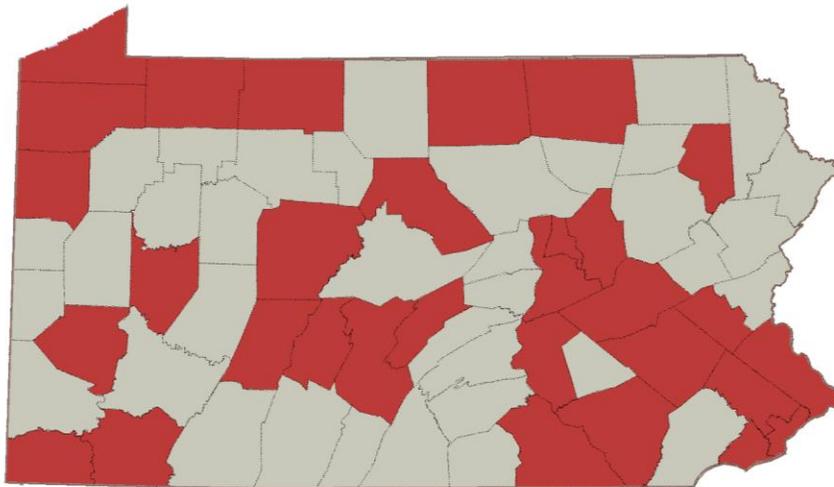


Pennsylvania's Safety-Net Hospitals:

Vital Providers, Vital Employers

Pennsylvania's safety-net hospitals serve all Pennsylvanians: millions of people who have private health insurance, millions on Medicare, and millions on Medical Assistance. Safety-net hospitals are large and small and include community, children's, teaching, and academic medical center hospitals. They are located throughout the commonwealth: in the western, central, and eastern parts of the state; in rural, suburban, and urban areas; and as illustrated by the table below, in 31 of Pennsylvania's 67 counties.

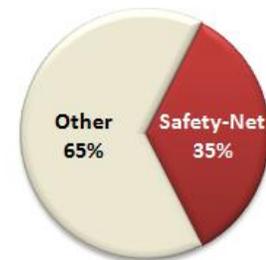


Safety-net hospitals are located in 31 of Pennsylvania's 67 counties. Counties with safety-net hospitals are highlighted red in this map.

Safety-net hospitals are major sources of economic stability throughout the state. Though only 57 of the state's 163 acute-care hospitals – see the accompanying graph – they employ more people than non-safety-net hospitals, pay better wages than other employers, and provide much-needed economic stability in communities across Pennsylvania.

Because so many safety-net hospitals are tertiary-care providers, they offer services above and beyond those offered by the typical community hospital. They are resources that serve areas well beyond the boundaries of the communities in which they are located and are the hospitals to which Pennsylvanians turn when they need care that is beyond the capacity of their own community hospitals.

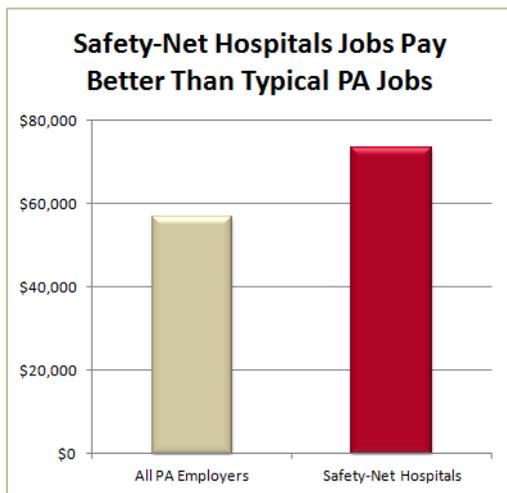
Acute-Care Hospitals in PA



Safety-Net Hospitals as Important, Quality Employers

Often located in low-income communities, safety-net hospitals typically are among their communities' largest employers. As a result, they provide much-needed economic stability in communities typically distinguished by larger-than-ordinary numbers of low-income and unemployed residents.

Because they generally provide a higher volume of care and a broader range of services than the typical acute-care hospital, safety-net hospitals employ more people than other hospitals, as the chart on the right shows.



These are hospital jobs, too – good jobs, good pay, and good benefits. As the graph at left shows, jobs at the state’s safety-net hospitals pay better than other jobs.

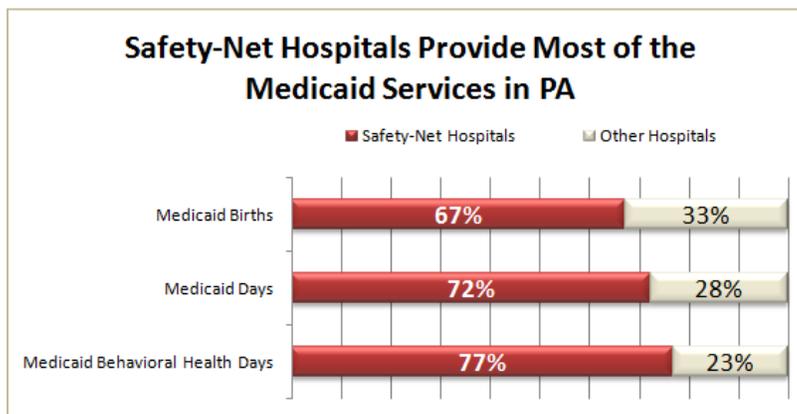


Even in recent years, when the state’s economy has been weak and unemployment has risen, hospital employment has remained stable and in many places has even risen. Hospital jobs provide a critical measure of economic stability in communities often known for their economic instability.

Safety-Net Hospitals: What They Are, Why They Are Special

Safety-net hospitals are acute-care hospitals that treat an especially high proportion of Medical Assistance patients and provide the services those patients needs most.

Although only about one-third of the state’s acute-care hospitals, Pennsylvania’s safety-net hospitals – all of them private hospitals – provide most of the inpatient care Medicaid patients receive and most of the behavioral health care and deliver most of the babies born to Medicaid patients. The latter two services are so important because they are the two hospital inpatient services needed most by the state’s Medicaid population.



Keeping Safety-Net Hospitals Vibrant and Effective

To help safety-net hospitals fulfill their important mission, the state makes special supplemental payments to them. Some of these payments help compensate for the sheer number of low-income patients safety-net hospitals serve while others are made to help pay for the highly specialized, much-needed services they might not otherwise be able to afford to offer their communities – offer to everyone in their communities, not just their Medicaid patients.

Because they care for so many more Medicaid patients than the typical acute-care hospital, safety-net hospitals are more dependent on Medicaid payments than other hospitals and much more sensitive to changes in Medicaid payments and Medicaid supplemental payments – and much more vulnerable to financial problems if the adequacy of those payments is jeopardized by changes in the state’s Medicaid payment policies.

Why This Matters

Because safety-net hospitals care for so many more Medicaid patients than the typical Pennsylvania hospital, they depend more on the Medicaid payments they receive from the state. When those payments fall, these hospitals suffer more financially than other hospitals.

The most visible manifestation of how safety-net hospitals suffer is in their staffing. Approximately 70 percent of all hospital spending is for personnel, so when the state cuts Medicaid payments to hospitals by, for example, \$50 million, hospitals can be expected to attempt to reduce their staffing costs by about \$35 million. But the potential cutting goes deeper. If the state reduces its own Medicaid spending by \$50 million, it forfeits federal Medicaid matching funds – another approximately \$50 million. The need to reduce spending so much places unmistakable pressure on staffing costs and frequently leads to lay-offs – lay-offs that low-income communities can ill-afford in these challenging economic times.

The financial health of safety-net hospitals is important to more than low-income patients. The same hospitals that serve large numbers of uninsured and Medical Assistance patients also serve many privately insured and Medicare patients as well. Thus, anything that causes financial harm to safety-net hospitals jeopardizes both jobs and access to care for entire communities, not just some residents of those communities.

Conclusion

Policy-makers are continually looking for ways to reduce state spending, and as one of the state's largest areas of expenditure, Medical Assistance offers a tempting target. Before they attempt to trim Medical Assistance spending, though, officials should consider the implications of such cutting. Reducing Medicaid spending jeopardizes the financial well-being of safety-net hospitals and jeopardizes access to care – for all Pennsylvanians, not just the state's Medicaid population; it forfeits approximately one dollar of federal Medicaid matching funds for every dollar Pennsylvania cuts; and it forces hospitals to reassess staffing levels.

At a time when so much of the state's economy is still suffering, the Safety-Net Association of Pennsylvania believes state policy-makers should think carefully before they risk hurting one of the most successful and vibrant sectors of that economy.

About 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.

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