

What is SNAP?

Safety-Net Hospital  
Challenges**Transitioning Medicaid**

Innovative Solutions

Governor Wolf has stated that he would like to expand the state's traditional Medical Assistance program rather than continue with the Healthy Pennsylvania expansion effort. Regardless of how Pennsylvania expands its Medical Assistance program, the primary providers of hospital care to the expansion population will be the state's 41 private safety-net hospitals, which although only 25 percent of the state's acute-care hospitals today provide 61 percent of all inpatient services to Medical Assistance recipients, deliver 62 percent of the babies born to Medical Assistance beneficiaries, and provide 70 percent of all behavioral health services to the state's Medical Assistance population.

These safety-net hospitals will play a vital role – perhaps *the* vital role – in the successful implementation of Medical Assistance expansion. With this in mind, the Safety-Net Association of Pennsylvania (SNAP) has developed a set of basic principles that its members believe should serve as the cornerstone of Medical Assistance expansion in Pennsylvania to ensure a smooth transition from Healthy Pennsylvania and the rapid assimilation of as many as 600,000 new beneficiaries into the program.

- 1. Communicate changes effectively to the provider community.** As the state begins its migration from Healthy Pennsylvania to expansion of its traditional Medical Assistance program, the steps in that migration and changing policies and practices must be communicated to providers with enough lead time and in sufficient detail to ensure that this migration is implemented as seamlessly and effectively as possible.
- 2. Ensure beneficiaries' continuity of coverage and continuity of care.** The migration from one expansion approach to another must ensure that beneficiaries lose neither their coverage nor the care plans that have been developed for them by their providers. This is especially important for those with acute or chronic conditions.
- 3. Ensure the adequacy of provider networks.** New enrollees should have a reasonable choice of providers and those with chronic conditions should be able to maintain existing provider/hospital relationships as much as possible.
- 4. Simplify beneficiary and provider enrollment.** Take steps to ensure that qualified individuals can enroll in the program and qualified providers can be certified to serve those beneficiaries in as simple, streamlined, and efficient a manner as possible.
- 5. Preserve vital supplemental payments to safety-net hospitals.** As more people obtain health insurance, including Medical Assistance, the need for supplemental Medical Assistance payments to hospitals, such as Medical Assistance disproportionate share hospital payments (DSH), will likely decline over time – but that time has not arrived. Long the lifeblood of safety-net hospitals, these payments must be maintained at their current levels until careful examination of coverage and payment trends demonstrates conclusively that the need for them has declined. Any reduction of these supplemental payments also must be phased in over time to avoid destabilizing safety-net hospitals and jeopardizing their continued ability to serve their communities.

- 6. Continue pursuing Medical Assistance payment reforms.** SNAP believes the state's Medical Assistance payment system needs to be reformed in a number of critical ways.
- ✓ The delivery and payment systems must be better aligned with the national reform objectives of improving the quality of care, improving population health, and reducing the per capita cost of care.
  - ✓ Hospitals must be paid adequately for the inpatient and emergency care they provide.
  - ✓ With the growing emphasis on providing as much care as possible in outpatient settings, the state must modernize its systems for paying hospitals for the outpatient and observation care they provide. These systems are badly out of date and underfunded, and are a major obstacle to improving the quality of care while reducing its cost.
  - ✓ As federal funds replace some state money in underwriting some Medical Assistance costs, the state should invest those newly freed state funds in strengthening the Medical Assistance program.
  - ✓ The state's current process for reviewing and adjudicating claims, accepting yearly report filings, and conducting audits must be improved. More current technology should be explored and used to the extent possible to alleviate administrative burden and ensure a smoother process between the state and providers.
- 7. Ensure the long-term financing of Medical Assistance in response to current and future threats to that financing.** Pennsylvania is currently faced with the challenge of either finding a way to replace the tax it levies on the managed care plans that serve Medical Assistance recipients or finding a way to modify that tax and bring it into compliance with federal law. Currently, that tax generates \$600 million a year to the state. At a time when the state is already facing enormous potential revenue shortfalls, the long-term financing of Medical Assistance needs the attention of policy-makers now to ensure that what is a concern today does not become a crisis tomorrow.
- 8. Invest in innovative, population-based infrastructure and programmatic improvements.** Such efforts, undertaken in cooperation with the federal government, can provide hospitals with the tools they need to improve care in the communities they serve through delivery system reform incentive payments (DSRIP) or other innovation funding approaches. This will be the subject of the next brief paper from the Safety-Net Association of Pennsylvania.

## Conclusion

Pennsylvania's private safety-net hospitals have long worked in partnership with the commonwealth in service to the state's low-income and medically vulnerable residents. These principles represent an extension of that partnership and offer a path to ensuring the continued effectiveness of that partnership and its success in achieving the three broad goals of health care reform: improving the quality of care, improving the health of communities, and reducing health care costs. The Safety-Net Association of Pennsylvania looks forward to working with the Wolf administration and pursuing these worthy objectives together.