

# Safety-Net Association of Pennsylvania

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## **The Health Care Implications of Proposed Medical Assistance Cuts June 23, 2009**

As the legislature continues to tackle the state's considerable budget challenge and weigh its priorities, an important yet unresolved issue is that of cuts in supplemental Medical Assistance payments to hospitals. Various proposals call for as much as \$280 million in such cuts, with as much as 86 percent of those cuts to be borne by the state's private safety-net hospitals – the 25 percent of acute-care hospitals that care for the highest proportion of low-income and uninsured Pennsylvanians. Large cuts in these supplemental payments could have dire health care consequences throughout the commonwealth.

### **When Hospitals Lose Revenue**

When hospitals lose revenue, they have no choice but to reduce their expenses. If Pennsylvania's FY 2010 budget results in safety-net hospitals losing significant amounts of their supplemental Medical Assistance payments, they can be expected to respond in a number of ways, including by laying off employees, cutting programs and reducing services, delaying renovations and improvements, and deferring the replacement of worn and outdated equipment.

### **Health Care Implications**

Those steps are all financial decisions. An important question, though, is how those financial decisions affect access to care, the delivery of care, and the quality of care. Among the possible health care implications of such financial decisions by Pennsylvania's safety-net hospitals could be:

- They may reduce their community outreach efforts – which can, over time, affect the overall health of their communities.
- They may reduce clinic hours, which may make some medical services less accessible. Working people, for example, may no longer be able to get to clinics – or bring their children to clinics – without jeopardizing their jobs.
- Many safety-net hospitals offer services that routinely lose money – services like burn and trauma care, psychiatric and substance abuse services, and OB services. If the burden of lost Medical Assistance revenue is too great, some may need to cease offering such services. Over the past decade, for example, many Pennsylvania hospitals have stopped delivering babies, and so far in 2009, two more hospitals have already announced plans to do so as well. If lawmakers carry through on their threat to eliminate all supplemental Medical Assistance payments for burn and trauma centers, might some of those programs begin falling as well?
- Short-staffing may result in longer waits in hospital emergency rooms – or even some emergency rooms temporarily turning away patients and emergency vehicles.
- Technological advancements have given rise to superior imaging equipment. New CAT scanners and MRI machines do a better job of identifying illnesses and injuries, but if hospitals put off replacing outdated equipment, some patients may find themselves suffering from unidentified medical problems that, under better conditions, might already have been diagnosed.

### **These Problems Affect All Hospital Patients, Not Just the Poor**

These and other such changes in how hospitals serve their patients and communities would affect more than Medical Assistance patients; they would affect all of us. Pennsylvania has no hospitals that care only for Medical Assistance and uninsured patients; safety-net hospitals serve many Medicare and privately insured patients as well. Financial problems that result from the state shortchanging safety-net hospitals on their supplemental Medical Assistance payments could affect all of those hospitals' patients and entire communities, not just their Medical Assistance patients. That makes proposals to reduce supplemental Medical Assistance payments to hospitals a potential problem for all Pennsylvanians.