

# NATIONAL ASSOCIATION OF URBAN HOSPITALS

*Private Safety-Net Hospitals Caring for Needy Communities*

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## **Urban Hospital Group Calls on Congress to Reject Proposed Medicare, Medicaid Cuts**

(Washington, D.C.) The National Association of Urban Hospitals today called on Congress to reject President Bush's budget proposal to reduce federal Medicare and Medicaid spending by more than \$100 billion over the next five years.

The President's budget, released yesterday, called for drastic cuts in the two government programs that together insure nearly 100 million Americans.

"By definition, private, non-profit urban safety-net hospitals like ours care for more Medicare beneficiaries, more Medicaid recipients, and more uninsured patients than most other hospitals," explained Ellen Kugler, executive director of the National Association of Urban Hospitals. "Hospitals like these constitute the heart of the American health care safety net, and cuts of this magnitude threaten to shred that safety net."

Kugler's concerns center around the Bush administration's proposal to reduce federal Medicare spending by \$76 billion over the next five years and to slash the federal contribution to Medicaid, a federal-state partnership, by \$26 billion over that same period of time.

"Medicare enrollment is rising and Medicaid enrollment is rising," Kugler explained. "It makes no sense for government's commitment to these two programs to be falling."

Kugler cited a number of specific aspects of the proposal as especially damaging to safety-net hospitals, including the plan to limit all health care providers to annual rate increases that fail to cover ordinary inflation in health care costs. The administration hopes to achieve nearly \$40 billion in savings through these cuts alone.

Another major concern, Kugler said, is the proposed elimination of Medicare bad debt payments – compensation to hospitals for deductible and co-payments that low-income seniors are unable to make. "This is especially troubling," Kugler explained, "because it has the most direct and most damaging impact on the very hospitals that care for the largest numbers of low-income seniors."

Finally, Kugler expressed concern about the proposed elimination of Medicaid Graduate Medical Education payments. "Today, the Medicaid payments that most states make don't even cover the cost of care. Hospitals in those states understand that the more Medicaid patients they serve, the more money they lose. Graduate Medical Education payments help them lose just a little less, and now, even this little bit of extra help is in jeopardy."

The manner in which the administration proposes making some of the cuts also troubles the National Association of Urban Hospitals.

“Of the more than \$100 billion in cuts proposed, the administration wants to make about 25 percent of them unilaterally, without consulting Congress,” Kugler explained, noting that this would be done administratively, through regulations, rather than through the formal budget process. “Medicare and Medicaid are true national programs, the proposed changes have true national implications, and we think that before fundamental changes in these programs are implemented, the 535 individuals elected to Congress to take part in such decision-making should be consulted.”

The financial implications of the proposed Medicaid cuts, Kugler explained, could affect more than Medicare and Medicaid beneficiaries.

“Safety-net hospitals that care for large numbers of Medicare and Medicaid patients would certainly be hurt by any reduction in federal spending for these programs, but those hospitals don’t only care for Medicare and Medicaid patients,” Kugler said. “They also care for people with private health insurance and fulfill their safety-net role as caregivers for many uninsured Americans. As a result, the financial problems that safety-net hospitals experience as a result of a reduced federal commitment to Medicare and Medicaid could affect entire communities, not just people who participate in those two programs.”

The National Association of Urban Hospitals advocates for adequate recognition and financing of private, non-profit, urban safety-net hospitals that serve America’s needy urban communities. These private, urban, safety-net hospitals differ from other hospitals in a number of key ways: they serve communities whose residents are much older and poorer; they are far more reliant on Medicare and Medicaid for revenue; they provide far more uncompensated care; and unlike public safety-net hospitals, they have no statutory entitlement to local or state funds to underwrite their costs. The National Association of Urban Hospitals’ role is to ensure that when federal officials make policy decisions, they understand the implications of those decisions for these distinctive private, urban safety-net hospitals. The National Association of Urban Hospitals pursues its mission through a combination of vigorous, informed advocacy, data-driven positions, and an energetic membership with a clear stake in the outcome of public policy debates.

For further information about the National Association of Urban Hospitals and the views expressed in this news release, please contact Ellen Kugler, executive director, at (703) 444-0989. Additional information about the National Association of Urban Hospitals also is available on our web site, [www.nauh.org](http://www.nauh.org).

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