

Safety-Net Association of Pennsylvania

112 Walnut Street ♦ Harrisburg, PA 17101 ♦ 717-234-6970 ♦ 717-234-6971 fax ♦ www.pasafetynet.org

October 4, 2011

The Honorable Max Baucus
Joint Select Committee on Deficit Reduction
United States Senate
Washington DC 20510

Dear Senator Baucus:

I am writing to you in your capacity as a member of the Joint Select Committee on Deficit Reduction to urge you to reject any Medicaid deficit reduction proposals that come before the commission that would jeopardize the ability of private safety-net hospitals to continue serving Pennsylvania communities as effectively as we have for so many years.

Safety-net hospitals in Pennsylvania are distinguished by the especially large numbers of low-income and uninsured patients we serve; the large amount of Medicaid-covered behavioral health services we provide; and the large number of Medicaid-covered babies we deliver. As such, most have comparatively fewer privately insured patients than the typical community hospital and are highly dependent on Medicaid to pay for the services we provide. Consequently, seemingly minor changes in Medicaid payment policies can have a profound and lasting impact on such providers and can even, under some circumstances, threaten our future viability.

Recent years have provided a highly visible platform for private safety-net hospitals to demonstrate their value and importance. As unemployment soared and millions of Americans lost their jobs, their health insurance, and their ability to pay for care, safety-net hospitals ensured that the medical needs of these people continued to be met. Whether such individuals were uninsured or part of the surge of new Medicaid enrollees, they turned to private safety-net hospitals in record numbers. These mission-driven providers rose successfully to meet this challenge, serving as efficient, effective, and compassionate providers of last resort for more than two million Pennsylvanians who had nowhere else to turn when they were sick or injured.

The financial foundation upon which our hospitals operate today is fragile, and that fragility is further threatened by a number of proposals that the Joint Select Committee on Deficit Reduction will undoubtedly consider in the coming months. For this reason, we urge you, and the committee, to:

- reject any proposal to give states further leeway to tighten Medicaid eligibility standards and reduce benefits and payments to providers – actions that would only increase the already-enormous amounts of uncompensated care that private safety-net hospitals routinely provide;
- reject any further reductions of Medicaid DSH payments, which are already slated for reduction under the Affordable Care Act and which are the absolute cornerstone of safety-net hospitals' ability to care for uninsured and underinsured patients;
- reject any proposal to limit the ability of states to fund part of their Medicaid programs with provider taxes; and

- reject any proposal to establish a Medicaid/CHIP “blended rate” that, similar to reducing or eliminating provider taxes, would only shift costs to states and likely lead to further reductions in provider payments.

At the same time, safety-net hospitals recognize that we can and must do more to improve the efficiency and effectiveness of the care we provide to our patients – and we intend to pursue that improvement with vigor and purpose. Many safety-net hospitals have long been in the vanguard of the movement to improve the manner in which care is delivered. We are among the leaders in the implementation of health care information technology and the development of new, better, more efficient, and more economical ways to serve our patients. Innovations that ultimately benefit the entire health care system often have their roots in safety-net hospitals, and our hospitals have eagerly embraced the need to evolve into better, more efficient, and more effective providers of truly integrated, quality care.

Another reason to protect safety-net hospitals is the pivotal economic role we play in our communities. Safety-net hospitals are typically one of the largest employers in our communities, providing jobs across a broad range of skill levels. These jobs pay good wages and offer quality benefits, including health insurance. Entire communities depend on these hospitals for jobs and entire local economies arise surrounding these hospitals – small businesses that feed and clothe hospital workers, service their cars, maintain their grounds, deliver their office supplies, cater their meetings, and much more. In many such places, the economic lives of safety-net hospitals and our surrounding communities are inextricably and intricately intertwined, and the loss of jobs at these hospitals would be devastating economic blows to entire communities, sending unemployment soaring and leading to the demise of the very small businesses that we are all counting on to help restore our national economy.

The task before you is a considerable one, but as you search for responsible ways to reduce our federal government’s spending, the Safety-Net Association of Pennsylvania urges you to reject any proposals that would jeopardize the ability of private safety-net hospitals to serve our communities and ensure continued access to care for the uninsured, low-income, and low-income elderly Americans who have traditionally depended on these hospitals for care.

Sincerely,



Michael Chirieleison
President