

In this uncertain environment, the Medicaid Disproportionate Share Hospital (DSH) program, which provides financial assistance to hospitals serving a high number of Medicaid and uninsured patients, will continue to be a vital source of income for its hospitals and the communities they serve. Yet there are \$4 billion in cuts to the program scheduled to take effect on Dec. 12, 2020. **Congress must eliminate these reductions to safeguard the vital services that Medicaid DSH hospitals provide.** Following is information on the impact the Medicaid DSH cuts will have on your state, based on AHA analysis of Medicaid and CHIP Payment and Access Commission data, as well the important services provided by Medicaid DSH hospitals that could be affected by the funding reductions.

FY 2021 Texas DSH Allotment Reductions (in millions)¹

(AHA Analysis of MACPAC data from March 2020 Report to Congress)

	Unreduced Allotment		Allotment Reductions		
	Total (State and Federal)	Federal	Total (State and Federal)	Federal	Percent Reductions in Federal DSH Allotments
Texas	\$1,870.8	\$1,156.3	\$400.5	\$247.5	21.4%

Texas Medicaid DSH Hospitals at a minimum:²

(As reported in the AHA 2018 Annual Survey)

- Deliver 253,955 babies
- Staff 2,311 NICU beds and 567 pediatric intensive care unit beds
- Operate 6 burn units
- Provide trauma services for 146 communities
- Staff 4,652 inpatient psychiatric beds

The COVID-19 public health emergency has put immense financial strain on hospitals and health systems. Total losses are projected to be at least \$323.1 billion in 2020, and the financial pressure will likely continue into 2021 as patient volume remains well below previous levels.

Compounding these losses is an anticipated shift in enrollment from commercial coverage to Medicaid, which pays below the cost of providing care. State Medicaid directors expect enrollment to increase by 8.2% as more of their residents qualify for the program due to the economic impact of the COVID-19 pandemic. While the federal government is currently contributing more to Medicaid through an increase in the federal medical assistance percentage (FMAP), in many states this support is not enough to prevent provider rate payment freezes or reductions.³

Source:

1. AHA analysis of MACPAC data from March 2020 Report to Congress
2. DSH hospitals were identified using State Plan Rate Year 2015 Medicaid DSH Reports and Texas Health and Human Services 2020 DSH Payment Report; data on hospital services are self-reported in the 2018 AHA Annual Survey
3. Kaiser Family Foundation 50-State Medicaid Budget Survey; Medicaid Enrollment & Spending Growth