

SNAP's Agenda Comes to Life: Medical Assistance Reform Effort Begins

Representatives of hospital groups met with Department of Public Welfare (DPW) officials on Friday, October 17 for the first of what is expected to be a series of meetings to discuss broad-based Medical Assistance reform in Pennsylvania.

Participants included representatives of DPW, the governor's budget office, SNAP, HAP, and other hospital groups.

Last winter, when Medical Assistance reform was on no one else's policy agenda, SNAP undertook an evaluation of the state's Medical Assistance program and then prepared a document entitled "Pennsylvania's Medical Assistance Program: Recommendations for Hospital Policy Reform." At that time, SNAP hoped to pursue Medical Assistance reform with newly appointed DPW leadership. Consequently, SNAP members were pleased that both DPW Secretary Estelle Richman and Deputy Secretary for Medical Assistance programs David Feinberg indicated that they shared SNAP's interest in exploring fundamental reform of the state's Medical Assistance program. The October 17 meeting marked the first step in that process.

The SNAP Medical Assistance reform paper that will serve as the foundation of the association's efforts in this process addresses a broad range of Medical Assistance issues, including general hospital policies, the fee-for-service program, supplemental payments, and managed care. Copies of the paper can be obtained by calling Michael Chirieleison, SNAP's state policy director, at (717) 234-6970.

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Budget Still at Impasse

Pennsylvania's current fiscal year is now four months old and the \$90 million in state funds for Medical Assistance hospital payments that were eliminated from this year's state budget still have not been restored.

Because spending \$90 million less in state funds for Medical Assistance will also cost the state an additional \$80 million in federal Medicaid matching funds, Pennsylvania's hospitals now expect to receive nearly \$170 million less in Medical Assistance payments than last year. Eighty-two percent of that loss, or nearly \$140 million, would be borne by safety-net hospitals.

In the latest development, the House, after reaching a deal with the governor's office, passed an income tax increase and a new budget that includes the 100 percent restoration of Medical Assistance funds that were eliminated when the budget was enacted this spring.

Both the tax increase and revised budget still need to be acted on by the Senate – but Senate leaders are still exploring their options.

SNAP began advocating the restoration of these Medical Assistance funds immediately after the budget was introduced last March. Consequently, while the jury is still out on this latest development, Pennsylvania's safety-net hospitals should be encouraged that their advocacy has succeeded in making the Medical Assistance cuts a major consideration in these complex budget deliberations.

Now, safety-net hospitals must continue making their case for the full restoration of Medical Assistance funding until the budget is settled once and for all. ■

Reform Effort Begins, Continued

At the first meeting, Mr. Feinberg reiterated that he and DPW Secretary Estelle Richman are interested in reforming the Medical Assistance program.

While stressing that DPW's current budget deficit will be an important factor when considering some policy reform ideas, he stated that officials are willing to put every aspect of the program on the table for consideration.

SNAP also expects to work with DPW to address problems involving the processing and payment of Medical Assistance fee-for-service claims. Because many safety-net hospitals file significant numbers of fee-for-service claims, they have a major stake in the quality and timeliness of this process and are vulnerable to the financial problems that result when claims are not paid in a timely manner.

SNAP is pleased to be a driving force behind this reform initiative, which will be the first broad review of Medical Assistance policy in Pennsylvania in many years. Medical Assistance policy is vital to safety-net hospitals because they play the leading role in caring for the state's Medical Assistance population and other low-income Pennsylvanians. During these talks, SNAP will be the only participant whose sole constituency is safety-net hospitals and their distinct needs. ■

SNAP Seeks Federal Help Raising Medicaid DSH Limit

SNAP is asking Pennsylvania's congressional delegation to help raise the Medicaid hospital-specific DSH upper limit for the state's private safety-net hospitals.

Under current federal Medicaid law, individual private hospitals may receive Medicaid DSH payments of no more than 100 percent of their unreimbursed costs for providing care to Medicaid recipients and the uninsured. Public hospitals, on the other hand, may receive as much as 175 percent of those same unreimbursed costs.

"This is a critical issue for Pennsylvania's safety-net hospitals," explains Charlie DeBrunner, SNAP's president.

"We want to work with the Pennsylvania General Assembly and DPW to find ways to increase funding for Medical Assistance, but unless we can raise the hospital-specific Medicaid DSH upper limit, we won't be able to direct much additional money to many safety-net hospitals. Most SNAP hospitals aren't near their upper limits now, but if we can gain the Medical Assistance reforms we intend to seek, many of our hospitals will need this extra room under the cap."

SNAP raised this issue to members of Pennsylvania's congressional delegation at a meeting held in Washington in June to introduce the delegation to SNAP and its mission. Thirteen of the 21 members of the delegation were represented at the meeting, including six who personally attended: Representatives Mike Doyle, Jim Gerlach, Timothy Murphy, John Peterson, Joseph Pitts, and Don Sherwood.

SNAP's position paper on the Medicaid DSH upper limit can be found on the SNAP web site at www.pasafetynet.org. ■

What is SNAP?

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 twenty-five 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.

For further information about the Safety-Net Association of Pennsylvania or any of the information or views offered in SNAPshots, please contact Charles DeBrunner, president, at 717-234-6970.