

For Immediate Release

*Amanda Barney (401) 946-7887 ext. 111
amandab@hari.org*

Governor's Proposed Supplemental Budget is a Staggering \$35.7 Million Blow to Hospitals

CRANSTON, R.I. – Jan. 8, 2009 - Hospitals in Rhode Island will face \$35.7 million in payment reductions through the governor's supplemental budget proposal. The proposed cuts, which would impact hospitals within this fiscal year and eliminate payments for services already provided, will further destabilize fragile hospitals. HARI and its members learned of the cuts this morning.

"The governor's proposal is a staggering blow to hospitals struggling in a weakened economy," said Edward J. Quinlan, president, Hospital Association of Rhode Island. "Each year, hospitals create operating budgets based on the state budget – a budget approved by the General Assembly and signed into law by the governor. This action negates previous commitments made to hospitals to pay for services provided to the citizens of Rhode Island. We are extremely disappointed over the lack of consultation with our members and refusal to acknowledge the stress under which hospitals operate. In recent years, one-half to two-thirds of hospitals in Rhode Island reported operating losses."

Hospitals are unique, with no ability to raise prices or discontinue services. They stand ready 24 hours a day, seven days a week and 365 days a year to care for patients during their greatest time of need. Rhode Islanders turn to hospitals on more than 2,500,000 occasions each year.

In this economic crisis, hospitals are caring for more patients without insurance or the ability to pay for health care. Last year, hospitals provided more than \$131 million in uncompensated care to Rhode Islanders (up \$15 million from 2007). Under the governor's proposal, which will shrink the number of Rhode Islanders eligible for Medicaid, this number will certainly grow.

"This budget proposal represents a cost shift, in which hospitals will continue to provide services required by the State of Rhode Island, without appropriate compensation from the state," said Quinlan. "In these difficult times, government and the private sector need to work collaboratively to develop policy and fiscal solutions that meet the needs of the people of Rhode Island."

Founded over a half century ago, the Hospital Association of Rhode Island is a statewide trade organization that assists member hospitals in effectively meeting the health care needs of Rhode Island, through advocacy, representation, education and services. HARI members work collaboratively to improve the quality of care delivered and address issues threatening access to health care including increasing health costs, workforce shortages and decreasing reimbursement. HARI members work together to ensure that all Rhode Islanders will receive comprehensive, high quality health care.

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