

Medicaid DSH Cuts Will Harm Patient Care

District 1: Rep. Nathaniel Moran



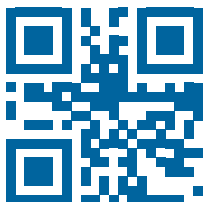
Absent Congressional action to address the imminent cuts to Medicaid DSH payments, Texas hospitals will receive an estimated **\$778 million less in state and federal funding in FY 2025**. These cuts will impact roughly 150 DSH hospitals across the state that serve a disproportionate share of low-income and uninsured individuals.



Texas has not seen reductions in the number of uninsured or hospital uncompensated care costs. **The number of uninsured Texans is increasing**, and Texas leads the nation with the largest number of residents without health insurance.



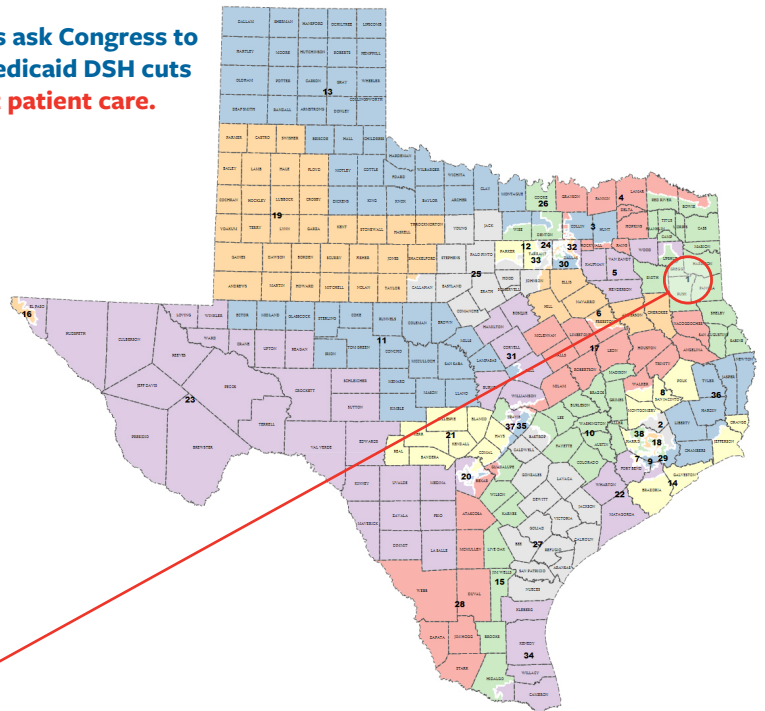
Congress should address the scheduled Medicaid DSH cuts to **protect patients and hospitals**.



Effective April 1, 2025, payments to safety net hospitals in Texas will be cut by an estimated \$778 million for FY 2025 because of provisions in the Affordable Care Act that require annual cuts to Medicaid Disproportionate Share (DSH) hospital payments.* These cuts, which are scheduled to occur yearly from FY 2025 to FY 2027, were passed by Congress in anticipation of a reduction in the number of residents without health insurance and the amount of uncompensated care hospitals provide. The FY 2025 loss represents a 32.7% reduction in Texas hospitals' Medicaid DSH payments.

Over the next three years, Texas hospitals will incur over \$2.3 billion in cuts, cumulatively. These funding cuts are unsustainable, especially considering Texas leads the nation with more than 18% of its population (5.2 million Texans) lacking health insurance.

Texas hospitals ask Congress to address the Medicaid DSH cuts to help protect patient care.



District 1 Impact (FY 2025)

Number of DSH Hospitals: **8**
Cuts to DSH Hospitals: **\$24,971,619**



Statewide Impact (FY 2025)

Number of DSH Hospitals: **154**
Cuts to DSH Hospitals: **\$778 Million**



*Under current law, states' federal DSH allotments will be reduced by \$8 billion a year from FY 2025 to FY 2027. The Medicaid and CHIP Payment Access Commission estimates Texas' reduction will be \$778 million, or 32.7%, in FY 2025. The exact amount will be determined when CMS publishes its final rule describing its methodology for distributing federal DSH allotment reductions.

