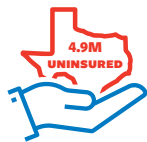


Medicaid DSH Cuts Will Harm Patient Care

District 4: Rep. Pat Fallon



Absent Congressional action to address the imminent cuts to Medicaid DSH payments, Texas hospitals will receive an estimated **\$778 million less in state and federal funding in FY 2026**. These cuts will impact roughly 190 DSH hospitals across the state that serve a disproportionate share of low-income and uninsured individuals.



Texas has not seen reductions in the number of uninsured or hospital uncompensated care costs. **The number of uninsured Texans is increasing**, and Texas leads the nation with the largest number of residents without health insurance.



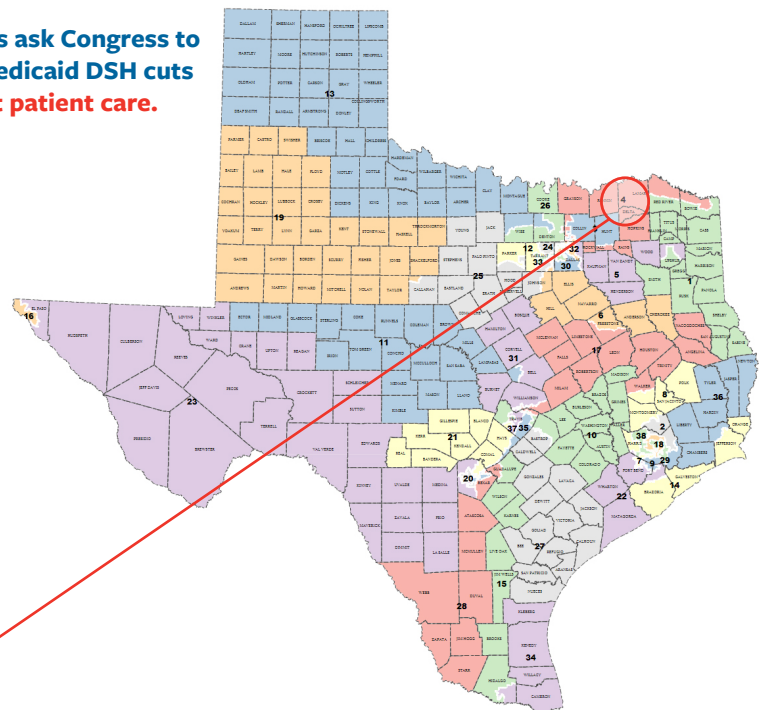
Congress should address the scheduled Medicaid DSH cuts to **protect patients and hospitals**.



Effective Oct. 1, 2025, payments to safety net hospitals in Texas will be cut by an estimated \$778 million for FY 2026 because of provisions in the Affordable Care Act that require annual cuts to Medicaid Disproportionate Share (DSH) hospital payments.* These cuts, which are scheduled to occur yearly from FY 2026 to FY 2028, were passed by Congress in anticipation of a reduction in the number of residents without health insurance and the amount of uncompensated care hospitals provide. The FY 2026 loss represents a 33% reduction in Texas hospitals' Medicaid DSH payments.

Over the next three years, Texas hospitals will incur over \$2.3 billion in cuts, cumulatively. These funding cuts are unsustainable, especially considering Texas leads the nation with more than 16% of its population (4.9 million Texans) lacking health insurance.

Texas hospitals ask Congress to address the Medicaid DSH cuts to help protect patient care.



District 4 Impact (FY 2026)

Number of DSH Hospitals: **5**

Cuts to DSH Hospitals: **\$7,055,158**



Statewide Impact (FY 2026)

Number of DSH Hospitals: **188**

Cuts to DSH Hospitals: **\$778 Million**



*Under current law, states' federal DSH allotments will be reduced by \$8 billion a year from FY 2026 to FY 2028. The Medicaid and CHIP Payment Access Commission previously estimated Texas' reduction will be \$778 million in the first year of these cuts. The exact amount will be determined when CMS publishes its final rule describing its methodology for distributing federal DSH allotment reductions.

