



# SNAPSHOTS

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## News and Views from the Safety-Net Association of Pennsylvania

September 15, 2011

### SNAP Members to Meet, Plan 2012 Strategy

SNAP members will convene in Philadelphia on September 29 to consider their Medical Assistance policy and political strategies for 2012.

At the top of their agenda will be Medical Assistance reform.

Earlier this year, Pennsylvania Department of Public Welfare (DPW) Secretary Gary Alexander met with SNAP members and invited them to work with him to reform the state's Medical Assistance program. He urged the leaders of safety-net hospitals to come to him with ideas for improving the delivery and financing of care for low-income Pennsylvanians.

#### Significant Changes in MA Are Possible

Then, shortly after the General Assembly passed the state budget in late June with an apparent gap between Medical Assistance funding and anticipated spending, it also passed amendments to the state's Public Welfare Code that gave the secretary broad, unprecedented authority to make significant changes in the Medical Assistance program.

Among those new powers, the secretary now – with minimal legislative or public input – can change Medical Assistance eligibility and benefits criteria, reduce provider payments, and eliminate presumptive eligibility.

In addition, in late August DPW issued a “public discussion paper” describing its plan for state-wide expansion of HealthChoices, Pennsylvania's long-time Medical Assistance managed care program (see “PA Plans HealthChoices Expansion,” at right).

With so much at stake, SNAP members will decide whether to wait for further action by DPW or seek to engage the state actively in reform efforts. The purpose of the September 29 meeting is for the leaders of SNAP member hospitals to review the current environment, consider their response to these challenges and opportunities, and plan for an anticipated meeting with DPW Secretary Alexander later this fall. ■

#### Welcome to Our Newest Member!

Schuylkill Medical Center — South Jackson Street, Pottsville

### PA Plans HealthChoices Expansion

Pennsylvania's Medical Assistance program will expand its HealthChoices managed care program state-wide starting in September of 2012.

The planned expansion was unveiled in “HealthChoices Expansion: A Public Discussion Paper,” released by DPW on August 23.

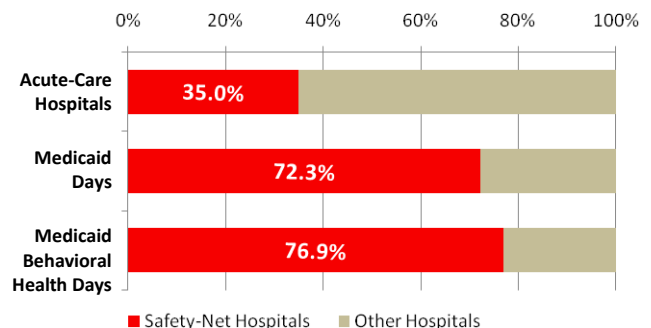
Currently, HealthChoices is available in only 25 of Pennsylvania's 67 counties. In the remaining 42 counties, ACCESS Plus, a primary care case management program, is the chief means through which the state serves Medical Assistance recipients. In 25 of those 42 counties, recipients also can receive services through voluntary managed care organizations. The remaining 17 counties have no managed care option for Medical Assistance recipients.

*(Continued on next page)*

### New Data Highlights Contribution of Safety-Net Hospitals

According to newly available FY 2009 data, Pennsylvania's safety-net hospitals continue to provide an outsized portion of Medical Assistance services in the state.

While safety-net hospitals constitute just 35 percent of Pennsylvania's acute-care hospitals, SNAP's analysis found that they account for 72.3 percent of all Medical Assistance inpatient days, 76.9 percent of all Medical Assistance behavioral days, and two out of three Medical Assistance births.



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**Health Choices Expansion (continued)**

The state intends to continue operating ACCESS Plus in the 42 expansion counties, running the program side by side with Health Choices; recipients will be able to choose between the two programs. The expansion counties will be divided into two areas, each of which will be served by two Health Choices managed care organizations that will be chosen based on competitive bidding; the successful bidders will replace the plans participating in the voluntary program. Approximately 565,000 people live in the expansion areas.

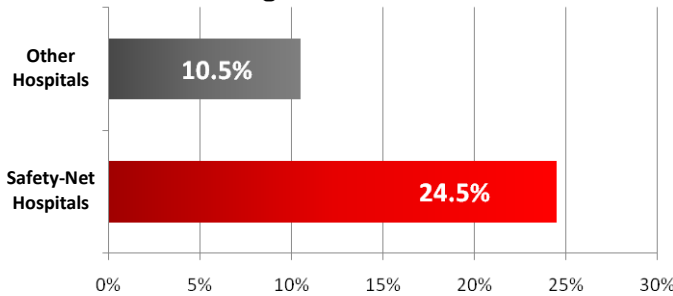
Today, Health Choices operates primarily in the state’s more urbanized areas. The planned expansion will move the program into rural areas, so among providers, it will have its greatest impact on smaller, rural safety-net hospitals.

Please contact SNAP if you would like a copy of the DPW paper describing the planned Health Choices expansion. ■

**Importance of Safety-Net Hospitals (continued)**

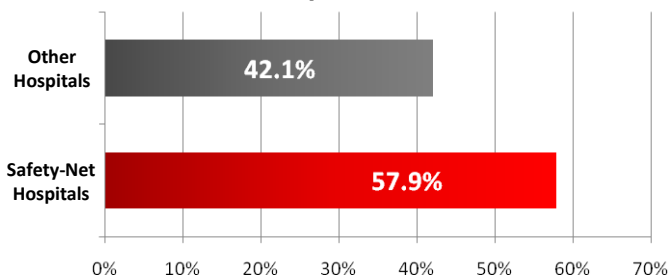
Overall, Medical Assistance accounts for 24.5 percent of safety-net hospitals’ inpatient days but only 10.5 percent of non-safety-net hospitals’ inpatient days.

**Average Medicaid Ratio**



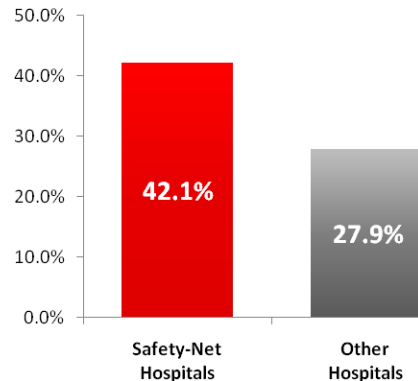
While only 35 percent of acute-care hospitals, safety-net hospitals provided 57.9 percent of the uncompensated care provided by acute-care hospitals in 2010.

**Uncompensated Care**



These figures no doubt contribute significantly to 42.1 percent of safety-net hospitals having negative operating margins in 2009, compared to just 27.9 percent for non-safety-net hospitals.

**Negative Operating Margins**



In its future efforts to advocate better, fairer reimbursement for safety-net hospitals, SNAP will cite these and similar figures to illustrate the essential role these hospitals play in serving the state’s Medical Assistance population and providing a much-needed health care safety net for all Pennsylvanians. ■

*For further information about the Safety-Net Association of Pennsylvania or any of the information or views offered in SNAPshots, please contact Michael Chirieleison, SNAP’s president, at 717-234-6970.*

**What is SNAP?**

The Safety-Net Association of Pennsylvania represents the interests of private, acute-care hospitals that play the leading role in caring for the poor, the disadvantaged, and the uninsured residents of the commonwealth. These 57 hospitals provide disproportionate amounts of care to the state’s two million Medical Assistance recipients and one million uninsured residents. As a result of the patients they serve, safety-net hospitals face a significant, continuing challenge to their financial health. While all of these safety-net hospitals share the common characteristic of their unusual level of service to low-income Pennsylvanians, they are diverse in other ways: they include community hospitals, teaching hospitals, children’s hospitals, and academic medical centers; they are large, small, and medium-sized hospitals; they are located in urban, suburban, and rural areas as well as in the western, eastern, and central parts of the state; and they can be found in 31 of Pennsylvania’s 67 counties.