

It is broadly acknowledged that Medicare reimburses hospitals less than the cost of providing care and their reimbursement rates are non-negotiable. The Medicare Payment Advisory Commission found that hospitals experienced a -8.5% margin on Medicare services in 2020, and it projects that margin will fall to -9% in 2022. Combined underpayments from Medicare and Medicaid to hospitals were \$100 billion in 2020, up from \$76 billion in 2019. Exacerbating this pressure is the fact that Medicare and Medicaid account for most hospital utilization. In fact, 94% of hospitals have 50% of their inpatient days paid by Medicare and Medicaid and more than three quarters of hospitals have 67% Medicare and Medicaid inpatient days. Because of the fixed nature of these payments, hospitals are unable to fully absorb the tremendous inflationary forces they are currently facing.

A new [AHA report](#) highlights the significant growth in expenses across labor, drugs and supplies, as well as the impact that rising inflation is having on hospital prices. Further cutting Medicare payments to hospitals and health systems will threaten access to care for patients and communities. As COVID-19 cases and hospitalizations are increasing in most parts of the country, now is the wrong time to reduce payments to providers who remain on the front lines of the pandemic and are working to address the backlog of care that was deferred.

## Percent of U.S. Hospitals Treating Majority Medicare and Medicaid Patients, by Inpatient Days, 2019

	Inpatient Days			
	50% or greater	67% or greater	75% or greater	90% or greater
<b>US Total</b>	<b>94.0%</b>	<b>77.6%</b>	<b>42.6%</b>	<b>5.3%</b>
AK	100.0%	81.0%	52.4%	0.0%
AL	93.1%	82.2%	37.6%	1.0%
AR	94.4%	68.9%	44.4%	5.6%
AZ	96.3%	82.9%	39.0%	0.0%
CA	94.4%	80.8%	35.8%	5.4%
CO	93.5%	71.7%	25.0%	1.1%
CT	100.0%	90.3%	61.3%	0.0%
DC	100.0%	60.0%	20.0%	0.0%
DE	100.0%	85.7%	71.4%	0.0%
FL	96.3%	79.9%	36.0%	1.4%
GA	95.8%	86.1%	32.6%	3.5%
HI	95.5%	72.7%	18.2%	0.0%
IA	87.1%	69.0%	52.6%	16.4%
ID	95.7%	65.2%	32.6%	2.2%
IL	94.0%	77.0%	47.0%	7.1%
IN	93.8%	82.8%	43.0%	4.7%
KS	80.9%	58.1%	33.8%	11.0%
KY	98.1%	94.2%	53.8%	10.6%
LA	94.3%	76.1%	48.4%	5.0%
MA	96.0%	80.0%	45.3%	1.3%

	Inpatient Days			
	50% or greater	67% or greater	75% or greater	90% or greater
MD	98.0%	85.7%	44.9%	2.0%
ME	91.2%	82.4%	47.1%	2.9%
MI	97.1%	88.6%	61.4%	5.7%
MN	93.6%	73.6%	31.2%	4.8%
MO	92.5%	75.8%	49.2%	9.2%
MS	71.7%	57.6%	40.4%	9.1%
MT	85.7%	71.4%	41.1%	3.6%
NC	94.6%	86.6%	33.0%	0.0%
ND	95.1%	80.5%	34.1%	9.8%
NE	88.2%	54.8%	20.4%	2.2%
NH	96.4%	78.6%	53.6%	0.0%
NJ	98.8%	80.2%	54.3%	0.0%
NM	100.0%	88.1%	47.6%	2.4%
NV	95.7%	84.8%	28.3%	2.2%
NY	98.1%	95.0%	65.2%	11.8%
OH	98.4%	87.4%	53.4%	3.1%
OK	88.0%	64.8%	40.0%	8.0%
OR	96.7%	88.5%	67.2%	8.2%
PA	97.8%	83.9%	51.6%	2.2%
RI	100.0%	100.0%	54.5%	0.0%
SC	91.8%	69.9%	41.1%	2.7%
SD	89.5%	66.7%	35.1%	12.3%
TN	95.5%	84.8%	40.2%	3.6%
TX	84.4%	56.8%	35.1%	6.9%
UT	83.0%	62.3%	13.2%	0.0%
VA	97.9%	85.4%	43.8%	4.2%
VT	100.0%	100.0%	78.6%	0.0%
WA	94.5%	79.1%	41.8%	3.3%
WI	94.0%	75.2%	45.9%	6.8%
WV	98.1%	88.5%	63.5%	15.4%
WY	96.4%	67.9%	21.4%	0.0%

	United States Territories			
	Inpatient Days			
	50% or greater	67% or greater	75% or greater	90% or greater
<b>US Territory Total</b>	<b>93.2%</b>	<b>93.2%</b>	<b>20.3%</b>	<b>0.0%</b>
AS	100.0%	100.0%	0.0%	0.0%
GU	100.0%	100.0%	0.0%	0.0%
VI	100.0%	100.0%	100.0%	0.0%
PR	92.6%	92.6%	20.4%	0.0%
MP	100.0%	100.0%	0.0%	0.0%