

ACA REPLACEMENT MUST PROTECT VULNERABLE PEOPLE, COMMUNITIES

The nearly 300 members of America's Essential Hospitals—many of the nation's largest hospitals and health care systems—form the basic fiber of the nation's health care safety net, treating millions of low-income patients and other people who face social and economic barriers to care.

But our members go far beyond their fundamental commitment to those in need. They also provide entire communities with:

- lifesaving services, such as trauma, burn, and neonatal intensive care;
- training for physicians and other health care professionals;
- public and population health services to reduce disparities; and
- coordinated care, from outpatient primary services to inpatient care for the most critically ill.

Our members do all this with no operating margin, on average. Given their financial challenges and mission to care for vulnerable patients and communities, essential hospitals have a significant stake in the coming debate on replacing the Affordable Care Act (ACA).

This paper is the first in a series examining possible outcomes for our patients, communities, and hospitals.

HOSPITAL LOSSES DEEP WITHOUT COMPREHENSIVE REPLACEMENT

Our analysis shows that **coverage losses from an ACA repeal, combined with the law's steep cuts to Medicaid disproportionate share hospital (DSH) payments and Medicare, would cost essential hospitals \$40.5 billion from 2018 through 2026** (Figure 1). If Congress follows its repeal blueprint from December 2015—which would have halted Medicaid DSH cuts—**essential hospitals still would face a \$16.8 billion loss over the same period.**¹

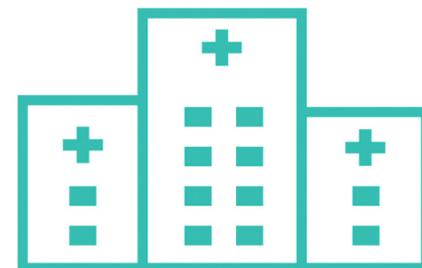
The loss of ACA coverage, DSH cuts with no counterbalancing coverage increases, and other funding shortfalls, such as below-cost Medicaid payments, will result in **uncompensated care costs to essential hospitals of \$54.2 billion over a 10-year period starting in 2019, our estimates show.**²

REPLACEMENT MUST PROTECT CARE FOR THE VULNERABLE

The nation's essential hospitals could not sustain the financial losses that would result from repealing the ACA

FIGURE 1 ACA Repeal and Essential Hospitals

America's Essential Hospitals members – about 300 of the nation's largest safety-net health systems – would lose up to \$40.5 billion from 2018 to 2026 if Congress repeals the ACA without a comparable replacement and keeps scheduled cuts to Medicaid DSH and Medicare.



COVERAGE LOST: \$6.1B

MEDICARE CUTS: \$10.7B

MEDICAID DSH: \$23.7B

\$40.5 BILLION
TOTAL LOSS

without a comparable, simultaneous replacement. Such dramatic cuts likely would translate to reduced services or closures that would worsen access to care in already underserved communities, jeopardize the health of millions, and put at risk vital services, such as emergency preparedness. As work on the ACA moves forward, we make these recommendations:

- Policymakers must pair any repeal of the ACA with a simultaneous, comprehensive replacement.
- If policymakers repeal the ACA without an immediate replacement, they must also repeal the act's steep cuts to hospital payments.
- In any scenario, coverage must be maintained during the transition to a replacement plan.

If Congress has neither replaced the ACA nor restored the hospital cuts by the October 1, 2017, start of fiscal year (FY) 2018, it must delay for two years the Medicaid DSH cuts scheduled to start in FY 2018.

Essential hospitals have a long and rich history of providing health care to those most affected by changes in coverage. **We and our members offer ourselves as resources on how to ensure health care access and coverage for vulnerable patients as policymakers consider ACA replacement plans.**

Notes

1. Internal analysis of Dobson DaVanzo & Associates, LLC, study, *Estimating the Impact of Repealing the Affordable Care Act on Hospitals; Findings, Assumptions and Methodology*. 2016. <http://www.aha.org/content/16/impact-repeal-aca-report.pdf>. Accessed February 7, 2017.
2. Internal analysis of Robert Wood Johnson Foundation/Urban Institute report on a partial ACA repeal, *The Impact on Health Care Providers of Partial ACA Repeal through Reconciliation*. January 2017. Figure is for total impact, 2019 through 2028. http://www.rwjf.org/content/dam/farm/reports/issue_briefs/2017/rwjf433621. Accessed February 7, 2017.