



NEWS RELEASE

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Health Care Provided To the Uninsured at Risk

HOUSTON (January 25, 2007) – The Centers for Medicare and Medicaid Services (CMS) has issued a proposed regulation that will dramatically reduce Medicaid funding to the Harris County Hospital District — threatening access to care and needed services for low-income residents of Harris County. The proposed cuts specifically target the hospital district, which serves as the primary safety net for the community’s uninsured population.

“This proposed regulation will destabilize the health care safety net in Harris County by severely limiting payments and eliminating access to care for those who can least afford it,” said David Lopez, president and CEO of the Harris County Hospital District. “We urgently call on our federal legislators to stop CMS from issuing this regulation.”

CMS proposed these cuts despite the fact that approximately 1 million Harris County residents lack any health insurance coverage and many more are seriously underinsured. The hospital district provides care to all patients regardless of ability to pay. Medicaid payments affected by this proposed rule constitute a vital source of federal support to our hospitals, enabling us to fulfill our critical mission at a time when the hospital district is already facing enormous financial pressure.

The reduction or elimination of Medicaid’s disproportionate share and upper payment limit programs could mean a loss of nearly \$70 million in funding to the Harris County Hospital District. An additional \$224 million will be lost by other hospital districts in Texas.

“This proposal would have a devastating effect on our organization’s ability to respond to the growing public health care needs of our community,” Lopez said.

These proposed cuts will also threaten Texas’ Medicaid budget by significantly narrowing the funding sources available to the state of Texas to finance Medicaid expenditures. The new rule will leave Texas with a gaping hole in its Medicaid budget that can be plugged only by diverting resources from other important state priorities, or increasing the local property tax rate paid by homeowners.

The Harris County Hospital District is the public health care system for the nation’s third most populous county, and provides a wide range of essential services to the entire community, such as trauma and emergency medical care, neonatal intensive care, and a coordinated network of

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primary and specialty care providers. In existence since Jan. 1, 1966, the hospital district currently operates Ben Taub General Hospital, LBJ General Hospital, Quentin Mease Community Hospital and a network of 12 community health centers, eight school-based clinics, 13 homeless shelter clinics, and a mobile health program which provide more than 50,000 hospital admissions, 11,000 newborn births and one million outpatient and emergency doctor visits.

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Important Facts About Proposed Federal Rule Changes:

- The Centers for Medicare and Medicaid Services published a proposed rule on January 18, 2007 that would cut Medicaid payments to public and other safety net providers by an estimated \$3.8 billion over five years.
- The new rule singles out public hospitals, imposing payment caps to the hospitals responsible for serving America's most vulnerable low-income patients.
- Under the new rule, Medicaid funds could no longer be used to:
 1. support care to the uninsured;
 2. expand access to specialty care and other scarce health resources;
 3. ensure the viability of essential community-wide services such as trauma care, burn units, and neonatal intensive care;
 4. target initiatives to reduce health care disparities among low-income and vulnerable populations; or
 5. invest in public provider infrastructure expansions to improve care to Medicaid and low-income patients.
- Last year, 300 members of the U.S. House of Representatives and 55 senators wrote to the administration to express their concern about the impact of this proposed regulation and to urge the agency not to move ahead with it.