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**Statement on**  
**The Moment of Truth: Report of the National Commission on**  
**Fiscal Responsibility and Reform**

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**National Association of Public Hospitals and Health Systems (NAPH)**

**Washington, D.C.** –Today, the National Commission on Fiscal Responsibility and Reform, released its final report outlining its plan to reduce the federal budget deficit.

NAPH applauds the Commission for taking a critical step in addressing our nation’s fiscal future. While the final vote on the proposal will not take place until Friday, we look forward to working with Congress and the Administration as it moves forward in implementing some of the recommendations included in the Commission’s proposal.

We commend the Commission’s decision to not to accelerate cuts to essential Medicare and Medicaid supplemental payments that presently support a wide range of services for the nation’s most vulnerable populations, as originally included in a draft proposal released by the Commission’s co-chairs in November. These payments (known as “Disproportionate Share Hospital” or “DSH” payments) are already scheduled to be phased down as coverage is expanded to the uninsured due to health reform legislation. DSH funding is an essential lifeline of support for health care providers serving the uninsured and providing community-wide services like trauma care and we are pleased that the Commission has recognized the importance of avoiding further cuts to this program.

Today's report, however, contains certain provisions that could jeopardize access to health care for vulnerable patients and communities. Specifically, we are concerned about the following recommendations:

- Removing low-income patients from Medicare and funding them through support to state Medicaid programs. This could jeopardize coverage for low-income seniors and disabled individuals by placing them in potentially less robust state Medicaid programs.
- Eliminating the use of provider taxes to help finance the non-federal share of Medicaid. Provider taxes are legitimate ways for states to support the Medicaid program and reducing or eliminating these sources of financing would cripple cash-starved states and result in greater losses to already underpaid Medicaid providers and potentially reducing the number of providers willing to serve low-income populations.

- Reducing Medicare payments to hospitals for Graduate Medical Education (GME). With our country facing a growing physician shortage, reducing critical GME funding will exacerbate problems of access to physician care for everyone – particularly low-income patients.
- Cutting the Medicare bad debt program. This program provides additional funding to hospitals that treat seniors who are unable to pay their bills.
- Reducing federal funding for Medicaid administrative costs. This recommendation does not reduce health care spending, but simply shifts administrative costs to the states, which may cut Medicaid in other ways to alleviate the additional burden.

NAPH strongly supports deficit reduction as one component of the nation's future economic stability. We have concerns that some the recommendations included in the Commission's proposal do not take into account the real health care needs of all people in our country, and in particular, those most vulnerable in our society, but we look forward to working with Congress and the Administration as they work to reduce the nation's budget deficit while protecting the most vulnerable people in the United States and the health care providers who serve them.

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**About the National Association of Public Hospitals and Health Systems (NAPH)**

NAPH represents the nation's largest metropolitan hospitals and health systems that fulfill a safety net mission of providing high volumes of care to low income individuals. These facilities provide high-quality health services for all patients, including the uninsured and underinsured, regardless of ability to pay. In addition to functioning as the country's default national health insurance system, public hospitals provide many essential community-wide services, such as primary care, trauma care, and neonatal intensive care. Public hospitals also train many of America's doctors, nurses, and other health care providers. Since its inception in 1980, NAPH has cultivated a strong presence on Capitol Hill, with the executive branch, and in many state capitols. NAPH advocates on behalf of its members on such issues as Medicaid, Medicare, and access to health care services for vulnerable populations. For more information, visit our website at <http://www.naph.org/>.