

## News and Views from the Safety-Net Association of Pennsylvania

May 2004

## Proposed State Budget Brings Mixed Medical Assistance News

Governor Rendell's proposed 2005 Medical Assistance budget brings both good news and bad for hospitals that provide meaningful amounts of care to Medical Assistance patients.

The good news is that unlike last year, when the budget first was severely slashed and then "restored" with no cuts but with no increases, either, this year's budget proposes a 3.5 percent increase in fee-for-service rates, outpatient and inpatient disproportionate share payments, and medical education payments effective January 1, 2005.

The bad news is that the proposed budget also calls for eliminating the Community Access Fund – \$28 million in state funds and \$50 million in combined state and federal funds previously targeted to help hospitals with the cost of caring for uninsured patients.

While safety-net hospitals appreciate the proposed payment increases, they amount only to a small band-aid on a large problem, notes SNAP executive director Michael Chirieleison.

"Since 1995, health care costs have risen nearly twice as much as Medical Assistance payments," Chirieleison explains. "This is one of the reasons why today, Medical Assistance payments cover less than 80 percent of hospitals' actual costs to deliver care. This also is one of the major reasons why nearly half of Pennsylvania's hospitals lost money last year, according to the Health Care Cost Containment Council."

SNAP is working with other hospital groups to develop an alternative to the governor's proposed budget that better reflects the reality of the rising cost of delivering Medical Assistance services. ■

## PROMISE Debuts to Mixed Reviews

PROMISE, the Department of Public Welfare's new HIPAA-compliant claims processing and management information system implemented in March, is experiencing some problems processing fee-for-service Medical Assistance claims – as might be expected upon the launch of any new system of such size and scope.

Several hospitals have complained of problems submitting claims and of not being reimbursed in a timely manner for the services they provide to Medical Assistance recipients. This is causing cash-flow problems for some safety-net hospitals.

DPW is dedicating significant staff and other resources to solving these start-up problems.

SNAP is serving as an intermediary between the state and safety-net hospitals on PROMISE-related issues. SNAP staff is communicating regularly with DPW to address these problems and will continue to do so until these start-up difficulties have been resolved. ■

## SNAP Quality Effort Continues

With DPW interested in adding a quality component to Pennsylvania's Medical Assistance program, an internal SNAP task force consisting of representatives of member hospitals has developed a formal association position on how best to include a quality initiative in Medical Assistance.

The committee has identified eight basic principles that it believes any state quality initiative should reflect.

1. The system should be administratively simple and inexpensive to implement.
2. The system should focus on measures that

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- truly improve health care quality.
3. The system should be limited in scope.
  4. The state should not needlessly reinvent the wheel.
  5. The system should employ measures and benchmarks of quality that meet current professional standards and that are updated regularly to ensure that they continue to reflect contemporary standards.
  6. The system should reflect the health care issues of Pennsylvania's Medical Assistance population.
  7. The system should not attempt to hold hospitals responsible for what goes on outside hospital walls.
  8. The system's focus should be health care quality and quality improvement, not cost containment; it should not be punitive.

DPW has created its own special committee, which includes SNAP representatives, to address quality as part of the current, broader Medical Assistance reform effort. That committee met in late April, at which time SNAP presented a position paper on a Medical Assistance quality initiative, complete with the association's formal recommendation for Pennsylvania.

The paper, entitled "Health Care 'Quality' and Pennsylvania's Medical Assistance Program: Views of the Safety-Net Association of Pennsylvania," can be found on the SNAP web site at [www.pasafetynet.org](http://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.

### SNAP Takes Positions on Adult Basic, Tobacco Extraordinary Expense Programs

SNAP has released two other new position papers. The first calls for the state to add presumptive eligibility as a feature of the Adult Basic Insurance Program. The second calls on state officials to re-examine the Tobacco Extraordinary Expense Program to consider whether it addresses a genuine need and either to implement the program as envisioned in its enabling legislation or terminate it and transfer its funds into the Tobacco Uncompensated Care Program.

Both position papers can be found in their entirety on the SNAP web site at [www.pasafetynet.org](http://www.pasafetynet.org). ■

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