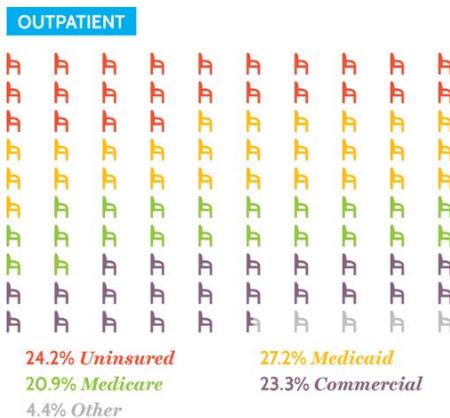
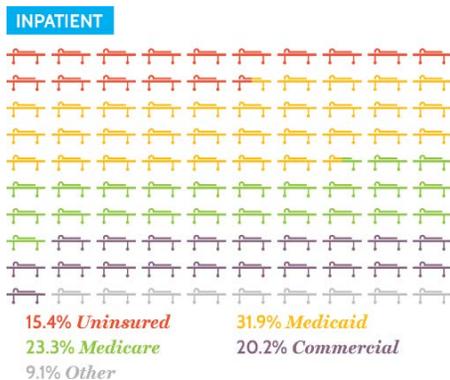


# OUR VIEW: ESSENTIAL HOSPITALS RELY ON MEDICAID SUPPLEMENTAL PAYMENTS

## MEDICAID SUPPLEMENTAL PAYMENT CUTS THREATEN PATIENT ACCESS

Essential hospitals are united by a mission to treat all patients, particularly the most vulnerable. As a result, about half of our patients are uninsured or in Medicaid. While Medicaid provides high-quality coverage to millions, it often pays hospitals substantially less than the cost of care.

### Essential Hospitals, by Payer Mix



Association members, fiscal year (FY) 2013

Essential hospitals rely on Medicaid supplemental payments, which help ensure vulnerable patients have access to care. Without these payments, essential hospitals would be forced to curtail money-losing services, including lifesaving care for the uninsured and Medicaid beneficiaries.

## PROPOSED REGULATIONS WOULD CUT SUPPLEMENTAL PAYMENTS

In May 2015, the Centers for Medicare & Medicaid Services (CMS) proposed sweeping regulations regarding Medicaid managed care organizations. Among the provisions is a new proposal to substantially restrict states' ability to direct supplemental payments to Medicaid providers through managed care plans. CMS also would maintain the existing regulation prohibiting states from making direct supplemental payments to providers for services under managed care contracts.

## PROPOSALS ALTER LONGSTANDING POLICY, CREATE PROBLEMS

**WITHOUT OFFERING SOLUTIONS**  
State Medicaid plans increasingly are turning to managed care. Today, roughly 80 percent of all Medicaid beneficiaries are in a managed care plan. Some states enroll virtually all beneficiaries in managed care.

The proposed regulation, combined with universal Medicaid managed care in some states, effectively would end supplemental payments that have been in effect for at least a generation to many essential hospitals. Yet, CMS

provides no alternative to ensure essential hospitals have the financial resources to keep their doors open and maintain their multiple missions. Essential hospitals already operate with negative margins, on average. Loss of Medicaid supplemental payments would deeply affect their ability to provide care to our most vulnerable patients.

### National Operating Margins



Association members versus all hospitals nationwide, FY 2013

## PROTECT MEDICAID SUPPLEMENTAL PAYMENTS

We urge Congress to voice its concern about how the managed care regulation would harm hospitals. CMS must withdraw this provision from the rule and work with essential hospitals to create a formal process for hospitals to receive critical supplemental payments in a managed care framework.

**Learn more about supplemental payments in Medicaid: Contact Beth Feldpush, DrPH, senior vice president of policy and advocacy, at [bfeldpush@essentialhospitals.org](mailto:bfeldpush@essentialhospitals.org) or 202-585-0111.**