

**News and Views from the Safety-Net Association of Pennsylvania****February 2004****Medical Assistance Reform  
Effort Off to the Races**

The Medical Assistance reform effort envisioned by SNAP a year ago is well under way after the creation of four work groups to help facilitate the state's first broad look at its Medical Assistance program in more than a decade.

The reform effort was launched in October at a meeting between Department of Public Welfare (DPW) officials and hospital industry representatives, including SNAP staff. Then, during a December follow-up meeting, deputy secretary for Medical Assistance programs David Feinberg created four work groups to help guide the reform effort.

- A data-use work group will ascertain the availability and potential use of Medical Assistance data and identify the most appropriate data to use when considering changes in how hospitals are reimbursed by the Medical Assistance program.
- A technical issues work group will address prior authorization and claims processing issues, implementation of the new ePromise system, and more.
- A quality work group will consider how to build a quality component into Medical Assistance reimbursement.
- A payment redesign work group will focus on reshaping the Medical Assistance reimbursement program.

SNAP is pleased so far with the pace and nature of the reform effort.

"DPW is clearly demonstrating its commitment to working with hospitals to improve the Medical Assistance program for both recipients and hospitals," explained SNAP president Charlie DeBrunner.

SNAP vice president Gloria Klugh, who is working with the data group, echoes DeBrunner's observation.

"DPW's openness with data is unprecedented," Klugh explained. "They're planning to share data that's been denied to us for years."

*continued on page 2***SNAP Forms Quality Task Force**

SNAP has created an internal committee to help the association develop a position on quality issues as the Medical Assistance reform effort continues.

This is critical because DPW officials have expressed a desire to include a quality component in the Medical Assistance reimbursement system.

Serving on the SNAP quality task force will be Dr. Tony Ardire, of the Tenet Healthcare Corporation, which has three hospitals in SNAP; Robert Pendrak, M.D., risk management director of INSERVCO Insurance Services, in Harrisburg; Debbie Price, senior vice president of patient services for the Bradford Regional Medical Center; and Dianne Salter, senior vice

*continued on page 2***SNAP Digs Into MCare  
Assessment Abatement Issue**

With state officials casting an eye on the Medical Assistance program as a potential means of funding MCare assessment abatements for Pennsylvania physicians, SNAP is now lending its Medicaid policy expertise in an effort to help the state achieve its budget objectives without jeopardizing future Medical Assistance reimbursement gains for Pennsylvania's safety-net hospitals.

Hospital industry representatives, including SNAP staff, have expressed reservations about using the Medical Assistance program to fund the MCare assessment abatement, noting that doing so could push some hospitals – especially safety-net hospitals – to their federally imposed limit on the amount of Medicaid money they may receive. That, in turn, could prevent such hospitals from benefiting from future increases in Medical Assistance reimbursement.

SNAP state policy director Michael Chirieleison notes the potential danger of allowing hospitals to approach their Medicaid upper limits.

"One of SNAP's key policy objectives is to improve

*continued on page 2*

## MA Reform Effort, Continued

DeBrunner adds that SNAP now needs to stay focused on its mission.

“Our top priority is always to ensure that the state’s Medical Assistance reimbursement policies reflect the distinct needs of the safety-net hospitals that provide most of the care to low-income Pennsylvanians. Several industry groups are involved in this effort, but we’re the only one whose sole interest is safety-net hospitals.” ■

## Quality Task Force, Continued

president of insurance for the Jefferson Health System.

“DPW is serious about including a quality component in any new Medical Assistance reimbursement plan,” explains Mike Ferber, who is staffing the quality task force for SNAP. “We support that, but we need to make sure such a component is fair to safety-net hospitals.

“In particular, a Medical Assistance quality component shouldn’t be overly burdensome on hospitals, it should preserve the flexibility that caregivers need to make medical decisions and treat their patients effectively, and it should tie quality to reimbursement in a manner that truly fosters quality.”

The SNAP committee, Ferber said, will examine state-of-the-art quality programs and recommend to SNAP membership a broad position on quality that will help guide the association’s work during the Medical Assistance reform effort. ■

## MCare, Continued

Medical Assistance reimbursement to safety-net hospitals,” Chirieleison explains. “But if the state maxes out Medicaid DSH, there would be no room left for payment growth.

“But we need to do more than complain about that possibility,” Chirieleison continues. “We want to try to come up with a constructive alternative that will provide needed relief from malpractice premiums without jeopardizing future reimbursement for safety-net hospitals.”

Regardless of the outcome of the MCare abatement effort, the hospital-specific Medicaid DSH cap will continue to be an important issue for the state’s safety-net hospitals.

“Last year, we went to Washington to introduce this subject to our members of Congress and to impress upon them the importance of raising the Medicaid DSH cap for Pennsylvania’s safety-net hospitals,” Chirieleison said. “This is still an issue for us, and we’ll continue to work on it this year.” ■

## SNAP Unveils Positions on Capital Financing

SNAP’s positions on capital financing for Pennsylvania’s safety-net hospitals are articulated in two new association position papers.

The first paper, entitled “The Safety-Net Association of Pennsylvania Speaks Out On... Improved Access to Reasonably Priced Capital for Safety-Net Hospitals,” calls for the state to create a loan fund from which safety-net hospitals can borrow money, at market rates or less, to make capital improvements to their facilities. The second paper, entitled “The Safety-Net Association of Pennsylvania Speaks Out On... Participation of Safety-Net Hospitals in New State Economic Development Programs,” calls on the state to include safety-net hospitals among those eligible for economic development grants and loans as part of the new package of state economic development programs expected to be adopted early in 2004.

Both papers are now available on the SNAP web site at [www.pasafetynet.org](http://www.pasafetynet.org). ■

## Verifying Long-Delayed Medical Assistance Payments

With the state budget finally enacted and checks for community access funds and Medical Assistance outpatient DSH and medical education currently being processed and sent to qualified hospitals, SNAP reminds members to send their remittance advisories (RAs) to SNAP’s office so staff can verify that the payments they receive are accurate. Members can fax their RAs to the attention of SNAP’s Gloria Klugh at 717-234-6971 or call her at 717-234-6970 to discuss their individual situations. ■

### 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.*