



National
Association
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STATEMENT

NAPH Concerned about President's Proposed Cuts to Medicaid, Graduate Medical Education

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Washington, D.C. – The National Association of Public Hospitals and Health Systems (NAPH) commends President Barack Obama for working with Congress and the Joint Special Committee on Deficit Reduction to achieve their goal of at least \$1.2 trillion in budgetary savings over 10 years and appreciates the president's commitment to finding even more federal savings. However, NAPH is very concerned about several of the president's proposals to cut Medicaid and Medicare graduate medical education. In particular, we disagree with his proposal to significantly cut Medicaid provider taxes. This proposal would shift heavy cost burdens onto states, limiting their ability to fund Medicaid and potentially hurting the nearly 60 million Americans who rely on Medicaid for their health care.

Cuts in provider taxes do not increase efficiency or performance – they are simply a cost shift onto states. Provider taxes, also known as provider assessments, are legitimate tax revenues used by states to help finance and maintain a stable, functioning Medicaid program. The president's proposal would reduce states' flexibility in financing their Medicaid program, leading states to make harmful cuts to their Medicaid programs, either through cuts to Medicaid eligibility, benefits or cuts to already below-cost reimbursement to providers. We urge Congress and the Joint Committee to reject this proposal.

In addition, NAPH is concerned about several other proposed cuts to Medicaid:

- The president's blended FMAP proposal includes an across-the-board cut to the federal match states receive for Medicaid coverage. By reducing federal spending on Medicaid, the proposal would force cash-strapped states to make up the difference. We commend the proposal, however, for allowing states to automatically receive enhanced Medicaid funding during economic downturns, and applaud the incentives for states to expand Medicaid enrollment over the next several years.
- The president's proposal to change the definition of Modified Adjusted Gross Income to include all Social Security benefits would reduce Medicaid eligibility, leading to more people going without health care coverage. This would be particularly harmful as many Americans struggle to retain health coverage during these challenging economic times.

We urge Congress not to exercise these options.

Finally, NAPH disagrees with the president's proposal to reduce Medicare payments to teaching hospitals by \$9 billion over the next ten years. Our country faces a physician shortage which is only projected to increase as our population grows and ages. This proposal will exacerbate the shortage in qualified physicians, making it harder for people – particularly low-income and vulnerable patients – to find health care in the future.

Safety net providers are stretched thin and cannot withstand further cuts. Reductions in funding would not only harm beneficiaries, but also force hospitals to scale back on programs that provide jobs and economic life for their communities. In 2009, NAPH members contributed to more than 800,000 jobs nationally and influence the economy by \$120 billion. NAPH urges the Joint Select Committee on Deficit Reduction to work with us and other Medicaid stakeholders to develop delivery system and payment innovations that are designed to improve care and cut costs without compromising coverage and further hampering economic growth and job creation across the country.

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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 communitywide 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/>.