



AMERICA'S  
ESSENTIAL  
HOSPITALS

## Congress: Keep Essential Hospitals Strong for Patients, Communities

Essential hospitals face high labor costs, funding threats, and other unprecedented challenges. About three-quarters of their patients are uninsured or have Medicaid or Medicare coverage, leaving essential hospitals with an average operating margin of -9.0 percent, compared with -2.8 percent at other U.S. acute-care hospitals (Figure 1).

Essential hospitals provide 28 percent of the nation's charity care despite accounting for only 5 percent of acute-care hospitals (Figure 2). These hospitals rely on federal support—including Medicaid funding, Medicare payments, and the 340B Drug Pricing Program—to meet their mission.

Margins for Essential Hospitals with and without Medicaid DSH and other Government Appropriations, 2022

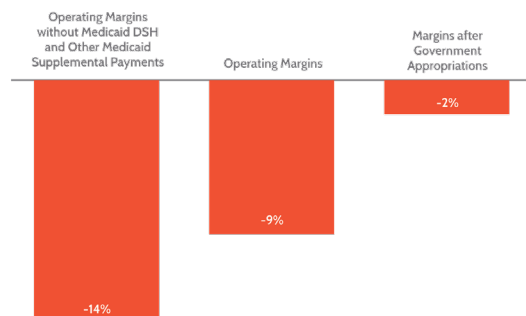


Figure source: *Essential Data 2024: Our Hospitals, Our Patients—Results of America's Essential Hospitals 2022 Annual Member Characteristics Survey*

### OUR ASK: REJECT MEDICAID CUTS

Congress must ensure stability and continuity in the Medicaid program so essential hospitals can meet their mission to care for all people. Nearly 80 million people are enrolled in Medicaid and the Children's Health Insurance Program; this coverage keeps communities healthy and people working. Medicaid funding is critical to supporting essential hospitals. **We urge lawmakers to reject proposals that would damage Medicaid and result in losses of coverage and cuts to hospitals that provide care and services in underserved and working-class communities.**



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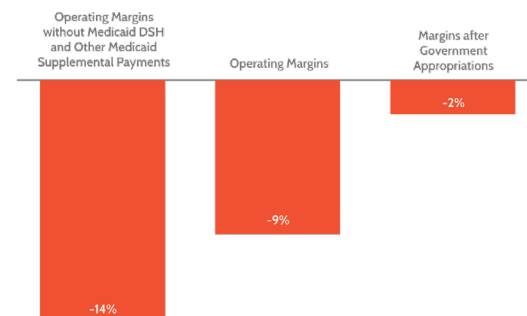


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# Our Advocacy Priorities

## PROTECT MEDICAID

- Essential hospitals' mission of caring for all results in providing care to a high share of Medicaid enrollees.
- We are concerned about policy recommendations that would drastically change the Medicaid program in a manner that could hurt essential health care providers and patients and hinder access to care.
- **We urge lawmakers to reject damaging Medicaid cuts that would threaten access to care.**

## ESSENTIAL HOSPITALS RELY ON MEDICAID DSH

- A scheduled \$24 billion in disproportionate share hospital (DSH) cuts over the next three years will undermine essential hospitals.
- The \$8 billion reduction on April 1 would be two-thirds of all federal DSH dollars annually.
- **A cut to DSH is a cut to Medicaid. We urge Congress to act before April 1 to eliminate DSH reductions for fiscal years 2025 through 2027.**

## "SITE-NEUTRAL" CUTS HARM ESSENTIAL HOSPITALS

- So-called "site-neutral" policies are simply cuts to hospitals that will reduce ambulatory care access by making clinic expansion into underserved communities financially unsustainable.
- They fail to account for fundamental differences in the cost and benefits of providing care in hospital settings.
- **We urge Congress to reject "site-neutral" payment cuts to hospitals.**

## DEFINE ESSENTIAL HOSPITALS

- Essential hospitals are distinguished by their slim margins due to a high share of uninsured, Medicaid, and Medicare patients. They operate a third of level I trauma centers and 41 percent of burn care beds.
- There is precedent for designation, including critical access hospitals and sole community hospitals.
- **To better target policies and resources to vital safety net providers, we urge Congress to statutorily define essential health systems.**

## PROTECT THE SAFETY NET BY PROTECTING 340B

- Congress established the 340B program so essential hospitals can "stretch scarce federal resources as far as possible, reaching more eligible patients and providing more comprehensive services."
- The 340B program is a key part of patchwork federal support and helps essential hospitals tailor community services and programs at nearly no cost to taxpayers.
- Recent illegal actions by drug companies threaten to weaken 340B and harm access to care.
- Restricting patients' access to needed medications to increase drug companies' profits is the wrong direction.
- **The 340B program works as Congress intended. We urge policymakers to protect the program and ensure all stakeholders comply with the law.**

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To learn more, visit [essentialhospitals.org](https://essentialhospitals.org) or contact Jason Pray, vice president of legislative affairs, at [jpray@essentialhospitals.org](mailto:jpray@essentialhospitals.org).

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