



### SNAP Members Meet the Secretary

Last month, Acting Department of Public Welfare (DPW) Secretary Gary Alexander traveled to Philadelphia to meet privately with SNAP members and talk to them about the future of Medical Assistance in Pennsylvania and his department's relationship with the state's private safety-net hospitals.

#### *DPW's Vision for the Future*

Mr. Alexander, who as Secretary of Rhode Island's Department of Health and Human Services gained a national reputation for reshaping that state's Medicaid program, spoke of the possibility of similar change in Pennsylvania. He told SNAP members that he wants to bring a fundamental change in the direction of the state's Medical Assistance program.

Such change, he said, centers around integrating the state's Medical Assistance services into a seamless delivery system – inpatient care, outpatient care, long-term care, home- and community-based services, and more. Currently, Mr. Alexander noted, those different services operate separately and independently, as if in their own silos.

In his vision for Medical Assistance, the state would take a more global, patient-centered approach that emphasizes ensuring that recipients get the right kinds of care they need for their specific medical problems. Such an approach, he added, should greatly reduce inefficiency and waste without detracting from access to care or the quality of care.

#### *SNAP's Role*

Mr. Alexander acknowledged the critical role that private safety-net hospitals play in caring for Pennsylvania's Medical Assistance population and said he was particularly interested in working with SNAP to develop new models of delivering care to Medical Assistance patients.

In so doing, he echoed one of the major themes that SNAP has sounded over the years: that the state and its safety-net hospitals need to work as partners in caring for low-income Pennsylvanians.

To ensure the effectiveness of this partnership, Mr. Alexander said he hoped to meet with SNAP members several times a year to gain their perspective on DPW's efforts and to solicit their views on how the state can improve the quality and efficiency of the care delivered to the Medical Assistance population. He also said he would be mindful of the needs of safety-net hospitals as the state's proposed FY 2012 Medical Assistance budget moves closer to its final form.

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### The Budget Fight Continues

The administration's proposed FY 2012 budget calls for cuts of \$330 million in Medical Assistance payments to hospitals. SNAP continues to work cooperatively with other hospital groups to advocate the full restoration of these proposed cuts.

SNAP also is working with legislative leaders to make them aware of the disproportionate impact of the governor's proposed cuts on safety-net hospitals. According to SNAP's analysis, 83.4 percent of the proposed cuts would be absorbed by safety-net hospitals even though those hospitals constitute only 30 percent of Pennsylvania's acute-care hospitals. If cuts must be made, SNAP is arguing, they should be made more equitably and not fall so heavily on safety-net hospitals, which already are at significant financial risk because of the long-time inadequacy of Medical Assistance payments.

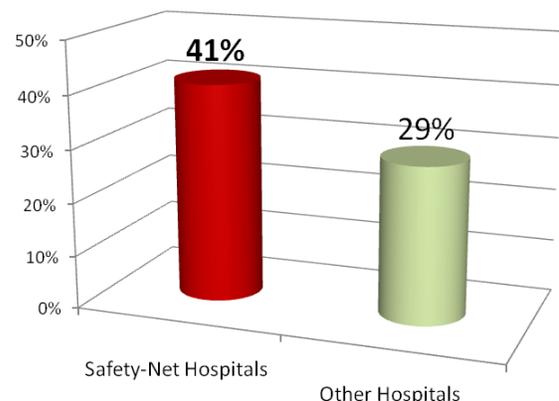
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### PHC4: Safety-Net Hospitals Struggling Financially

While some measures of overall hospital financial performance show clear signs of improvement, new data released last week by the Pennsylvania Health Care Cost Containment Council (PHC4) suggests that safety-net hospitals are suffering financially more than other acute-care hospitals.

According to PHC4, 41.2 percent of safety-net hospitals had negative operating margins in FY 2010, compared to just 29.4 percent of non-safety-net hospitals. *(Continued on next page.)*

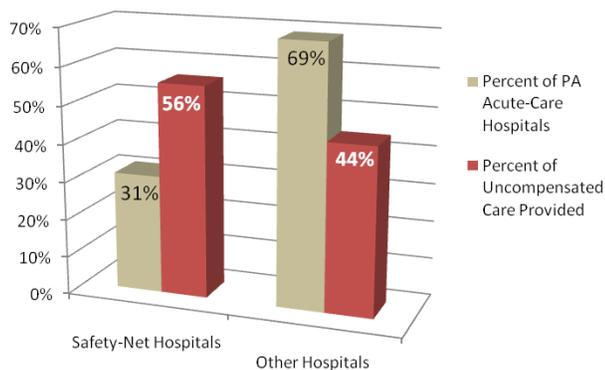
Percentage of Acute-Care Hospitals with Negative Operating Margins (FY2010)



## Safety-Net Hospitals Struggling (continued)

Safety-net hospitals also continue to do more than their fair share of providing uncompensated care. While constituting only 31 percent of Pennsylvania's acute-care hospitals, safety-net hospitals provided 55.8 percent of all of the uncompensated care delivered by acute-care hospitals in FY 2010.

Safety-Net Hospitals Bear the Burden of Uncompensated Care (FY2010)



These figures point to the continued and disproportionate role that private safety-net hospitals play in caring for low-income and uninsured Pennsylvanians. SNAP will cite these figures regularly when lobbying state legislators to urge them to restore the Medical Assistance cuts proposed in the governor's budget or at least to ameliorate the disproportionate impact those cuts would have on safety-net hospitals. ■

## Secretary (continued)

### What's Next for SNAP?

Mr. Alexander's offer of a true partnership plays to one of SNAP's greatest strengths: its ability to develop policies that meet the needs of safety-net hospitals in their role as the primary caregivers for the state's Medical Assistance population. SNAP's members responded enthusiastically to this challenge and will play a major role in formulating and analyzing these new ideas and selecting those to present to DPW and Mr. Alexander. This work has already begun. ■

## Budget Fight (continued)

Meanwhile, on May 10, House Republicans presented their own budget proposal that differs from that of Governor Corbett in several ways. While spending no more money than the governor proposes, the House Republicans call for partially restoring at least some of the supplemental payments – OB/NICU, trauma center, burn center, critical access hospital, and others – the governor targeted for elimination in his budget proposal.

At this point, it is not clear how the House Republicans would pay for these restorations and to what extent the manner in which they pay for them might affect other hospital Medical Assistance revenue.

The proposal also is ambiguous about how DPW would achieve some of the savings contemplated by welfare reform initiatives. This could lead to other changes in hospital funding.

Regardless of what is contemplated by this proposal, it is just one more step in the process toward an FY 2012 budget. The full House still has to weigh in on the budget, as must the Senate and ultimately the governor. SNAP continues to push for full restoration of hospital funding while preparing for all potential outcomes in this critically important budget process. ■

*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 51 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 28 of Pennsylvania's 67 counties.*