



State Slashes Hospital Payments

Pennsylvania's continuing revenue shortfall has led Governor Corbett to freeze – in effect, to cut – \$160 million in budgeted state FY 2012 spending. Of that amount, more than one-third – \$55 million – will come from the Department of Public Welfare.

Among the Medical Assistance payments cut by the governor's freeze are OB/NICU DSH payments – cut ten percent, or \$368,000; hospital burn center DSH payments, cut ten percent, or \$378,000; critical access hospital DSH payments, cut ten percent, or \$358,000; and hospital trauma center DSH payments, cut ten percent, or \$866,000. These payments had already been reduced in the state's FY 2012 budget from their higher FY 2011 levels.

The governor's approach reflects a long-time practice in how the state manages its Medical Assistance spending, according to SNAP president Michael Chirieleison.

“This is exactly what the state always seems to do when it's looking to cut Medical Assistance spending,” Chirieleison said. “It cuts payments that are generally targeted to safety-net hospitals instead of spreading the financial pain in a fairer manner. There are two million Medical Assistance recipients in Pennsylvania today, but they're focusing their inpatient cuts on a small group of hospitals that provide most of the inpatient care. This is a continuing challenge for SNAP and safety-net hospitals, and it's one we're certainly going to address next month when the governor proposes his FY 2013 budget.” ■

State Revenue Lags; Trouble for FY 2013?

When Pennsylvania's 2012 fiscal year began, the administration projected that revenues would fall short about \$500 million for the entire year.

But at the end of December, just halfway through the state's fiscal year, the state is already there: revenues for the year to date are down \$486.8 million.

This increases the likelihood that FY 2013 will be a difficult budget year for Pennsylvania's safety-net hospitals.

“It looks like FY 2013 will be a real challenge for safety-net hospitals once again,” explains SNAP president Michael Chirieleison. “We're going to need to be vigorous advocates of the importance of ensuring that state funding is sufficient to sustain the health care safety net. Safety-net hospitals are providing most of the care to most of the state's Medical

Assistance population, and as long as the state is relying entirely on private hospitals to serve this population, it has a responsibility to finance that care adequately.”

Chirieleison also noted that the mid-year reduction of these supplemental payments cut their baseline to only 65 percent of their FY 2011 levels. “This will make our attempt to gain full restoration of these payments in the FY 2013 budget even more challenging,” he said. ■

SNAP Examining Impact of Medical Assistance on Employment

SNAP is putting the finishing touches on a new legislative leave-behind piece that will show what an important economic force private safety-net hospitals are in their own communities and in the state as a whole.

The piece will document the extent to which a limited group of hospitals provide most of the care to the state's Medical Assistance population. It also will demonstrate that safety-net hospitals play a vital role in providing quality jobs in low-income communities throughout Pennsylvania.

SNAP intends to use this new document as part of its advocacy for an adequate state FY 2013 Medical Assistance budget. It will be published on the SNAP web site – www.pasafetynet.org. ■

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.