



SNAPSHOTS

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News and Views from the Safety-Net Association of Pennsylvania

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New Regulations Could Cost Hospitals Millions

A new regulation proposed by the Department of Public Welfare (DPW) will cost PA hospitals an estimated \$11.56 million in Medical Assistance payments in FY 2013.

Eliminated: Payments for Normal Newborns

This proposed regulation calls for Medical Assistance to stop paying for care hospitals provide to normal newborns born to fee-for-service patients. According to DPW, this cut brings the state in line with what Medical Assistance managed care organizations pay hospitals for deliveries and care for new mothers and their normal newborns.

A Different Regulatory Approach

Ordinarily, newly proposed regulations must work their way through a formal regulatory review process. Last year, however, with Medical Assistance facing a \$400 million funding gap, the state legislature authorized DPW to issue “final omit” regulations – regulations that do not have to undergo the usual review and can be implemented unilaterally unless the legislature objects.

DPW gave interested parties until March 9 to submit written comments about the new regulation. In its letter, SNAP noted that eliminating fee-for-service payments for normal newborns undermines the mission of the Medicaid program, will jeopardize access to maternity services for all Pennsylvanians, and will disproportionately affect safety-net hospitals.

A copy of SNAP’s letter to DPW can be found on SNAP’s web site (www.pasafetynet.org).

Implications for Safety-Net Hospitals

According to a recent SNAP analysis, safety-net hospitals account for 67 percent of all Medical Assistance-covered births in PA. Consequently, safety-net hospitals will absorb the brunt of the proposed spending cuts.

The proposed elimination of payments for normal newborn care, moreover, is in addition to a nearly 35

percent reduction in supplemental payments for hospital obstetric services since FY 2011.

“This initiative is very troubling and has far-reaching and negative policy implications,” said Michael Chirieleison, SNAP’s president. “Delivering children is the single most common reason Medical Assistance recipients go to hospitals. If the state won’t pay for care for healthy newborns, some hospitals may decide to stop offering that care. We already have a long-running trend in Pennsylvania of hospitals closing their maternity units. This policy will only accelerate that trend.”

Opposing the Regulation

SNAP is working with other PA hospital groups to convey its opposition to this regulation to state legislators. ■

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.