



AMERICA'S ESSENTIAL HOSPITALS

**Statement for the Record
Submitted to
U.S. House of Representatives Committee on Energy and Commerce
Vote on H.R. 4726, the Common Sense Savings Act of 2016
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America's Essential Hospitals appreciates the opportunity to submit this statement on H.R. 4726, the Common Sense Savings Act of 2016, to the U.S. House of Representatives Committee on Energy and Commerce.

America's Essential Hospitals is the leading association and champion for about 275 hospitals nationwide that are dedicated to high-quality health care for all, especially the uninsured and other vulnerable people. Since 1981, America's Essential Hospitals has advocated, advanced, and preserved programs and policies that help these hospitals ensure access to care. Our members are vital to their communities, providing primary care through trauma care, health professionals training, research, public health services, and population health programs.

Given the special and challenging patient populations essential hospitals serve, several provisions of H.R. 4726 cause us great concern. We firmly believe that if passed and enacted, this legislation could significantly harm vulnerable patients and the essential hospitals on which they depend. Of particular concern are the following changes made in the bill:

- eliminating the Affordable Care Act (ACA) enhanced Medicaid federal medical assistance percentage (FMAP) for prisoners
- extending previous Medicaid threshold applied for determining acceptable provider taxes
- sunsetting the ACA increase for an enhanced FMAP under the Children's Health Insurance Program (CHIP)
- repealing the Prevention and Public Health Fund

Eliminating the ACA Enhanced Medicaid FMAP for Prisoners

Essential hospitals are committed to caring for all people in a community. Consistent with that mission and often as a requirement of law, essential hospitals care for

correctional facility populations. Our hospitals often are the only source of care for prison populations and provide medical care to inmates in accordance with state and local regulations. For example, public county hospitals may be designated to serve county jails.

Essential hospitals operate with a *negative* 3.2 percent margin on average and serve a majority Medicaid or uninsured patient population. As such, they cannot afford reductions in the already scarce resources on which they rely. Eliminating the enhanced FMAP, which helps cover care costs at essential hospitals tasked with treating prison populations, only exacerbates the problem of Medicaid payment rates that already are less than the cost of care. America's Essential Hospitals urges the committee not to jeopardize hospitals' ability to follow the law or serve their communities by cutting the limited funding they receive.

Extending Previous Medicaid Threshold Applied for Determining Acceptable Provider Taxes

Provider taxes (also known as provider assessments) are tax revenues states use to help support their Medicaid Program. Today, 49 states and the District of Columbia use provider taxes in some form to help pay for the non-federal share of Medicaid. With health care costs continuing to grow, and Medicaid taking up an ever-larger share of state budgets, provider taxes enable states to maintain a stable, functioning Medicaid Program.

Provider taxes are a highly regulated source of Medicaid financing. Federal Medicaid law requires that provider assessments be broad-based and uniformly imposed. Federal laws and regulations guard against misuse of provider assessments by states that seek to receive higher federal matching rates than statutorily allowed.

Because the communities essential hospitals serve typically include the most vulnerable, many of our patients are low income—in fact, more than half of our patients are enrolled in Medicaid or are uninsured. Despite the low payment rates for care provided under Medicaid, and charity care provided to the uninsured, essential hospitals continue to serve all people, regardless of their social or economic circumstances. In order to fulfill this mission, essential hospitals depend on a robust Medicaid Program, funded in part by provider taxes. Cuts to provider taxes threaten the stability of our hospitals and, in turn, the patients we serve.

Further, cuts in provider taxes do not increase efficiency or performance—they are simply a cost shift onto states. Without this important revenue stream, states likely will cut back Medicaid services and reduce access to care for vulnerable patients.

When states cut back on Medicaid, local governments and essential hospitals bear the brunt of the resulting higher cost burden. The cost shift trail ultimately reduces the care available for Medicaid beneficiaries, which means vulnerable populations may be denied coverage and benefits at a time when they need them the most.

Sunsetting the ACA Increase for an Enhanced FMAP Under CHIP

The enhanced FMAP for CHIP under the ACA allows states to offer a more robust CHIP program and provide affordable, quality care to children and families who otherwise would be unable to afford care. This rate was protected in the 2015 bipartisan Medicare Access and CHIP Reauthorization Act (MACRA), which passed overwhelmingly in both the House and Senate, and is authorized through fiscal year 2017.

Repealing this rate, which already has been implemented, would jeopardize care for CHIP enrollees and put states in a difficult position, as they have factored this funding into their budgets. The committee must not eliminate this enhanced funding during the period for which the program is currently authorized.

Repealing the Prevention and Public Health Fund

America's Essential Hospitals firmly opposes threats to the Prevention and Public Health Fund. The fund represents a significant and needed investment in prevention and public health, particularly for the Centers for Disease Control and Prevention (CDC), which receives more than 90 percent of the fund's resources. In 2015, the fund provided these and other benefits:

- one-third of the funding for the CDC's immunization programs
- all of the funding for state block grants to detect and respond to infectious diseases
- half of the funding for CDC efforts to prevent heart disease, stroke, and diabetes

We strongly urge the committee to protect this vital funding source.

America's Essential Hospitals appreciates the opportunity to submit a statement for the record. As the Energy and Commerce Committee considers this legislation, we strongly urge members to review the aforementioned provisions with our concerns in mind, not only for essential hospitals, but for the children, families, and vulnerable populations they serve across the country.