NEW HAMPSHIRE HOSPITAL ASSOCIATION STATEMENT ON MEDICAID ENHANCEMENT TAX (MET)/DISPROPORTIONATE SHARE HOSPITAL PAYMENTS (DSH)

June 6, 2024

Steve Ahnen, President, New Hampshire Hospital Association, released the following statement relative to Medicaid Enhancement Tax (MET)/Disproportionate Share Hospital Payments (DSH):

The Governor scuttled a bipartisan solution on MET/DSH in favor of massive, arbitrary and punitive cuts to hospitals that put the entire MET – a $300-million-plus tax on hospitals – at risk. In doing so, the Governor is effectively raising the tax paid by hospitals, driving costs up for patients and destabilizing our entire health care system.

The MET/DSH amendment put forward by Senator Jeb Bradley and his Senate colleagues would have created much needed stability and predictability for the state, the Medicaid program and the beneficiaries it serves, as well as the hospitals, while still generating $22 million in additional revenue each year for the state above the current agreement.

The proposal put forward by Senator Bradley and his colleagues was not a perfect solution, but it is one that hospitals supported because it was the right thing to do for our patients and the communities they serve.

This is a complex matter, but it is important to remember that the Medicaid Enhancement Tax (MET) is a tax imposed exclusively on hospitals, which generates $300-plus million in state revenue annually. The state takes that revenue raised by the MET and more than doubles it via a federal match. The state then uses those 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. Contrary to the Governor’s often repeated statement that the hospitals have a “rich” deal, there is no data to support that assertion. Rather, New Hampshire’s Medicaid reimbursement rates for hospitals remain among the lowest in the country.

The current agreement expires at the end of this month, which is why hospitals have been seeking to find a win-win solution for everyone involved.

Yesterday, in a direct threat to hospitals, Governor Chris Sununu sent a letter to Commissioner Lori Weaver instructing the Department of Health and Human Services to implement massive reductions in
hospital funding from the MET. The Governor’s directive will not only harm our health care system, but also puts the MET at legal risk. Two Superior Courts have previously found it to be unconstitutional.

Hospitals have continued to pay the MET because they were able to work in partnership with the state and establish a settlement agreement that is in the best interest of the state, the hospitals and our patients so long as the agreement was fair and equitable. The Governor’s directive to Commissioner Weaver is neither. We are incredibly disappointed the state has chosen to walk away from that partnership, which will undoubtedly put patient care and the entire Medicaid program at risk.