

## The FY 2008-2009 State Budget

### **The Proposed Medical Assistance Budget**

- The administration has proposed eliminating supplemental payments to hospitals that perform especially high proportions of Medical Assistance-covered deliveries and neonatal care.
- The administration has proposed eliminating supplemental payments to PA's burn centers.
- The budget proposes \$10.182 million in much-needed funds to modernize and improve the Medical Assistance hospital payment system.
- The budget proposes \$2 million in additional funds to increase grossly inadequate Medical Assistance physician inpatient hospital fees.
- The budget calls for new limits on payments for Medical Assistance patients readmitted to hospitals.

### **Enhance Access to OB Services**

- Across the state, hospitals are closing OB units because they lose so much money.
- These losses are driven by low Medical Assistance payments and high medical malpractice costs.
- In the past 10 years, 35 OB units have closed in PA.
- Last year, the General Assembly directed the Department of Public Welfare to make special, supplemental payments to hospitals that provide the highest proportion of OB services to Medical Assistance recipients.
- This crisis remains, jeopardizing access for all Pennsylvanians, yet the proposed budget calls for eliminating these payments.

### **Restore Burn Center Payments**

- PA has just six hospitals that provide highly specialized burn care. These hospitals lose money on virtually every case they treat.
- In recent years, these burn centers have received special, supplemental payments to help ensure their ability to fulfill this very important role.

- For FY 2009, however, the administration has proposed eliminating this supplemental funding.

### **Reject Cost-Containment Initiative**

- SNAP opposes extending the window during which DPW can deny payment for hospital readmissions for Medical Assistance patients from seven to 14 days.

### **Extend the Mcare Abatement and Reject Linkage with Insurance Proposals**

- Mcare abatement extension is critical to ensuring the continued availability of physicians in communities served by safety-net hospitals.
- SNAP supports enhancing access to care for the uninsured but believes that Mcare abatement and new state health insurance programs should be evaluated separately and on their own merits.

### **Our Request**

- Restore the \$5 million in eliminated funding for supplemental OB payments – and increase that sum by \$10 million, to \$15 million, to ensure access to OB services for all Pennsylvanians.
- Restore the \$5 million for supplemental payments to PA's six specialized burn centers.
- Restore \$482,000 that has been eliminated from the budget to retain the current Medical Assistance hospital readmission policy.
- Maintain the \$10.182 million proposed to fund the modernization of the Medical Assistance hospital payment system.
- Maintain \$2 million proposed to pay for raising the limit on physician inpatient hospital fees.
- Extend Mcare abatement at least one year on its own merits and separately, continue exploring new ways to enhance access to care for the uninsured.

**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. Safety-net hospitals are the 25 percent of hospitals in Pennsylvania that care for the highest combined proportion of uninsured patients, Medical Assistance recipients, and Medicare SSI recipients and that therefore constitute the state's health care safety net. As a result of the patients they serve, safety-net hospitals face a significant, continuing, disproportionate challenge to their financial health.**