Prevent the Medicaid DSH Cuts

At the end of 2019, Congress passed legislation temporarily preventing the onset of devastating cuts to the Medicaid Disproportionate Share Hospital (DSH) payment program from going into effect until May 22, 2020. Congress must take further action to provide additional relief before that date.

Medicaid DSH payments are vital to children’s hospitals and impact their ability to care for all children.

- **Medicaid DSH payments are critical to children’s hospitals.** Congress created the Medicaid DSH program to provide financial help to hospitals that treat a large number of Medicaid and uninsured patients. The program has and will continue to play an important role for children’s hospitals in addressing Medicaid underpayment.

- **Medicaid is the single largest health insurer for children in the United States.** Millions of children are provided coverage through Medicaid—37 million—and the Children’s Health Insurance Program (CHIP)—9 million. Medicaid, along with CHIP, is the foundation of America’s commitment to providing coverage and access to care for children.

- **Children’s hospitals are major Medicaid providers.** Although they account for less than 5% of hospitals, children’s hospitals care for almost half of all children admitted to hospitals. The majority of patients in a children’s hospital—59% of inpatient days on average—are covered by Medicaid.

- **Medicaid DSH payments are important for the viability of children’s hospitals and their ability to care for all children.** Medicaid DSH payments supplement inadequate Medicaid reimbursement to children’s hospitals. Including DSH payments, Medicaid reimburses children’s hospitals an average of only 80% of the cost of providing care. But Medicaid reimbursement to children’s hospitals would fall even lower without crucial DSH payments. DSH payments help children’s hospitals sustain specialized pediatric care services and pediatric training programs that benefit all patients.

- **Children’s hospitals’ need for Medicaid DSH payments persists.** Children's hospitals need Medicaid DSH payments until each state’s Medicaid program payments cover the cost of care.

Children’s hospitals urge Congress to take further action to prevent the Medicaid DSH cuts from going into effect.