As the foundation of our health care safety net, essential hospitals share a
mission to ensure all people, especially the vulnerable, can access high-quality
care. These hospitals protect communities with lifesaving services, such as
trauma care, and reach outside their walls to influence the social and
economic factors that affect health.

This mission means essential hospitals shoulder a disproportionate share of
unreimbursed care: They constitute 5 percent of all U.S. hospitals but provide
more than 17 percent of uncompensated care and 23 percent of charity care.
This leaves them with an average operating margin one-fifth that of other U.S.
hospitals. So, essential hospitals rely on a patchwork of federal support—
including Medicaid disproportionate share hospital (DSH) payments, which
Congress created to help keep these hospitals financially stable.

Now, that stability is threatened. Unless Congress acts by May 22, Medicaid
DSH will sustain a $4 billion cut—a third of all program funding. Rising
numbers of uninsured and other cost pressures, including deep cuts to
outpatient payments, would amplify the damage. Congress delayed the DSH
cut three times in 2019 and must act again to protect access to care.

Those delays and other action in 2019 came with strong bipartisan support:

• More than 300 bipartisan House members, led by Reps. Eliot Engel (D-NY)
and Pete Olson (R-TX), sent House leaders a letter urging them to delay the
cuts by at least two years.

• The House Committee on Energy and Commerce unanimously passed the
Reauthorizing and Extending Community Health (REACH) Act (H.R.
2328), which would repeal $16 billion of DSH cuts in FYs 2020–2022.

• Bipartisan leaders of the Senate Committee on Finance updated their
Prescription Drug Pricing Reduction Act of 2019 to include a repeal of $12
billion in DSH cuts in FYs 2020 and 2021.

• Congress passed, and the president signed, a comprehensive spending
package that delayed by an additional five months the scheduled $4 billion
cut to Medicaid DSH in FY 2020. This was the third bipartisan vote last
year to delay the scheduled cut as part of the broader budgetary process.

America’s Essential Hospitals appreciates the strong bipartisan support
for stopping the Medicaid DSH cuts. We urge Congress to pass legislation
before May 22 to eliminate the cuts for at least two years.

**UNCOMPENSATED CARE**

Caring for the vulnerable is our mission. The average essential hospital provides
more than nine times as much uncompensated care as the average U.S.
hospital.

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Essential hospitals operate with margins one-fifth that of other U.S. hospitals.

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Source: America’s Essential Hospitals, 2017
Characteristics Survey. Our full report,
Essential Data: Our Hospitals, Our Patients,
is available at essentialdata.info.

March 2020
ESSENTIAL HOSPITALS FILL FIVE KEY ROLES:

COMMUNITY-DRIVEN CARE FOR VULNERABLE POPULATIONS

Foremost, essential hospitals commit to serving vulnerable patients. Their patients are generally sicker and have more complex conditions than those at other hospitals. Racial and ethnic minorities accounted for 53 percent of member discharges in 2017.

Essential hospitals share these additional roles:

TRAINING THE FUTURE HEALTH CARE WORKFORCE
Our members train three times as many physicians as other U.S. hospitals, including 41 above federal funding caps, on average.

PROVIDING COMPREHENSIVE, COORDINATED CARE
In 2017, our members averaged 17,000 inpatient discharges and 439,000 outpatient visits, including 68,908 emergency visits.

PROVIDING SPECIALIZED, LIFESAVING SERVICES
Nationally, our members operate about a third of all level I trauma centers and nearly 40 percent of burn care beds.

ADVANCING PUBLIC HEALTH AND HEALTH EQUITY
About 90 percent of our members have a relationship with their local health department.


Questions? Contact Carlos Jackson, vice president of legislative affairs, at cjackson@essentialhospitals.org or 202-585-0112. Also, visit essentialhospitals.org to learn more about our hospitals.

SOCIAL NEEDS IN COMMUNITIES SERVED BY ESSENTIAL HOSPITALS

360,000
INDIVIDUALS ARE HOMELESS IN THE COMMUNITIES OUR MEMBERS SERVE

10 MILLION
PEOPLE HAVE LIMITED ACCESS TO HEALTHY FOOD IN THE COMMUNITIES SERVED BY ESSENTIAL HOSPITALS

23.9 MILLION
INDIVIDUALS LIVE BELOW THE POVERTY LINE

17.1 MILLION
INDIVIDUALS HAVE NO HEALTH INSURANCE