

## The Issue

**The Medicaid Disproportionate Share Hospital (DSH) program provides essential financial assistance to hospitals that care for our nation's most vulnerable populations – children, the poor, the disabled and the elderly.** These hospitals also provide critical community services, such as trauma and burn care, high-risk neonatal care and disaster preparedness resources. Congress cut Medicaid DSH payments in the Affordable Care Act (ACA), reasoning that hospitals would care for fewer uninsured patients as health coverage expanded. However, the projected increase in coverage has not been fully realized due to some states not expanding Medicaid, as well as lower-than-anticipated enrollment in coverage through the Health Insurance Marketplaces.

The Medicaid DSH payment reductions, which the AHA has helped delay, are scheduled to take effect in fiscal year (FY) 2020, which begins Oct. 1.

## AHA Position

Congress should again delay the start of the Medicaid DSH cuts given the vital need for the program.

## Why?

- **The Medicaid DSH program, since its inception in the early 1980s, has provided vital financial support to hospitals that serve the nation's most vulnerable populations.** This includes low-income patients, the uninsured and those with health care coverage that is insufficient to meet their health care needs (the "underinsured").
- **Even with this critical supplemental funding, hospital costs for providing care to vulnerable populations are not fully met.** Medicaid, on average, covers only 87 cents of every dollar spent treating Medicaid patients. And in 2017, hospitals provided \$38.4 billion of uncompensated care.
- **The need for DSH payments continues.** While the rate of uninsured is at historically-low levels, tens of millions of Americans do not have health insurance coverage. And, in 2017, the rate of uninsured increased for the first time since 2014.

## Key Facts

- The ACA Medicaid DSH cut for FY 2020 is \$4 billion and increases to \$8 billion for FYs 2021-2025. The Congressional Budget Office projects that there will be 35 million individuals uninsured by 2028. The need for DSH supplemental funding remains as hospitals continue their mission to treat all patients, regardless of ability to pay.
- The House Energy and Commerce Committee July 17 passed legislation that would eliminate the Medicaid DSH cuts for FYs 2020 and 2021 and reduce the cuts from \$8 billion to \$4 billion in FY 2022.