaid cuts and harm the millions of children, poor and disabled Americans who rely upon this vital program.**
- **Further cuts to hospital funding would put enormous pressure on already stretched state budgets and could jeopardize this critical health care safety net program.**
- **Hospitals experience severe payment shortfalls when treating Medicaid patients. Medicaid, on average, covers only 89 cents of every dollar spent treating Medicaid patients. Changes to the provider assessment program would further exacerbate this problem.**
- **Currently, 58 million low-income Americans rely on the Medicaid program to provide access to health care. With the implementation of the Patient Protection and Affordable Care Act (ACA), 16 million more people will be using Medicaid beginning in FY 2014. Any reduction or elimination of the Medicaid provider tax would be on top of the \$14 billion in Medicaid disproportionate share hospital (DSH) cuts contained in the ACA.**

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KEY FACTS

Over its 46-year history, Medicaid has become the nation's health care safety net, serving as a buffer to the perils of an uncertain economy by providing access to health services to those who cannot afford private insurance. This role has never been more critical than it is in today's struggling economy. Medicaid is the safety net for millions of Americans, and its coverage role is expanding under the ACA.

Nearly all states employ some form of provider assessments – on hospitals, intermediate care facilities, nursing homes, managed care organizations and pharmaceutical prescriptions – as a means to obtain federal matching funds for their Medicaid programs. The provider assessment program is a critical component to funding Medicaid programs across the country.

According to the Kaiser Family Foundation, Medicaid covers:

- 1 in 3 children
- 1 in 3 births
- 8 million people with disabilities
- Nearly 9 million low-income Medicare beneficiaries
- 1 in 4 poor non-elderly adults

Medicaid is the major payer for long-term care services for low- and middle-income elderly. Medicaid pays for seven out of 10 people living in nursing homes. Over a quarter of all mental health funding is from Medicaid. And according to the Kaiser Family Foundation, during the recession from 2007 to 2009, 6 million people were covered by Medicaid who would have otherwise gone without health care coverage.