



## Legislation Text

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### Res. No. 722-A

Resolution calling upon the United States Congress to reintroduce and pass, and the President to sign, H.R. 2665, the Supporting Safety Net Hospitals Act, to delay Medicaid disproportionate share hospital payment reductions until Fiscal Year 2026

By Council Members Schulman, Louis, Restler, Brannan, Hanks, Joseph, Banks and Rivera

Whereas, Established in the early 1980s, the Medicaid disproportionate share hospital (DSH) payments provide critical federal funding to hospitals that serve a high number of Medicaid and uninsured patients, offsetting the financial burden of uncompensated care, particularly for safety-net hospitals that are essential to low-income communities; and

Whereas, DSH payments help to ensure that hospitals can continue to provide services to populations who might otherwise be unable to afford care, including uninsured people, undocumented immigrants, individuals with mental health challenges, and those suffering from chronic illnesses; and

Whereas, In 2010, the Affordable Care Act (ACA) was signed into law, which expanded Medicaid eligibility to cover individuals and families with incomes up to 138% of the federal poverty level while also including provisions for reducing DSH payments under the assumption that Medicaid eligibility expansion would significantly reduce the number of uninsured individuals, thereby decreasing the need for DSH funds; and

Whereas, The DSH payment reductions, which were originally scheduled to begin in 2014, have been delayed several times through Congressional action, as the reduction in DSH funds would have a disproportionate impact on states like New York (NY), where Medicaid expansion has not fully alleviated the burden of uncompensated care in hospitals; and

Whereas, Under the current law, an estimated annual reduction of over \$8 billion in federal DSH allotments is scheduled to begin on January 1, 2025, and continue through the fiscal year 2027; and

Whereas, The Medicaid and Children's Health Insurance Program (CHIP) Payment and Access Commission (MACPAC), a non-partisan legislative branch agency that advises Congress and various other United States (U.S.) offices, projects that these scheduled reductions will reduced DSH allotments to about half of the current annual allotment amount, impacting states like NY the most, where 95% of the hospitals rely on DSH allotments to stay afloat; and

Whereas, Currently, hospitals in NY receive over \$4.8 billion in state and federal DSH funding which is expected to be reduced to \$2.8 billion when the DSH reductions roll in, per MACPAC; and

Whereas, NY hospitals serve 7.6 million Medicaid enrollees including over 930,000 uninsured individuals, per 2019 estimates, with the majority of the residents served by the New York City (NYC) hospitals, including the NYC Health + Hospitals system (H+H); and

Whereas, H+H is the largest municipal healthcare system in the U.S. that provides services to more than 1.1 million New Yorkers annually, of which approximately 415,000 are uninsured, and continues to rely heavily on Medicaid DSH payments to sustain operations; and

Whereas, In 2019, NYC's safety-net hospitals, including H+H, incurred a more than \$1.8 billion deficit due to under-reimbursed Medicaid costs and uncompensated care, per the Citizens Budget Commission (CBC); and

Whereas, If these reductions were to proceed, hospitals in NY would be significantly impacted, especially the hospitals in NYC that are already under-resourced and are functioning at overcapacity, potentially resulting in staff layoffs, service reductions, and longer wait times for critical services, particularly in underserved communities; and

Whereas, H.R. 2665, the Supporting Safety Net Hospitals Act, introduced in Congress by Representative Yvette Clarke, would temporarily delay the scheduled Medicaid DSH payment reductions

through 2026, ensuring that hospitals serving large numbers of Medicaid and uninsured patients would continue to receive essential funding to maintain operations and provide care to vulnerable populations; and

Whereas, The delay provided by H.R. 2665 would offer critical relief to NYC's safety-net hospitals, which are already under financial strain due to the lingering effects of the COVID-19 pandemic, as well as rising healthcare costs and the ongoing influx of immigrant populations in need of care; and

Whereas, Without legislative action to delay DSH cuts, many safety-net hospitals in NYC would be forced to reduce vital services, including mental health care, emergency services, and specialty care, exacerbating existing health disparities in low-income and minority communities; and

Whereas, NYC, as a city with one of the largest immigrant populations in the country, requires robust funding to support the healthcare needs of non-citizen residents, many of whom rely on safety-net hospitals for care; and

Whereas, H.R. 2665, which was introduced in the previous Congressional legislative session, has not yet been reintroduced in the current Congressional legislative session; now, therefore, be it

Resolved, That the Council of the City of New York calls upon the United States Congress to reintroduce and pass, and the President to sign, H.R. 2665, the Supporting Safety Net Hospitals Act, to delay Medicaid disproportionate share hospital payment reductions until Fiscal Year 2026.

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