

DEFINE ESSENTIAL HEALTH SYSTEMS IN FEDERAL LAW

Members of America's Essential Hospitals—and hospitals like them—fill a vital safety net role in communities across the country. They share a mission to care for everyone, including the uninsured and underinsured, low-income patients, and other marginalized people. Entire communities rely on these essential health systems for lifesaving services, such as trauma and burn care; public health and safety; and health professionals training.

Yet, despite this critical role, no statutory definition exists to ensure safety net resources reach these indispensable providers. Recent legislation, the bipartisan **Reinforcing Essential Health Systems for Communities Act** (H.R. 7397), would fill this gap in federal law.

This legislation, introduced by Reps. Lori Trahan (D-Mass.) and David Valadao (R-Calif.), would codify “essential health system” in statute, giving policymakers a powerful tool to better target support to the nation's safety net and improve health care access and equity and public health. It would consider several factors to define essential health systems, including the extent to which a hospital disproportionately serves low-income and uninsured patients and the amount of uncompensated care it provides.

PRECEDENT FOR DESIGNATION

Congress has acted multiple times before to identify hospitals and health systems with unique characteristics or those serving specific populations or regions—for example, Prospective Payment System–Exempt Cancer Hospitals, sole community hospitals, and Critical Access Hospitals. In each case, policymakers recognized the need to formally codify defining criteria and policy incentives to stabilize and protect these important providers within the larger health care ecosystem. Today, essential health systems lack similar and crucial federal designation.

HOW IT WOULD WORK

The defining features of essential health systems—their mission and the patients and communities they serve—are best captured by three measures in the **Reinforcing Essential Health Systems for Communities Act**:

- **Disproportionate patient percentage (DPP)**, which captures a hospital's portion of Medicaid and low-income Medicare patients. This legislation would set a DPP threshold of 35 percent.
- **Deemed disproportionate share hospital (DSH)** status, which reflects a commitment to serving a high percentage of Medicaid and low-income patients and accounts for differences in Medicaid programs among states. This legislation also would allow for state variations (e.g., Massachusetts and California, which do not recognize deemed DSH hospitals).
- **Medicare uncompensated care payment factor (UCPF)**, which identifies the relative amount of uncompensated care provided and can help capture the costs of care delivered to uninsured individuals. This legislation would set a UCPF of at least 0.0005.

H.R. 7397 would require a hospital to meet at least one of these measures. Lawmakers then could use the definition to target public policy initiatives and funding to designated hospitals in several ways, including but not limited to:

Targeted Funding

- New funding streams appropriated by Congress to support the safety net.
- Grant funding to support key needs, such as workforce, infrastructure, and emergency preparedness.
- Support for vital services, such as trauma care, or wrap-around services, such as language translation.

Public Health

- Ability to quickly target resources, such as vaccines, therapeutics, and funding during public health emergencies, to hospitals serving the nation’s most underrepresented populations.

Health Equity

- Federal funding to invest in equity initiatives.

OUR CALL TO ACTION

America’s Essential Hospitals calls on Congress to recognize the urgent need to define hospitals that form the foundation of our nation’s health care safety net by passing H.R. 7397, the **Reinforcing Essential Health Systems for Communities Act**.

LEARN MORE

Questions? Contact Jason Pray, vice president of legislative affairs, at 202-412-2491 or jpray@essentialhospitals.org.