

# Hospitals face \$218B in federal payment cuts from 2010 to 2028

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(HealthDay)—Cumulative reductions in federal payments to hospitals from 2010 to 2028 are estimated to reach \$218.2 billion, according to a study commissioned by the Federation of American Hospitals and the American Hospital Association (AHA).

The study, conducted by economics consulting firm Dobson DaVanzo & Associates in Vienna, Virginia, examined how 11 pieces of legislation combined with regulatory changes by the Centers for Medicare and Medicaid Services (CMS) would affect cumulative federal payments to hospitals from 2010 through 2028. The [payment](#) reductions are beyond those enacted under the Affordable Care Act.

Overall, federal payments to hospitals will be reduced by \$218.2 billion over the 18-year period, according to the report. The largest reduction is attributable to [hospital](#) documentation and coding adjustments (\$79.3 billion). Sequestration is expected to reduce Medicare hospital payments by

an estimated \$73.1 billion. Original Affordable Care Act reductions to the federal Medicaid Disproportionate Share Hospital allotments were further cut by \$25.9 billion. Modification of the definition of off-campus hospital outpatient departments will cut hospital payments by \$13.2 billion. Cuts to post-acute-care provider payments are estimated to reach \$6.1 billion. New criteria for Medicare payments are expected to reduce long-term-care hospital payments by \$5.9 billion, while extending Medicare's hospital transfer policy to hospice will result in \$5.5 billion in cuts. The impact of the bad debt reimbursement reduction for hospitals totals \$5 billion, and clarification of the three-day payment window results in a \$4.2 billion reduction.

"Continued cuts of this magnitude represent a troubling trend for hospitals and health systems as many struggle with declining reimbursements for services provided in and out of the hospital," AHA president and CEO Rick Pollack said in a statement.

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