

Double Threat for Texas Hospitals: ACA Payment Cuts and Millions of Uninsured



The Texas Hospital Association strongly urges the U.S. Congress to reject any additional cuts to payments for Texas hospitals and to eliminate all of the funding cuts contained in the Affordable Care Act. Funding cuts are incompatible with providing the highest quality of care to all Texans.

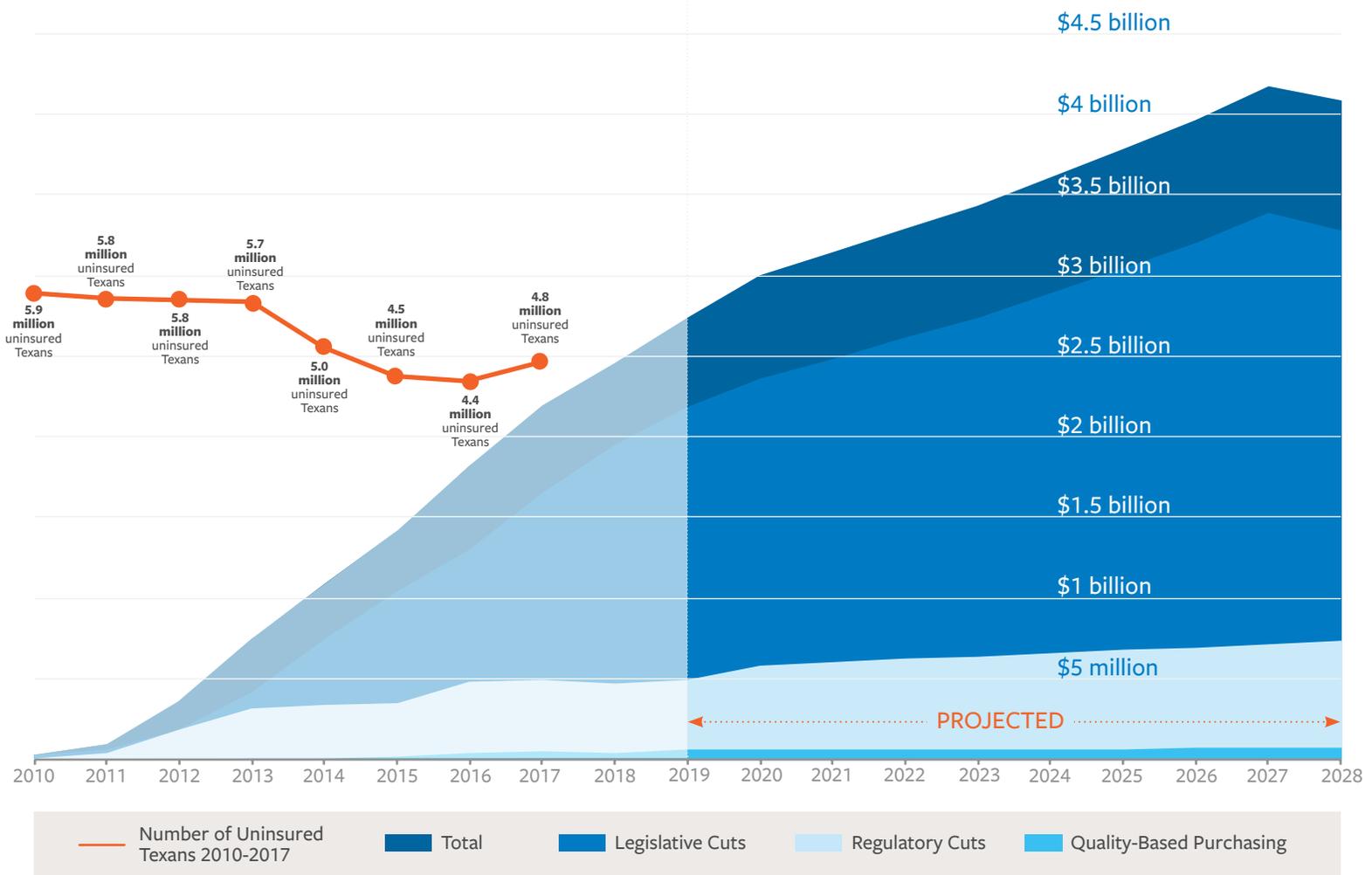
Since 2010, Texas hospitals already have sustained more than \$10 billion in federal Medicare funding cuts. Going forward, between 2019 and 2028, these Medicare cuts will balloon to \$35 billion.

Many of these cuts are part of the Affordable Care Act. These cuts were imposed in exchange for reducing the number of uninsured Texans and hospitals' uncompensated care costs. However, these outcomes have not been sustained in Texas where nearly 5 million Texans...and growing...have no health insurance.

The magnitude of the funding cuts coupled with hospitals' obligation to care for the uninsured threatens to undermine all Texas hospitals' ability to:

- Invest in quality improvement and patient safety.
- Provide care for underserved populations.
- Conduct research and innovate.
- Recruit and retain the best health care workforce.

Texas Hospitals' Funding Cuts and Number of Uninsured Increasing, 2010-2028



Numerous cuts make up the three categories of federal Medicare funding reductions.



1. The legislative cuts category includes payment reductions to inpatient and outpatient prospective payment system market basket updates; reductions under the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA); reductions to bad debt payments; reductions to Medicare DSH payments; sequestration; and others.
2. The regulatory cuts category includes coding adjustments; reductions to prescription drug reimbursements; and other adjustments to the outpatient prospective payment system methodology.
3. The quality-based purchasing category includes Medicare inpatient reimbursement reductions from the readmissions reduction program, hospital value-based purchasing program and hospital-acquired condition reduction program.

PART 1 in THA's educational series on hospital finance
Texas Hospital Financing
MEDICAID'S ROLE IN HOSPITAL FINANCING

PART 2 in THA's educational series on hospital finance
Local Provider Participation Funds in Texas

PART 3 in THA's educational series on hospital finance
Value-Based Payment
THE TRANSITION FROM VOLUME TO VALUE

PART 4 in THA's educational series on hospital finance
Rural Hospital Financing
THE RURAL LANDSCAPE

PART 5 in THA's educational series on hospital finance
Graduate Medical Education
FINANCING PHYSICIAN EDUCATION AND TRAINING TO ENSURE TEXANS HAVE TIMELY ACCESS TO HEALTH CARE

PART 6 in THA's educational series on hospital finance
Hospital Payment Sources
HOW PATIENTS GET COVERAGE

4.5 MILLION Uninsured Texans

70% OF THE STATE'S MORE THAN 400 HOSPITALS, ONLY ABOUT 160 ARE IN RURAL AREAS

STATEWIDE approximately 17% of Texans have no health insurance BUT IN SOME RURAL COUNTIES THAT PROPORTION IS MORE THAN 20% and even 25%

17% of Texans don't have health insurance

4.8 Million Uninsured Texans

There were 1,660 medical school graduates and 1,868 filled first-year residency positions.

THA projects if new first-year residency positions are not established by 2021, Texas will fall below the desired 1:1 ratio by 276 first-year positions.

1108 Lavaca, Suite 700, Austin, TX 78701
 512.465.1000
 info@tha.org
 www.tha.org

Download THA's educational series on hospital finance at www.tha.org/hospitalfinance.

