



American Hospital Association®

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STATEMENT ON PRESIDENT OBAMA'S BUDGET PROPOSAL

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America's hospitals must continue to meet the needs of the patients and communities they serve in spite of current financial pressures. Even though Congress already cut Medicare and Medicaid payments for hospital services by billions of dollars, the Administration has proposed additional reductions. The solution to what ails our nation's fiscal health is not further cuts to providers that care for millions of America's seniors, but creative solutions to modernize the Medicare program.

We have significant concerns about a number of policies included in President Obama's budget. Specifically, today's proposal contains troubling reductions to assistance to hospitals that help defray some of the costs of caring for low-income seniors known as bad debt. In addition, the budget would jeopardize the ability of hospitals to train the next generation of physicians by cutting funding for graduate medical education, and hinder care for people in rural communities by reducing funding for critical access hospitals. The proposed cuts to post-acute providers, particularly to inpatient rehabilitation hospitals, would limit specialized care, while an expanded Independent Payment Advisory Board would remove elected officials from the Medicare decision-making process.

By limiting charitable deductions, the administration may discourage private giving to hospitals. We urge that charitable giving be excluded from any limitations on deductions and the existing federal tax charitable deduction be maintained.

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At the same time, we are pleased that the proposal backed off previous policies to cut Medicaid provider assessments and recognized the need to delay cuts to the Medicaid Disproportionate Share Hospital program because there will be fewer insured people. We also are pleased that the proposal does not include a single federal Medicaid matching rate that would have cut the program. In addition, we commend the administration's decision to eliminate the sequester's two percent cut to hospital payments under Medicare.

Hospitals are actively pursuing ways to increase value, improve performance and enhance quality and patient safety – all of which reduce costs, but they cannot carry the burden alone. The reality is that one in four hospitals operate in the red, so additional cuts will hamper their ability to provide access to the latest treatments and technologies, and could result in fewer caregivers and longer waits for care.

We look forward to working with President Obama and Congress on real solutions that will ensure the care hospitals provide is always there for patients and their communities.

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