

## NAUH Active on Medicare Reform

With Congress now working on Medicare reform, NAUH is working aggressively to ensure that lawmakers address the needs of urban hospitals as they weigh what many expect to be ground-breaking legislation.

While the public focus of Medicare reform has been on a prescription drug benefit, rural hospitals are making a strong bid for a legislative prescription for their own needs. Sen. Charles Grassley (R-IA), chairman of the Senate Finance Committee, which is writing the legislation, has proposed a 10-year, \$38 billion Medicare aid package for rural hospitals that targets no funds specifically to urban providers.

In response, NAUH is working with members of Congress to propose an innovative urban Medicare package that includes increases in Medicare IME and DSH payments and the Medicare wage index; restoration of 100 percent reimbursement for Medicare bad debt; correction of the problem of the 75 percent rule for rehab hospitals; and immediate relief from the Medicaid DSH cliff that will result in most urban hospitals receiving much smaller Medicaid DSH payments this year.

To date, NAUH has written to every member of Congress, urging them to ensure that Medicare reform addresses the needs of urban safety-net hospitals; prepared letters for members of the Senate (circulated by Sen. Jon Corzine (D-NJ) and the House (circulated by Reps. Carolyn Kilpatrick (D-MI) and Jim Saxton (R-NJ) to send to their legislative leaders, seeking the same; and launched a grass-roots campaign to contact the leaders of urban hospitals, including non-NAUH

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**The National Association of Urban Hospitals advocates for adequate recognition and financing of the nation's private, urban, safety-net hospitals, which serve America's needy urban communities.**

**For further information about the Association, or the information presented in this document, please contact Ellen Kuiler at 703-444-0989.**

## NAUH Stages Successful "Urban Hospital Day"

A private briefing for members of Congress, a well-attended luncheon, and the release of a new study highlighted NAUH's 2003 "Urban Hospital Day" on Washington on May 8.

Urban Hospital Day kicked off bright and early with NAUH hosting a breakfast for members of Congress. In a spirited discussion, NAUH representatives and federal policy-makers discussed the role of urban safety-net hospitals, the financial challenges they face, and the potential legislative obstacles they may have to overcome.

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## New Study Yields Eye-Opening Results

A study released by NAUH on Urban Hospital Day shows that urban hospitals are in much worse financial condition than rural hospitals and concludes that if Medicare DSH payments were reduced or eliminated, many urban hospitals would see their operating margins fall so low that their futures would be in jeopardy.

The study, *The Operating Margins of Urban Safety-Net Hospitals and the Projected Impact of Reductions of Medicare DSH on Those Operating Margins*, found that urban DSH hospitals have operating margins 25 times lower than rural DSH hospitals; large urban DSH hospitals (more than 100 beds) have operating margins 8 percentage points lower than large rural DSH hospitals; and large urban DSH hospitals that provide at least 15% of their services to Medicaid patients have operating margins 11 points lower than comparable rural hospitals.

The study also found that the loss of Medicare DSH would be especially devastating to urban hospitals. If all urban DSH hospitals lost all of

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## Medicare Reform, Continued

members, urging them to call their senators with the same message. As Congress continues to consider Medicare reform legislation, NAUH also will work with other trade and advocacy groups and explore opportunities to advance its positions in the press.

This is an important opportunity for urban hospitals to seek a fairer deal from their most important payer, and NAUH urges urban hospital officials to stay on top of all developments, contact their elected officials immediately whenever they see a proposal that would not help them (or when they fail to see anything that addresses their needs), and direct their staff to make sure they personally receive any calls, faxes, or e-mails from NAUH asking them to take specific action on behalf of Medicare reform legislation. ♦

## “Urban Hospital Day”, Continued

Later that day, more than 100 members of Congress, congressional staff, and reporters attended an Urban Hospital Day luncheon. Co-sponsored by 23 members of Congress, this luncheon featured remarks by Carolyn Kilpatrick (D-MI), co-chair of the Congressional Urban Caucus, as well as Representatives John Conyers (D-MI), Eliot Engel (D-NY), Major Owens (D-NY), Edward Whitfield (R-KY), and NAUH members Les Bowman (Detroit Receiving Hospital) and Bob Walsh (Lutheran Medical Center, in Brooklyn).

Also present were representatives of most NAUH members, and after the presentations ended, many met with their elected officials to talk about issues of importance to urban safety-net hospitals. Among the issues they addressed were Medicare bad debt, the Medicare wage index, Medicare DSH, the Medicaid DSH cliff, Medicaid DSH in general, and the administration’s Medicaid reform proposal. ♦

## New Study, Continued

their Medicare DSH revenue, their operating margins would fall from –5.7% to –8.15%; if all large urban DSH hospitals lost all Medicare DSH revenue, their operating margins would fall from –5.76% to –8.26%; and if all large urban DSH hospitals that provide at least 15 percent of their services to Medicaid recipients lost all Medicare

DSH revenue, their operating margins would fall from –8.52 percent to –11.96 percent.

While rural hospitals also would suffer from the loss of Medicare DSH, their losses would not be nearly as great – and many would retain positive operating margins.

So what does this mean for urban safety-net hospitals?

Currently, there is a strong political push in Washington to increase Medicare payments to rural hospitals. NAUH’s study contradicts the widely held belief that urban hospitals are doing well financially but rural hospitals need special help and can be used to defend the interests of urban hospitals if officials propose providing that help at the expense of urban hospitals.

Equally important, this study supports the efforts of urban hospitals to advocate increased Medicare DSH payments because it demonstrates the inadequacy of those payments. At a time when many in Washington are calling for reducing or eliminating Medicare DSH, NAUH’s study provides a foundation for advocating the restoration of past Medicare DSH reductions and even an increase of that funding. ♦

## NAUH Presents “Medicare/Medicaid 101” for Congressional Staffers

In cooperation with Rep. Gene Green (D-TX) and the Congressional Urban Health Care Caucus, NAUH presented “Medicare and Medicaid 101: An Urban Hospital Perspective” on Capitol Hill on Wednesday, May 28. Approximately 70 congressional staff members attended.

The purpose of this event was to provide basic background information about Medicare and Medicaid issues for members of congressional staff who do not yet have extensive experience with or exposure to these issues. NAUH also shared the perspective of urban safety-net hospitals on many of these issues. ♦

*For further information about the news and views presented in NAUH Update, or to learn about membership, please contact Ellen Kugler, executive director, at 703-444-0989.*