NOTE: *“States that opt out of Medicaid expansion will have to choose whether to compensate for the shortfalls with their own funds or leave hospitals to absorb the costs, which will increase rating pressure on the hospitals,” says Nicole Johnson, a Moody's senior vice president. “States that choose to fund uncompensated care costs themselves could face budgetary strain.”*

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Moody's warns of hospital trouble with no Medicaid expansion

By Jim Siegel

Failing to expand Medicaid under the federal health care law will put hospitals at risk of budgetary shortfalls and put their bond ratings at risk, Moody’s Investor Services said recently.

In a report on reduced federal reimbursements for uncompensated hospital care, the credit rating company said states that opt out of the Medicaid expansion, which would cover 275,000 low-income Ohioans, will force hospitals to face large uninsured populations at the same time their federal disproportionate share hospital payments are cut significantly.

The increased costs could lead to pressure on some hospital ratings unless they are offset by higher Medicaid and private insurance rates, lower numbers of uninsured patients, or backfill funding from states, Moody's said.

Gov. John Kasich proposed expanding Medicaid coverage to 138 percent of the federal poverty level, which would have brought in an estimated $13 billion in federal funds over seven years. House Republicans last week stripped that proposal out of the two-year budget, citing federal uncertainties and concerns about federal deficit spending.

Article continued here: http://dispatchpolitics.dispatch.com/content/blogs/the-daily-briefing/2013/04/4-15-13-moodys-medicaid.html

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