



**NEW HAMPSHIRE HOSPITAL ASSOCIATION (NHHA) STATEMENT ON
LITIGATION CHALLENGING THE CONSTITUTIONALITY OF THE MEDICAID ENHANCEMENT TAX**

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The New Hampshire Hospital Association, along with Dartmouth Health and its affiliated hospitals and Concord Hospital and its affiliates, today filed a lawsuit challenging the constitutionality of the Medicaid Enhancement Tax (MET) to protect access to important health care services for all patients.

The MET is levied exclusively on acute care hospitals and was established over 30 years ago to bring matching dollars to New Hampshire from the federal government to support the State's Medicaid program. In return for paying the MET, hospitals receive payments to partially offset losses from uncompensated care.

Although two previous Superior Courts have ruled the MET was unconstitutional, hospitals have voluntarily continued to pay the tax over the last decade under two settlement agreements, which outlined a fair solution for hospitals that ensured access to patient care and a strong health care system for all Granite Staters. Those agreements have now expired.

Over months of good-faith negotiations with the State to craft a new agreement, the hospitals offered fair and reasonable proposals that would have delivered additional revenue to the State and the Medicaid system. But as of today, the State has not offered a fair or reasonable proposal and no resolution has been reached. During these negotiations, hospitals made clear that April 15th, the due date for hospitals to pay the MET, was the deadline for reaching an agreement on a new settlement. With no resolution in sight, hospitals have no choice but to file this lawsuit to protect access to important health care services for all patients.

The solution put forward by the Governor embraces the punitive cuts to hospitals and the 80% distribution formula put in place by the prior administration. Under that formula, hospitals lose \$70 million annually, to the benefit of the State, and at the expense of patient care in local communities.

This year, the MET is anticipated to generate \$348 million. That funding will be used to bring \$485 million in additional federal funding to New Hampshire to support the State's Medicaid Program. Without a new agreement the State would have to look to the general fund to finance the Medicaid program.

This tax increase will cause hospitals to lose \$70 million and will have a rippling effect on their ability to deliver health care services to the communities who depend on them and will harm the ability of patients to get the care they need, when and where they need it. This will force hospitals to make decisions about the services they are able to provide.

Hospitals have been and continue to be willing to find a fair and equitable solution that works for the State, hospitals and Medicaid patients, but increasing the tax burden on hospitals is not a viable path forward.