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March 15, 2017

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## MACPAC Issues March 2017 Report to Congress

### New analysis of 2014 data shows declining hospital uncompensated care but continued financial stress on safety-net providers

Washington, DC—The Medicaid and CHIP Payment and Access Commission (MACPAC) today released new analysis showing that total hospital uncompensated care for Medicaid and uninsured patients fell by about \$4.6 billion (9.3 percent) between 2013 and 2014, with the largest declines in states that expanded Medicaid. The same study, however, found that although uncompensated care fell in all but three states, hospitals serving the greatest share of low-income patients would experience negative margins if not for federal disproportionate share hospital (DSH) payments.

The findings are part of an analysis of DSH payments that MACPAC is required to submit yearly as part of its March *Report to Congress on Medicaid and CHIP*. The March 2017 report analyzes several approaches to better target DSH payments to hospitals with high Medicaid and uninsured caseloads, including raising the minimum threshold to receive such payments from a 1 percent Medicaid utilization rate to a higher threshold. The report also examines how states monitor Medicaid beneficiaries' access to care and reprises MACPAC's nine recommendations, issued in January, to extend federal State Children's Health Insurance Program (CHIP) funding and strengthen children's health coverage.

"While hospitals serving Medicaid and other low-income patients have benefited from gains in insurance coverage, many of these institutions, which serve as anchors of the health system in low-income communities, still face significant financial difficulties," said MACPAC Chair Sara Rosenbaum. The report further notes that changes to current policy now under consideration by Congress would create a substantially different environment for safety-net providers. Legislation affecting both Medicaid and the broader health insurance market would likely affect the level of hospital uncompensated care and the ability of hospitals to provide both inpatient and outpatient services to Medicaid beneficiaries and low-income patients.

The Commission renewed its call in the March report for Congress to extend CHIP funding for five years, through fiscal year 2022. This would assure the continuity of children's health insurance at a time of uncertainty in health insurance markets and mitigate fiscal uncertainty for states, now in the midst of budget planning. MACPAC has found that if CHIP funding is not renewed, many of the children covered under separate CHIP would become uninsured. Others might be eligible for private coverage but their families would have to pay considerably more for it than they would under CHIP. The Commission noted that although children in Medicaid-expansion CHIP would not lose coverage, a substantial share of the responsibility to fund children's health care would shift to states if federal CHIP funding ended.



MACPAC also recommended strategies to create new opportunities for states to test innovations that would lead to a more seamless system of children’s coverage in the future, and modest changes to existing law to streamline the program and extend certain expiring child health initiatives.

The final chapter of the March report focuses on how states monitor Medicaid beneficiaries’ access to health care, activities that are important for assessment of program value, act as a mechanism for accountability, and help identify problems and guide program improvement efforts. The body of work to date by MACPAC and others shows that Medicaid beneficiaries have better access to care, and higher health care utilization, than individuals without insurance, particularly when controlling for socioeconomic characteristics and health status. Medicaid beneficiaries also fare as well as or better than individuals with private insurance on some access measures. But monitoring activities must also be able to look at specific geographic areas and groups of beneficiaries to ensure that the program is achieving its mission. The report concludes with a discussion of key challenges to monitoring and evaluating access.

Download the [March 2017 Report to Congress on Medicaid and CHIP](#) and each of its chapters—[Recommendations for the Future of CHIP and Children’s Coverage](#), [Analyzing Disproportionate Share Hospital Allotments to States](#), [Improving the Targeting of Disproportionate Share Hospital Payments to Providers](#), and [Monitoring Access to Care in Medicaid](#)—at [macpac.gov](http://macpac.gov).

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## **ABOUT MACPAC**

The Medicaid and CHIP Payment and Access Commission is a non-partisan legislative branch agency that provides policy and data analysis and makes recommendations to Congress, the Secretary of the U.S. Department of Health and Human Services, and the states on a wide array of issues affecting Medicaid and the State Children’s Health Insurance Program (CHIP). For more information, please visit [www.macpac.gov](http://www.macpac.gov).

