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NEW REPORT FINDS THAT SEQUESTER OF MEDICARE SPENDING COULD LEAD TO MORE THAN 750,000 JOBS LOST

WASHINGTON (September 12, 2012) – The American Hospital Association (AHA), the American Medical Association (AMA) and the American Nurses Association (ANA) today released a new report that found up to 766,000 health care and related jobs could be lost by 2021 as a result of the 2 percent sequester of Medicare spending mandated by the Budget Control Act of 2011.

The report, produced by Tripp Umbach, a firm specializing in conducting economic impact studies, measures the anticipated effect of these cuts in Medicare payments on health care providers and other industries. The Tripp Umbach model reflects how reductions in Medicare payment for health care services will lead to direct job losses in the health care sector; reduced purchases by health care entities of goods and services from other businesses, which in turn will lay-off workers; and reduced household purchases by workers who lose their jobs. As the impact of these cuts ripples through the economy, jobs will be lost across many sectors beyond health care.

“Hospitals’ ability to maintain the kind of access to services that their communities need is being threatened,” said AHA President and CEO Rich Umbdenstock. “Cuts to hospital services could create devastating job losses in communities where hospitals have long been an economic mainstay.”

“This new report shows that the sequester of Medicare spending will lead to the loss of hundreds of thousands of jobs,” said AMA President Jeremy A. Lazarus, M.D. “Coupled

with the looming 27 percent Medicare physician payment cut, this 2 percent sequester will hurt patient access to care and will inject more uncertainty into our Medicare system. We need stability in Medicare physician payment as we work to improve our nation's Medicare payment and delivery system to promote high-quality, high-value, better-coordinated care to our patients.”

“Nurses have always strived to put patients at the center of a health care system that emphasizes prevention, wellness, and coordination of care, the kinds of services that experts agree are essential to not only improving the health status of patients, but also lowering overall health care costs,” said ANA First Vice President Cindy R. Balkstra, MS, RN, CNS-BC. “Cutting Medicare spending in a way that eliminates health care jobs is an extremely short-sighted way to contain the high cost of health care.”

This model estimates that, during the first year of the sequester, more than 496,000 jobs will be lost. The report found that the job losses will affect many economic sectors beyond health care, and will be spread across every state with more than 78,000 jobs lost in California alone by 2021.

The health care sector has long been an economic mainstay, providing stability and growth even during times of recession. The Bureau of Labor Statistics' data shows that health care created 169,800 jobs in the first half of 2012 and accounted for one out of every five new jobs created this year.

Tripp Umbach designed a customized model based on the national economic impact models developed by MIG IMPLAN, as well as previous impact studies.

The Tripp Umbach report and other resources are available at www.aha.org/jobs.

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About the AHA

The American Hospital Association (AHA) is the national organization that represents and serves all types of hospitals, health care networks, and their patients and

communities. Close to 5,000 hospitals, health care systems, networks, other providers of care and 42,000 individual members come together to form the AHA. Founded in 1898, the AHA provides education for health care leaders and is a source of information on health care issues and trends. For more information, visit the AHA Web site at www.aha.org.

About the AMA

The American Medical Association (AMA) helps doctors help patients by uniting physicians nationwide to work on the most important professional, public health and health policy issues. The nation's largest physician organization plays a leading role in shaping the future of medicine. For more information on the AMA, please visit www.ama-assn.org.

About the ANA

ANA is the only full-service professional organization representing the interests of the nation's 3.1 million registered nurses through its constituent and state nurses associations and its organizational affiliates. ANA advances the nursing profession by fostering high standards of nursing practice, promoting the rights of nurses in the workplace, projecting a positive and realistic view of nursing, and by lobbying the Congress and regulatory agencies on health care issues affecting nurses and the public. Please visit www.nursingworld.org for more information.

About Tripp Umbach

Founded in 1990, Tripp Umbach is a nationally recognized consulting firm that provides a comprehensive scope of services ranging from research and strategic planning to impact analyses for organizations, communities and corporations throughout the world. Headquartered in Pittsburgh with consulting offices throughout the United States, Tripp Umbach has completed thousands of assignments worldwide and provided the blueprint for its clients to leverage their assets and seize new opportunities. Their work has generated billions of dollars in economic impact.