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Contact:
Ellen Kugler, Executive Director
703-444-0989

Medicare Deficit-Reduction Cuts Could Be Job Killers, Hospital Group Says

(Washington, D.C.) Cuts in Medicare payments mandated by the Affordable Care Act and additional Medicare cuts under consideration by the congressional Joint Select Committee on Deficit Reduction could cost the nation more than 130,000 jobs, according to a new study released today.

The study, conducted by the National Association of Urban Hospitals (NAUH), found that Medicare cuts associated with the Affordable Care Act alone could cost hospitals more than 85,000 direct jobs in the coming years. Medicare cuts being considered by the Joint Select Committee on Deficit Reduction, frequently referred to as the congressional “supercommittee,” could cost an additional 46,000 hospital jobs.

The Affordable Care Act cuts in question include a massive reduction of Medicare payments to hospitals that care for especially large numbers of low-income patients and future cost-of-living payment increases that will no longer cover the full increase in costs. Cuts under consideration by the supercommittee include the elimination of reimbursement to hospitals for co-pays and deductibles that low-income Medicare patients cannot afford and drastically reduced Medicare payments to hospitals that train future physicians.

“These cuts will hurt hospitals and hurt communities,” explained Ellen Kugler, NAUH’s executive director. “You can’t lose more than 130,000 jobs without affecting access to care and the quality of care.

“In addition, these cuts could be real job killers. Unemployment remains high, and one of the strongest sectors of the economy is hospital employment. The possibility of losing as many as 130,000 jobs will have a real impact on communities across the country.”

The impact of the potential job loss will be especially great in urban areas, according to NAUH’s Kugler.

“Private, non-profit urban safety-net hospitals currently constitute 13.2 percent of all U.S. hospitals but could suffer more than 40 percent of this potential job loss,” Kugler said. “That means urban communities across the country, where unemployment is already higher than elsewhere, would suffer most of the job loss because of these new policies.”

Upon request, NAUH can provide estimated Medicare cut-related job loss figures for individual states, cities, and congressional districts.

The National Association of Urban Hospitals advocates for adequate recognition and financing of private, non-profit, urban safety-net hospitals that serve America’s needy urban communities. These hospitals differ from other hospitals in a number of key ways: they serve communities whose residents are much





older and poorer; they are far more reliant on Medicare and Medicaid for revenue; they provide far more uncompensated care; and unlike public safety-net hospitals, they have no statutory entitlement to local or state funds to underwrite their costs. NAUH's role is to ensure that when federal officials make policy decisions, they understand the implications of those decisions for these distinctive private, urban safety-net hospitals. NAUH pursues its mission through a combination of vigorous, informed advocacy, data-driven positions, and an energetic membership with a clear stake in the outcome of public policy debates.

Additional information about NAUH can be found on its web site: www.nauh.org.

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