

Estimate of the Situation

Critical Information for Critical Times, Edition of Wednesday, October 8, 2014



Now What?

U.S. hospitals of all sizes, settings, and missions face an existential threat. So do many of the communities they serve.

In the last three issues we used cost report data to identify year-to-year revenue, expense, and operating income trends for random samples of acute care short-stay community hospitals, religious-affiliated hospitals and critical access hospitals. The result was stunning.

The nearly universal silence emanating from the ranks of national hospital leadership speaks volumes. A visit to the American Hospital Association's home page yields lots of "inside

baseball" ACA-related jargon, but virtually nothing on the financial crisis that threatens the very survival of so many of its members. There is a link to a featured report about "[navigating the gap between volume and value](#)". There are lots of reports on "[National Health Expenditures](#)". There's even a report headlined "[Health Care Spending Growth Hits Record Low](#)". A short trip down memory lane may explain this lack of reportorial enthusiasm. Consider this [official AHA statement](#):

Since 2008, the AHA has made sure to involve itself in the policy details of the ACA, as well as the political process that led to its passage. In 2009, the AHA spent more than \$7 million dollars on its Washington lobbying campaign, ranked near the top spending in the industry. Tom Nickels, the AHA's senior vice president of federal relations, heads a team of 28 lobbyists, and the AHA also makes significant contributions to members of Congress and congressional candidates. In 2008 and 2010, the AHA contributed more than \$2 million in each year to candidates, with more than \$1 million going to Democrats, according to data from the nonprofit Center for Responsive Politics. In addition, Richard Umbdenstock, president and CEO of the AHA, frequently visited the White House in 2009 in the months leading up to the ACA's passage.

With so much at stake, the AHA ultimately positioned itself as a partner in health care reform. After a series of negotiations, the AHA, along with two other hospital associations, agreed to accept \$155 billion worth of cuts in Medicare reimbursements and other payments throughout the next decade in order to help the government fund other reforms. Recently, Umbdenstock commented on the final legislation, saying, "We supported it, imperfect as it is. Now it is much more important to build on it and improve it."

Next week's issue will provide an indisputable and graphic account of what AHA's involvement "in the policy details of the ACA" has meant financially for virtually all U.S. hospitals. Don't miss it.

FJB



brady & associates

7667 N.W. Prairie View Road, Suite 204
Kansas City, Missouri 64151
(816) 587-2120
<http://bradyinc.com>