



OHA ADVOCACY DAY

2018 Initiatives Important to Hospitals

April 10, 2018

Oklahoma
Hospital
Association

Legislator Handout

Thanks for Supporting \$1 Cigarette Tax Increase!

According to the Campaign for Tobacco-Free Kids, the evidence is clear that raising the price of cigarettes is one of the most effective ways to reduce smoking, especially among kids. The \$1 cigarette tax increase is projected to:

- Prevent 17,300 Oklahoma kids from becoming smokers.
- Spur 18,700 current adults to quit.
- Save 10,200 Oklahomans from premature, smoking-caused deaths.
- Save \$767 million in future health care costs.

Our Ask: Please continue to support better health by protecting the Tobacco Settlement Endowment Trust. ***Oppose SJR 45 and SB 896, which reduce TSET funding for grants that improve health.*** TSET grant programs focus on reducing three behaviors, (1) tobacco use (2) poor diet, and (3) sedentary lifestyle. These behaviors lead to chronic diseases that are responsible for 60 percent of deaths in Oklahoma.

Oklahoma Hospitals and Access to Services Remain in Crisis

More than \$500 million in reduced reimbursement to providers, including cuts of 18 percent in state Medicaid payment rates since 2010, has resulted in:

- More than two-thirds of the state's **rural hospitals now operate with negative margins;**
- A known **42 of 81 rural Oklahoma hospitals are now at risk of closing** (iVantage Analytics);
- **Four hospitals have closed or no longer provide inpatient services;**
- Urban hospitals are now cutting jobs and laying off employees.

Oklahoma hospitals already provide more than \$592 million in uncompensated care annually.

Maintaining Current State Appropriations Means More Federal Funding

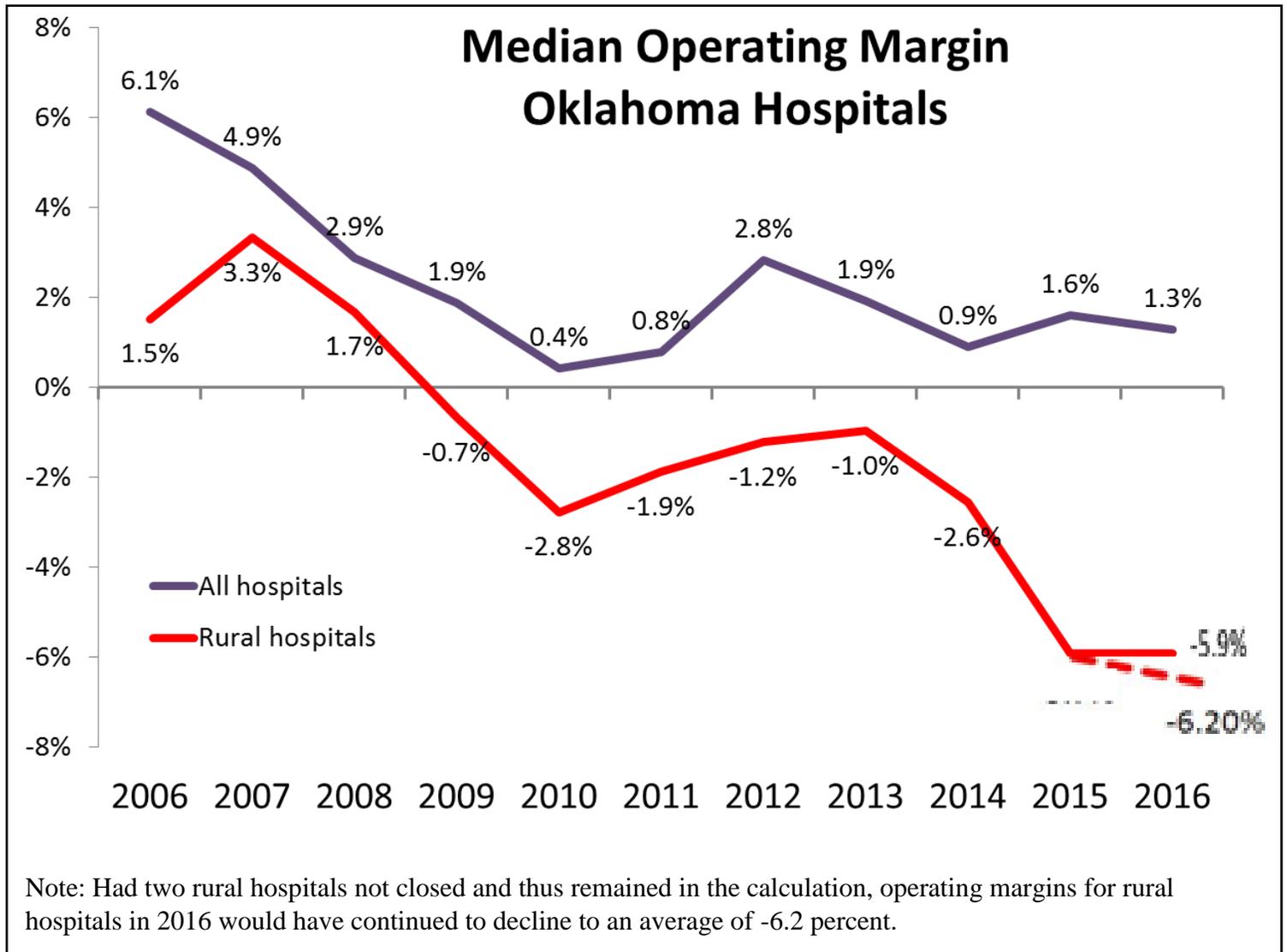
With the 2019 increase in the federal matching rate (FMAP*), maintaining the current level of state appropriations to the Medicaid program will draw down additional federal funds to begin restoring cuts in state payment rates benefitting all Medicaid providers. For hospitals, payment cuts incurred since 2010 could partially be restored with \$94 million in new funding.

The Oklahoma Health Care Authority (OHCA) has indicated it does NOT plan to use these funds to restore provider rates. **Federal dollars would be left on the table while our health care infrastructure languishes.**

(over)

Every dollar that OHCA spends on Medicaid provider rates attracts matching federal dollars. Because the federal match is increasing in FY2019, the state can attract even more federal dollars **with no state fiscal impact**. For instance, the state spent \$373 million of state appropriations for payments to hospitals at the prior FMAP rate in FY2017, attracting a federal match of \$567 million in federal funds, for a total of \$940 million. **Because of the FY2019 FMAP increase, the state can increase hospital rates and attract an additional \$94 million for hospital payments without appropriating any more money.**

Our Ask: Please protect increased federal funding by not reducing current appropriations to Medicaid.



**Federal Medical Assistance Percentages (FMAP) determine the matching funds rate for each state. Adjusted annually, the FMAP reflects each state's average per capita income over three years relative to the national average.*