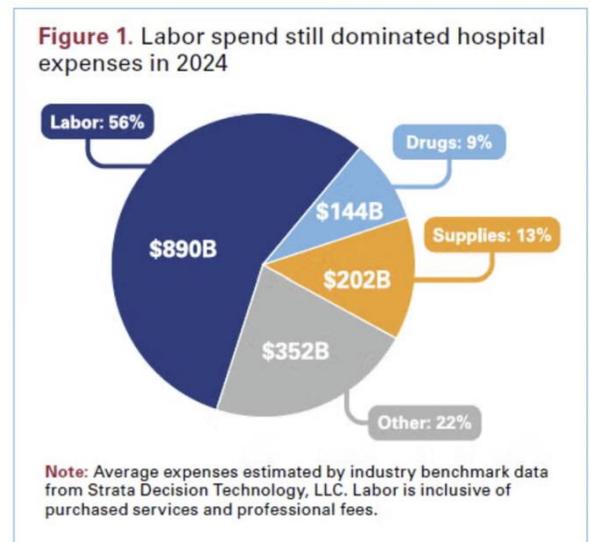


Promoting Affordability while Addressing the Financial Challenges for Catholic Health Care

Catholic hospitals and health care systems serve millions of patients each year, often as the sole safety-net provider in their communities, yet they face a “perfect storm of financial pressures” driven by rising costs, inadequate reimbursement, and policy decisions that shift risk onto providers. According to the American Hospital Association’s *Cost of Caring* report, labor is the single largest hospital expense, accounting for approximately 56% of total hospital costs, and workforce shortages have forced hospitals to raise wages significantly—with registered nurse salaries growing more than 25% faster than inflation over the past four years—adding sustained financial pressure that is not reflected in Medicare or Medicaid payment updates.



\$ 2.2-2.8 Billion

What Catholic hospitals are expected to lose in Medicaid funding in the next decade as a result of H.R. 1

Major challenges that affect hospital finances include:

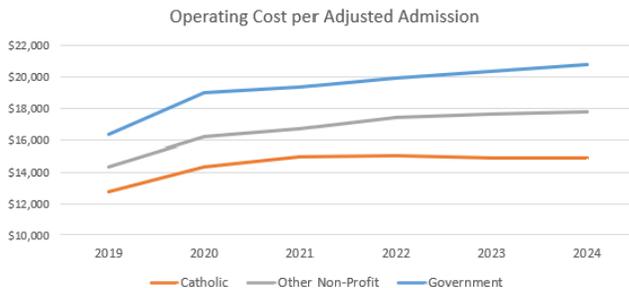
- High costs of labor, drugs, medical supplies and equipment:** Labor is the largest hospital expense, and ongoing workforce shortages have forced hospitals to raise wages and rely on contract staffing, significantly increasing costs that are not fully reflected in Medicare or Medicaid payments. Similarly, the high costs of drugs, medical supplies and equipment driven by supply chain issues and tariffs add to these financial challenges.
- Expiration of the ACA’s Enhanced Premium Tax Credits (EPTCs):** If not renewed, researchers estimate \$32.1 billion in lost provider revenue in 2026, including \$14.2 billion less spent on hospital services, driving higher uncompensated care and threatening access to care—particularly in rural and underserved communities!
- Historic reductions to Medicaid because of H.R. 1:** Analysis of Congressional Budget Office data estimates H.R. 1 will add \$443 billion in costs to hospitals over 10 years through increased uncompensated care and deeper Medicaid payment shortfalls. New work and community engagement requirements are expected to cause coverage disruptions, leading to avoidable emergency department use and higher costs across the health care system.
- Continued denial and delays in Medicare Advantage and commercial insurance:** Inappropriate denials—many of which are ultimately overturned on appeal—impose significant financial strain on hospitals that must absorb unreimbursed administrative and care costs, while also delaying medically necessary care and disrupting patients’ access to services and livelihoods.
- Medicare and Medicaid Reimbursements Continue to Underpay:** Despite escalating expenses, Medicare reimbursed hospitals just 83 cents for every dollar spent in 2023, resulting in over \$100

billion in underpayments and further widening the gap between the cost of caring and public program paymentsⁱⁱ.

Catholic Health Care is a Partner to Advance Health Care Affordability

Currently, Catholic health care is working to address affordability for our patients and the overall health care system including:

- Reducing health care costs begins with preventing the conditions that lead to expensive hospital care.
- Virtual, outpatient, and home-based care models help patients receive timely support beyond hospital walls.
- Strong community partnerships and workforce investments improve access, quality, and affordability.



Our members have worked to address the root causes of costly hospital care like food and housing insecurity, expanding telehealth, addressing care through outpatient settings, and investing in the health workforce, including in needed nursing programs. Catholic hospitals maintain significantly lower operating costs than other nonprofit hospitals, with the cost gap widening steadily since 2019—demonstrating strong stewardship and efficiencyⁱⁱⁱ.

What can Congress do?

Leaders of Catholic health care believe affordability is best addressed through partnership with policymakers to expand and train our health care workforce, promote value and quality, strengthen coverage, and reduce unnecessary administrative and access-related burdens that delay care and increase costs.

Congress can work to address these issues by:

- Strengthen the health care workforce through targeted federal investment and expanding immigrant visa pathways for health professionals that address workforce shortages that drive up labor costs.
- Advance affordability by lowering prescription drug costs and supporting care innovation like telehealth, acute hospital at home, and programs that prevent and better manage chronic disease.
- Protect and strengthen coverage in the ACA, Medicaid, and Medicare programs so that people can access primary care at locations that are more accessible, affordable, and effective.
- Ensure fair payment and timely access to care across Medicare Advantage and the commercial market that prevent costly denials and delays for patients.
- Keep people healthy by investing in the health and social safety net, healthy foods, and activities.

ⁱ Urban Institute, *Changes in Health Care Spending and Uncompensated Care under Enhanced Tax Credit Expiration for Marketplace Coverage* (Sept. 25, 2025)

ⁱⁱ AHA, *The Cost of Caring* (2025).

ⁱⁱⁱ Dobson & DaVanzo, *Trends in Margins, Costs and Revenues for Catholic Hospitals Compared to Other Hospitals by Ownership for FY 2019 – FY 2024* (January 13, 2026)