



October 29, 2013

## **Urge Budget Conference Committee Members to Protect Private Pennsylvania Safety-Net Hospitals During Upcoming Budget Talks**

Dear Members of Pennsylvania's Congressional Delegation,

As the budget conference committee begins its work this week, the Safety-Net Association of Pennsylvania asks you to encourage your colleagues serving on the committee to protect our state's private safety-net hospitals from additional damaging cuts.

Pennsylvania's private safety-net hospitals provide the ultimate health care safety-net for millions of uninsured and low-income residents of our state. These hospitals continue to pursue their mission despite significant recent cuts in Medicare and Medicaid reimbursement. These cuts have included reduced Medicare DSH and Medicaid DSH payments; penalties associated with Medicare's hospital readmissions reduction and value-based purchasing programs; reduced annual cost-of-living increases and Medicare bad debt reimbursement; downward coding "adjustments;" and Medicare sequestration cuts.

As the conference committee searches for ways to reduce the growth of federal spending, we recognize that it may look to Medicare and Medicaid as potential sources of such savings. A number of possible cuts in these areas have been discussed in recent years, including:

- reduced outpatient evaluation and management (E&M) payments;
- the introduction of site-neutral Medicare outpatient payments;
- reduced graduate medical education payments;
- further reductions of Medicare bad debt reimbursement; and
- reduced Medicaid DSH payments.

All of these potential cuts are troublesome but SNAP is especially concerned about the possibility of any attempt to limit or even eliminate Pennsylvania's ability to levy assessments on providers to help finance its Medicaid program. For years our state's Medicaid program was notorious for how poorly it paid providers, but the introduction of the provider assessment has brought enormous and much-needed financial relief for the state's safety-net hospitals. Limiting or eliminating the state's ability to continue using the provider assessment to help finance its Medicaid program would reverse this progress and jeopardize access to care in the communities the state's private safety-net hospitals serve.

For these reasons, SNAP asks you to urge your colleagues serving on the conference committee to look elsewhere for savings and spare these safety-net hospitals from Medicare and Medicaid payment reductions that could prove devastating to both institutions and communities.

Sincerely,

Kate Finkelstein  
Legislative Director

