

Safety-Net Association of Pennsylvania

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MEMORANDUM

To: Members of the Safety-Net Association of Pennsylvania

From: Charlie DeBrunner

Date: October 21, 2003

Subject: First Medical Assistance Reform Meeting

Staff from the Safety-Net Association of Pennsylvania (SNAP), in addition to other hospital groups, met with David Feinberg and his staff last Friday, October 17, to begin discussing opportunities to pursue broad Medical Assistance reform. As we discussed with members during the last SNAP call on October 10th, one of our primary goals for this first meeting was to establish some principles and ground rules for evaluating changes to the Medical Assistance program. We were interested in determining the mindset of Mr. Feinberg entering these discussions, as well as creating a framework to pursue change.

Preparation Meeting

Prior to the Department of Public Welfare (DPW) meeting, we met with the following groups, which also participated in the meeting with the state: HAP, the Urban Health Care Coalition, The Pennsylvania Association of Rehabilitation Facilities, and the Pennsylvania Association of Psychiatric Health Systems. We were successful in convincing the group that the first meeting with DPW should focus primarily on principles and the broad objectives of this undertaking. We did not discuss specific policy matters except for a few observations about HealthChoices.

The Meeting

We believe this initial meeting with Mr. Feinberg was very positive. It is clear that both he and DPW Secretary Estelle Richman are interested in reforming the Medical Assistance program. They welcome the opportunity to challenge, examine, and, as needed, change the program's current model. As far as they are concerned, everything is on the table.

The biggest challenge for the Rendell administration, and DPW, is the budget deficit. This does not mean that we cannot examine structural changes in the program, but there is no money at this time to fund changes that would cost additional money. SNAP's policy recommendations are not contingent on additional revenue coming into the system, so we are prepared to move forward with our agenda.

DPW is committed to using managed care in the Medical Assistance program but is not committed to continuing to operate HealthChoices in its current form; the program can change. At the same time, Mr. Feinberg believes that the fee-for-service program needs attention since 500,000 Pennsylvanians – 45 percent of the Medical Assistance population – remain in this program.

Mr. Feinberg challenged the group to explore changing the ways hospitals operate and deliver services in the current environment. He is very interested in – and DPW Secretary Estelle Richman has long been a champion of – deinstitutionalization. Although we disagree with some of Mr. Feinberg's assertions about hospitals during the meeting, we take it as a positive that he is open to evaluating fundamental changes to the delivery of health care services provided to Medical Assistance recipients.

It is clear that Mr. Feinberg will not accept an anecdotal basis for changing policy. SNAP believes this works in our favor because first, we have extensive experience in Medicaid policy development, and second, we have a significant data analysis capacity that gives us an ability to quantify our proposals in a manner unmatched by the other participants in this undertaking.

Because the current hospital rate agreement expires on December 31, 2003, the group agreed that this reform effort needed to be divided into two parts: a short-term change agenda and a long-term change agenda. The short-term agenda would seek to provide an interim agreement – which may or may not take the form of a settlement agreement – for the continuation of Medical Assistance payments to hospitals, as well as address current policy concerns that don't require significant structural changes. The long-term agenda would seek to address structural concerns. We should remain aware that in the short term, proposed changes will not be able to cost the state more money because the state does not have any more money to spend.

Next Steps

SNAP staff indicated during the meeting that the next step in this process should be for the industry representatives to get together and develop a formal set of objectives to guide this undertaking. As we indicated to you during our monthly membership call on Friday, October 10, we have already given a great deal of thought to this and have developed a draft set of objectives. We believe the development of these objectives is an important initial step in evaluating change, as it serves to guide any reform effort. We would request that you review these draft objectives since we intend to share them with the other provider groups (the objectives are listed in a separate attachment to this e-mail). We are in the process of setting up a call next Monday, October 27th, with the SNAP CEOs to finalize these objectives.

Conclusion

We are extremely enthusiastic about this process. The willingness of Mr. Feinberg and Ms. Richman to put everything about the Medical Assistance program on the table for examination is very encouraging, and because we believe we understand that program so thoroughly, we are confident that one of our basic beliefs – that good public policy will be good for Pennsylvania's safety-net hospitals – will enable us to come out of this process with a Medical Assistance program that better serves both its recipients and the providers that care for them.

We will share more information about this meeting and our follow-up activities with you during our next membership call. In the meantime, please review the attached objectives. Feel free to call if you have any questions or would like more information.