NEW HAMPSHIRE HOSPITAL ASSOCIATION STATEMENT ON NEED FOR FAIR AND BALANCED APPROACH TO MEDICAID ENHANCEMENT TAX (MET)/DISPROPORTIONATE SHARE HOSPITAL PAYMENTS (DSH)

June 5, 2024

Steve Ahnen, President, New Hampshire Hospital Association, released the following statement relative to a need for a fair and balanced approach to Medicaid Enhancement Tax (MET)/Disproportionate Share Hospital Payments (DSH):

Governor Sununu’s letter sent to Commissioner Lori Weaver today instructing the Department of Health and Human Services to implement massive reductions in hospital funding from the Medicaid Enhancement Tax (MET) is a direct threat to hospitals, which is outrageous and not factually accurate.

It is important to remember – the MET is a tax exclusively on hospitals, which generates $300-plus million in state revenue annually. The state takes the revenue raised by that tax and more than doubles it via a federal match. The state then uses the matching dollars to help fund the state’s Medicaid program and returns a portion to hospitals to pay for uncompensated care. In the aggregate, these funds offset only a fraction of hospitals’ uncompensated care costs. New Hampshire’s Medicaid reimbursement rates for hospitals remain among the lowest in the country.

Governor Sununu suggests that the plan he offered at 91% of the MET would return the same amount to hospitals as they are getting now. That is entirely misleading. Due to a new distribution formula for how those dollars are distributed to each hospital, the Governor’s plan results in millions of dollars of losses to several hospitals, while generating approximately an additional $30 million annually for the state. Plain and simple, it is nothing more than a cash grab at the expense of hospitals in NH.

The proposal put forward by the Governor results in an effective tax increase to those NH hospitals losing money over the current agreement, at a time when they are struggling financially.
That is why the Senate rejected the Governor’s plan, and Senator Bradley and a bipartisan group of legislators put forward an alternative. Their work has continued, and we believe has resulted in a fair, balanced approach that maximizes the revenue for the state, better serves the Medicaid program and its beneficiaries, and to the greatest extent possible, minimizes losses for the hospitals, while still generating approximately $22 million annually in additional revenue for the state over the existing agreement. It is not a perfect solution, but hospitals support it because it is the right thing to do to maintain stability and predictability for the state and the hospitals.

The Governor’s threats, by way of today’s letter to Commissioner Weaver, of drastic reductions in hospital funding to 80% of the MET are simply counterproductive to finding an appropriate path forward. He is essentially saying that unless legislators and hospitals agree to his 91% plan that results in millions of dollars in losses for several hospitals, he will arbitrarily impose even greater and more harmful cuts to all hospitals and will create an unstable and unpredictable program for the hospitals and the state, which ultimately will harm patients and those that rely on a robust health care system.

That is why we encourage legislators to support the solution before the Committee of Conference – a fair and balanced approach to a complicated but very important issue.