

GET THE FACTS: PROVIDER TAXES HELP ENSURE ACCESS TO CARE



WHAT ARE PROVIDER TAXES?

Provider taxes are taxes imposed on healthcare providers, such as hospitals and nursing homes, to help states fund Medicaid. They are a critical tool to ensure federal tax dollars are spent on patients in your local communities.

HOW DO PROVIDER TAXES ENSURE ACCESS TO CARE?



Provider Taxes Help Fund Medicaid

Medicaid provides coverage to about **1 in 5 people** in the United States – these services are paid by state and federal dollars. Provider tax funding allows states to cover a broad range of services and improve access to care for patients. **Cutting provider taxes would impact states' ability to pay for Medicaid – jeopardizing millions of Americans' access to care.**



Only Hospitals and Health Systems Provide 24/7 Access to Care

Hospitals and health systems remain open 24/7/365 because emergencies are never planned. Medicaid allows hospitals to be reimbursed for the expenses related to being an around-the-clock care provider. **Without provider taxes**, states' Medicaid funding could falter and have a **direct impact on the 24/7 access to care services that hospitals provide.**

WHAT ARE THE CONSEQUENCES OF CUTTING PROVIDER TAXES?



State Taxpayers Pay the Price

Provider taxes are one way that states are able to pay for Medicaid services. Without provider taxes, **some states might raise income or sales taxes** on their residents to **close financing gaps.**



Medicaid Recipients Would Bear the Greatest Cost

Provider taxes help fund states' Medicaid programs. Without these taxes, access to care for Medicaid's most vulnerable patients – including **children, seniors and individuals undergoing behavioral health and substance abuse treatments** – would be at risk.



Speciality Care is Threatened

Hospitals and health systems provide **speciality care** services like obstetrics, behavioral health and substance abuse treatments around-the-clock. **Medicaid and provider taxes allow these speciality care units to stay open** at hospitals – ensuring 24/7 access to care for patients with emergencies and complex cases.



THE SOLUTION

Policymakers must protect access to care for patients against threats or changes to provider taxes. Limiting provider taxes would risk access to care for many Americans, increase uninsured rates, worsen health outcomes, and add financial stress for families and providers.

Sources:

<https://www.aha.org/fact-sheets/2025-02-07-fact-sheet-medicaid-provider-taxes>

https://assets.fah.org/uploads/2025/03/FAH-Provider-Tax-One-Pager_Q311.pdf