

Cuts to Medicaid eligibility impact the whole community

H.R.1 will implement several new enrollment restrictions that will effectively leave an estimated **140,000 current Minnesota Medicaid enrollees without health care coverage**.

Where will these 140,000 uninsured individuals go when they eventually **do need** medical care?

Hospital emergency departments.

- **Annual Costs to Hospital Emergency Departments: \$140 million statewide**
An estimated 40% of these newly uninsured individuals (56,000 people) will seek care in the local hospital emergency department at an average cost of \$2,500 per encounter. These costs will be accounted for in the form of charity care.
- **Annual Costs to Hospitals for Inpatient Care: \$123 million statewide**
An estimated 9% of these newly uninsured individuals (12,600 people) will be admitted to an inpatient bed at an average cost of \$9,800 per stay. Again, these costs will be accounted for in the form of charity care.
- **Annual Costs to Hospitals for Hospital Clinic-Based Care: \$6 million statewide**
An estimated 17% of these newly uninsured individuals (23,800 people) will seek care in local hospital clinics at an average cost of \$250 per encounter. Again, these costs will be accounted for in the form of charity care.

Minnesota hospitals will see an estimated increase in charity care of \$269 million a year, starting in 2027 - with the Medicaid eligibility cuts contained in the HR1 bill.

Notes: In addition to increased charity care costs at hospitals, hospitals will also see a drop in Medicaid revenue from the loss in payments that would have been made to hospitals for services provided to these individuals. **There is an estimated \$354 million in annual lost Medicaid revenues to hospitals associated with the loss in Medicaid coverage for 140,000 individuals.**

- ✓ **Annual Cost to Hospitals for Changes to Emergency Medical Assistance: \$13 million statewide.** MHA estimates hospitals will absorb all of the EMA losses due to a reduction of federal share payments for expansion population from a 90% federal match to a 50% federal match.
- ✓ **Annual Cost to Hospitals for Medicaid Cost-Sharing Provisions: \$3 million statewide.** MHA estimates hospitals will absorb 75% of new Medicaid co-payments in the form of charity care.
- ✓ Phase-down of Directed Payment Program assessments and reimbursements over a 5-year period.
- ✓ Because of a reduction in Medicaid days associated with H.R. 1, some hospitals could lose their 340B drug discount program eligibility due to reductions in inpatient Medicaid days.
- ✓ In addition to H.R.1, Congress needs to act or the Medicaid DSH program will be phased out.

Cuts to the ACA Individual Market Enhanced Premium Subsidies Impact Hospitals

Absent a Continuing Resolution by Congress to extend the enhanced premium tax credit for the Affordable Care Act (ACA) individual market, an estimated **60,000 Minnesota enrollees could drop health care coverage** due to unaffordability. Severe increases to ACA premiums will begin Jan. 1, 2026, unless Congress extends the current subsidies.

Similar to what we expect with dis-enrollments from the Medicaid program, these 60,000 uninsured individuals will likely rely on hospitals to fill their emergent medical needs.

- **Annual Costs to Hospital Emergency Departments: \$60 million statewide**
An estimated 40% of these newly uninsured individuals (24,000 people) will seek care in the local hospital emergency department at an average cost of \$2,500 per encounter. These costs will be accounted for in the form of charity care.
- **Annual Costs to Hospitals for Inpatient Care: \$53 million statewide**
An estimated 9% of these newly uninsured individuals (5,400 people) will be admitted to an inpatient bed at an average cost of \$9,800 per stay. Again, these costs will be accounted for in the form of charity care.
- **Annual Costs to Hospitals for Hospital Clinic-Based Care: \$2.5 million statewide**
An estimated 17% of these newly uninsured individuals (10,200 people) will seek care in local hospital clinics at an average cost of \$250 per encounter. Again, these costs will be accounted for in the form of charity care.

Minnesota Hospitals will see an estimated increase in charity care of \$115 million a year, starting in 2026.

In addition, there is an estimated \$262 million in annual lost ACA individual market revenues to hospitals associated with the loss in ACA coverage for 60,000 individuals.