



December 10, 2014

Mr. Brendan Harris
Executive Deputy Secretary
Pennsylvania Department of Human Services
Office of Medical Assistance Programs
Room 334
Health and Welfare Building
P.O. Box 2675,
Harrisburg, PA 17110-2675

Subject: Pennsylvania's Place of Service Review/Utilization Review - Concerns of Safety-Net Hospitals

Dear Brendan:

Thank you for your time and attention to past problems that some members of the Safety-Net Association of Pennsylvania (SNAP) have been having with the Medical Assistance Place of Service Review (PSR) and Utilization Review (UR) processes. While those efforts provided some much-needed temporary relief, we believe the problem continues to grow and needs a broader and more systemic and definitive solution. SNAP members are experiencing increased waiting times to review cases, and as a result, the backlog of unaddressed cases grows, as does the delay in payments for services those hospitals have provided – as of this writing, more than \$30 million for eight safety-net hospitals.

As you know, effective for discharges on or after March 14, 1988, the then-Department of Public Welfare's Office of Medical Assistance Programs implemented a preadmission PSR process. Under this PSR process, the Division of Medical Review (DMR) conducts preadmission reviews of all elective admissions of Medical Assistance recipients to general hospitals. In addition, a Concurrent Hospital Review and Diagnosis Related Group (DRG) process reviews non-elective inpatient stays to determine medical necessity and then provide payment.

The original objectives of the PSR Process (from the department's manual) are to "(1) ensure that eligible MA recipients receive and access care for medically necessary services; (2) ensure that quality care is delivered in the most appropriate and cost effective setting; (3) develop a system which is simple to administer for MA recipients, health care providers, and the Office of Medical Assistance Programs; (4) make decisions in a timely manner; and (5) minimize appeals."

Currently, cases for eligible Medical Assistance patients who have already received services and have been discharged from the hospital are reviewed jointly by hospital staff and DHS personnel to determine if those patients met criteria for medical necessity for the services they received and whether payment should be made for those services. This PSR process was developed at a time when the state did not have a Medical Assistance managed care program and for a patient population that was primarily fee for service. Now, with the shift to virtually state-wide managed care, DHS understandably has focused more of its resources in that area and away from fee for service.



SNAP recognizes the need for DHS to ensure oversight of its program and be good stewards of state funds through an effective claims review process, but the backlog of unaddressed claims and unreimbursed service remains and is growing at an alarming rate. It has become increasingly clear that this review process is in dire need of improvement.

While smaller hospitals and those that serve either a small Medical Assistance population or relatively few Medical Assistance fee-for-service patients may not be seeing this dramatic increase in the number of cases awaiting review and payment, safety-net hospitals certainly are experiencing these problems. Safety-net hospitals – those that care for the largest numbers of Medical Assistance patients – have seen a reduction of the time allotted to review cases through the DMR process, and as a result, the number of cases reviewed has diminished and those hospitals' unpaid Medical Assistance fee-for-service receivables has continued to grow.

To provide a clearer picture of this growing problem, we surveyed SNAP members and offer the following statistics:

- Currently the eight safety-net hospitals we surveyed have more than 3,000 cases pending review. These hospitals report that they are seeing an increase in the number of cases awaiting review, and among those awaiting review are many cases more than one year past the date of discharge.
- Safety-net hospitals report that these cases are valued at more than \$30 million in unpaid reimbursement.
- Recent reductions in DMR staffing have led to decreased time allotted for case review – for some hospitals, decreases of around 50 percent. This results in the backlog of cases growing rather than diminishing.

As you can see from this snapshot, this is a problem for which a solution is greatly needed. We would appreciate the opportunity to meet with you at your earliest convenience to talk about this issue and discuss possible solutions that might improve this process both for DHS and Pennsylvania safety-net hospitals.

Thank you for your attention in this matter. Please contact me at 717-234-6970 or mike@pasafetynet.org

Sincerely,



Michael Chirieleison

President
Safety-Net Association of Pennsylvania

CC: Vincent Gordon
Robert Gardner

