

For Immediate Release

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PROPOSED FEDERAL AND STATE BUDGET CUTS DEVASTATING TO HOSPITALS

Hospitals Face \$182 Million in Federal Cuts and \$28 Million in State Reductions

PROVIDENCE, RI – President Bush’s proposed budget, announced earlier this week, includes more than \$75.8 billion in Medicare cuts to hospital services over the next five years. Rhode Island would experience a \$182 million reduction in Medicare payments through this proposal. This comes on the heels of \$28 million in Medicaid payment reductions in the proposed state budget.

Proposed federal and state budget cuts severely impede hospitals’ ability to serve our most vulnerable patients. The bulk of the cuts target Medicare and Medicaid, programs designed to ensure the health of children, seniors and the disabled and poor. These programs already reimburse hospitals at a rate well below the cost of providing care. Hospitals in Rhode Island are struggling to care for all patients who come through their doors, and these cuts deliver a devastating blow to their missions.

While these proposals reduce hospital reimbursement, the cost of delivering care continues to increase. Hospitals in Rhode Island provide more than \$100 million in uncompensated care each year to patients who are unable to pay their hospital bills, this number rose nearly 40% from 2000 to 2004 and continues to increase. Hospitals make significant investments in emergency preparedness activities, updating facilities and technologies to better care for an increasingly aging population and upgrading information technology for patient safety. Hospitals also face increasing labor costs due to a shortage of health care workers. At the same time, hospitals continue serve as the community safety net.

“These budget proposals further diminish hospitals’ ability to meet their missions,” said Edward J. Quinlan, president of the Hospital Association of Rhode Island. “Only three of the state’s hospitals reported positive operating margins in 2006, a sign of the fragile condition we are in. Hospitals’ ability to care for their patients and communities are jeopardized by these cuts.”

“This is not sound health care policy. We urge state and federal representatives to join us in opposing these proposals and voice their support of hospitals’ commitment to the community,” Quinlan said. “Hospitals can not carry the burden of achieving a balanced budget.”

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