

It is broadly acknowledged that Medicare reimburses hospitals less than the cost of providing care and their reimbursement rates are non-negotiable. The Medicare Payment Advisory Commission found that hospitals experienced a record-low -12.7% margin on Medicare services in 2022, and it projects that margins will continue to remain near -13% in 2024<sup>1</sup>. Combined underpayments from Medicare and Medicaid to hospitals were nearly \$130 billion in 2022<sup>2</sup>, up from \$76 billion in 2019. Exacerbating this pressure is the fact that Medicare and Medicaid account for most hospital utilization. In fact, 96% of hospitals have 50% of their inpatient days paid by Medicare and Medicaid, and more than 82% of hospitals have 67% Medicare and Medicaid inpatient days. Because of the fixed nature of these payments, hospitals are unable to fully absorb the tremendous inflationary forces they are currently facing.

A recent [AHA report](#) highlights the significant growth in expenses across labor, drugs and supplies, as well as the impact that rising inflation is having on hospital prices. Further cutting Medicare payments to hospitals and health systems will threaten access to care for patients and communities.

## Percent of U.S. Hospitals Treating Majority Medicare and Medicaid Patients, by Inpatient Days, 2022

State	Inpatient Days			
	50% or greater	67% or greater	75% or greater	90% or greater
<b>US Total</b>	<b>96%</b>	<b>82%</b>	<b>43%</b>	<b>5%</b>
AK	100%	90%	25%	5%
AL	97%	87%	34%	1%
AR	94%	74%	53%	5%
AZ	100%	90%	49%	1%
CA	97%	83%	41%	6%
CO	96%	78%	30%	3%
CT	100%	94%	45%	0%
DC	100%	60%	30%	10%
DE	100%	100%	75%	13%
FL	99%	83%	23%	2%
GA	99%	89%	36%	5%
HI	100%	82%	36%	5%
IA	97%	86%	69%	11%
ID	100%	91%	26%	11%
IL	99%	93%	52%	8%

<sup>1</sup> [www.medpac.gov/wp-content/uploads/2023/10/MedPAC-Hospital-payment-adequacy-Jan-2024.pdf](http://www.medpac.gov/wp-content/uploads/2023/10/MedPAC-Hospital-payment-adequacy-Jan-2024.pdf)

<sup>2</sup> [www.aha.org/2024-01-10-infographic-medicare-significantly-underpays-hospitals-cost-patient-care](http://www.aha.org/2024-01-10-infographic-medicare-significantly-underpays-hospitals-cost-patient-care)

State	Inpatient Days			
	50% or greater	67% or greater	75% or greater	90% or greater
IN	97%	87%	45%	3%
KS	91%	73%	46%	16%
KY	99%	94%	45%	3%
LA	99%	81%	45%	5%
MA	97%	87%	46%	1%
MD	100%	89%	40%	0%
ME	100%	91%	53%	6%
MI	99%	92%	60%	7%
MN	96%	90%	45%	9%
MO	95%	77%	52%	4%
MS	69%	55%	28%	7%
MT	95%	86%	47%	8%
NC	100%	90%	32%	3%
ND	100%	91%	30%	0%
NE	97%	87%	26%	1%
NH	96%	79%	46%	11%
NJ	100%	80%	41%	1%
NM	98%	95%	47%	0%
NV	98%	87%	30%	2%
NY	99%	96%	59%	11%
OH	99%	90%	41%	5%
OK	94%	79%	48%	8%
OR	98%	78%	63%	8%
PA	99%	89%	52%	3%
RI	100%	100%	55%	0%
SC	97%	83%	45%	3%
SD	98%	77%	54%	11%
TN	100%	91%	45%	2%
TX	87%	53%	27%	5%
UT	87%	58%	23%	0%
VA	100%	93%	54%	1%
VT	100%	100%	50%	14%
WA	99%	90%	42%	4%
WI	95%	79%	55%	7%
WV	100%	89%	69%	4%
WY	96%	74%	41%	15%