

# NATIONAL ASSOCIATION OF URBAN HOSPITALS

*Private Safety-Net Hospitals Caring for Needy Communities*

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## **Health Cuts Target Poor, Urban Areas, Hospital Group Charges**

(Washington, D.C.) The massive health care spending cuts proposed by President Bush in the budget he released today would fall especially hard on America's urban areas, the poor, and the hospitals that serve them, according to the National Association of Urban Hospitals (NAUH).

The President's budget calls for reducing the growth of Medicare and Medicaid spending by a combined \$200 billion over the next five years.

Many of these cuts, according to NAUH executive director Ellen Kugler, are in payments that are especially important to private, non-profit urban safety safety-net hospitals.

"In addition to eliminating routine Medicare cost-of-living increases," Kugler explained, "the administration has proposed major reductions in Medicare disproportionate share, medical education, and capital payments. It also has called for the elimination of reimbursement for Medicare bad debt that hospitals incur. These are payments typically made to hospitals that care for especially large numbers of elderly, low-income, uninsured, and underinsured patients, and Medicare makes them specifically to help hospitals with the cost of caring for these same patients. At a time of growing inflation and unemployment, the administration is telling the very hospitals that are most involved in serving these populations to do more with less."

Overall, according to NAUH, the administration has proposed cutting the growth of federal Medicare spending by \$183 billion over the next five years.

The budget's Medicaid proposal will have a similar impact, Kugler said, noting that the administration proposes reducing the growth of Medicaid spending over the next five years by \$17 billion, mostly through a series of measures designed to limit how states finance their Medicaid programs. Federal cuts, she added, will result in corresponding state cuts that, like their federal counterparts, will fall most heavily on non-profit hospitals that serve the urban poor and elderly.

The result, according to Kugler, will be to increase the financial burden on already-vulnerable non-profit urban safety-net hospitals at a time when the demand for their services is likely to be growing, not declining.

“These proposed cuts amount to nothing less than a reduced federal commitment to care for the poor at a time when a looming recession will probably mean more poor, more uninsured, and more underinsured patients turning to non-profit urban safety-net hospitals for care.”

Such cuts threaten all hospitals, Kugler said, but pose a particular threat to urban safety-net hospitals.

“By every reasonable measure of hospital financial performance,” Kugler said, “large, non-profit urban safety-net hospitals as a group are in worse financial condition than any other group of private hospitals in the country today. The administration’s proposal promises to increase the already-large gap between the haves and the have-nots, and it’s reasonable to worry that such cuts could pose a serious threat to the future of some of the have-nots.”

For these reasons, NAUH will be calling on Congress to oppose the most onerous aspects of the administration’s Medicare and Medicaid budget proposals.

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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