

Safety-Net Association of Pennsylvania

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Preserving Pennsylvania's Health Care Safety Net: Ensuring That State Government Fulfills its Core Functions During a Time of Crisis

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While state government can be many things to many people, at its most basic it must address three core functions that citizens expect of it: it must protect and preserve public safety, educate the young, and ensure access to health care for its most vulnerable citizens. The Safety-Net Association of Pennsylvania believes that Pennsylvania is in danger of failing to preserve its health care safety net and urges officials to reconsider their current spending plans for FY 2010.

A State Budget in Crisis

Pennsylvania's economy is in a state of crisis, and its public finances reflect this condition: revenue is down, spending cuts have already been implemented, and with a new fiscal year arriving shortly, major steps must be taken to close a gap of at least \$3 billion between the revenue Pennsylvania has on hand and the state's FY 2010 spending priorities.

A Fragile Health Care Safety Net

The flagging economy has led to a health care crisis in the state. Many Pennsylvanians have lost their jobs and health insurance – and more are expected to do so. The number of uninsured, 767,000 just two years ago, climbed above one million earlier this year, and Medical Assistance enrollment, 1.8 million two years ago, will rise above two million before the end of the coming year. More hospitals than ever are losing money and many have laid off employees – and more are considering doing so.

Preserving Access... and Preserving Jobs

Pennsylvania has never needed its health care safety net more than it does today – and the federal government agrees: it is giving the state an additional \$1.9 billion for Medical Assistance in FY 2010 specifically to help ensure the viability of the state's safety net at a time when the demands on that safety net have risen to unprecedented levels.

At a time when thousands of Pennsylvanians are losing their jobs, communities across the state need the economic stability their local hospitals provide. Amid this national recession, health care is part of the only employment sector in the state that is growing, according to April 2009 figures from the Pennsylvania Department of Labor and Industry.

Despite these overwhelming and unmistakable needs, some state officials have proposed cuts of as much as \$280 million in special Medical Assistance supplemental payments to hospitals. More than 80 percent of those cuts would be borne by the state's safety-net hospitals: the 25 percent of acute-care hospitals that care for the highest proportion of low-income, uninsured, and Medical Assistance patients. This money is essential to the financial viability of the state's health care safety net. Such draconian cuts threaten the ability of that safety net to meet the health care needs of literally millions of vulnerable Pennsylvanians – and threaten the jobs of thousands more.

A Time to Reassert the State's True Priorities

At a time when government should focus most on its core functions, Pennsylvania threatens to move in the opposite direction: to reduce its commitment to health care for the vulnerable at the very time when there are more vulnerable Pennsylvanians than ever. The Safety-Net Association of Pennsylvania urges Governor Rendell and the General Assembly to reverse course, remember the core functions of the government they were elected to lead, reassert the true priorities of state government, and restore adequate funding to the Medical Assistance program for payments to hospitals.