NAUH
NATIONAL ASSOCIATION OF URBAN HOSPITALS

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Contact:
Ellen Kugler, Executive Director
703-444-0989

Urban Hospital Group Lauds New Medicare Proposal

(Washington, D.C.) Medicare has made a significant – and correct – choice about how to assist hospitals that care for considerably large numbers of low-income and uninsured patients under the first year of the Affordable Care Act, according to a leading urban hospital advocacy group.

Under a new Medicare proposal, these hospitals – known as disproportionate share hospitals (DSH) – will receive supplemental Medicare DSH payments based on the proportion of Medicaid and low-income Medicare patients they have served in the past. Thanks in large part to the advocacy of the National Association of Urban Hospitals (NAUH) and its member hospitals, a more controversial approach to determining these payments – based on self-reported and unaudited hospital data – was discarded for at least fiscal year 2014.

"We applaud the Centers for Medicare & Medicaid Services and Medicare for this decision," said Keith Hovan, president and CEO of Southcoast Health System (of Massachusetts) and president of NAUH. "In the Affordable Care Act, Congress specifically gave Health and Human Services Secretary Sebelius the discretion to choose how best to implement this critical aspect of health care reform. Choosing against the use of self-reported, unaudited data to determine reimbursements for hospitals was the prudent choice and we applaud Secretary Sebelius for her wisdom in this decision."

Under the Affordable Care Act, supplemental DSH payments to assist hospitals in caring for their many low-income, elderly and uninsured patients is to be reduced; this is based on the assumption that the reform law will provide greater access to health insurance and therefore reduce the number of uninsured patients those hospitals would then serve. The question policy-makers have debated since passage of the reform bill is how best to quantify the amount of uncompensated care hospitals will provide once access to care has been expanded.

After much deliberation, CMS recently issued a proposed regulation, which wisely calls for calculating hospitals' future Medicare DSH payments without using the controversial data. If this proposal passes through regulatory review without change, it will take effect at the beginning of the 2014 fiscal year, on October 1, 2013.

"We're extremely pleased," said NAUH's Keith Hovan. "While it may not be the perfect solution, at this critical juncture in the reform law's implementation, it is important that CMS prudently chose not to use questionable, self-reported and unaudited data as part of this major policy change."

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 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. NAUH's role is to ensure that when federal officials make policy decisions, they understand the implications of those decisions for these distinctive urban safety-net hospitals. NAUH pursues its mission through a combination of vigorous, informed advocacy, data-driven positions, and an energetic membership.

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