

**News and Views from the Safety-Net Association of Pennsylvania****November 2004****SNAP Pursues Medical Assistance Reform Goals**

Officials from Pennsylvania's Department of Public Welfare (DPW) are currently meeting with representatives of the state's hospital industry to explore comprehensive reform of the state's Medical Assistance (MA) program. The Safety-Net Association of Pennsylvania (SNAP) has been a driving force behind this effort.

**Why Comprehensive Reform?**

For nearly 20 years, Pennsylvania's MA program has been subject to piecemeal reform, with little or no serious consideration to the implications of individual changes for the program as a whole. As a result, it has become an irrational and in some respects disjointed program.

SNAP believes this patchwork approach no longer reflects the relationship needed between the state, its safety-net hospitals, and the patients those hospitals are committed to treating. Since its founding in 2002, SNAP has worked to convince state officials that comprehensive changes are needed in these relationships if the state expects these hospitals to survive. To their credit, state officials have acknowledged this crisis and indicated that they agree that they need to do more to ensure the continued viability of the hospitals that play the greatest role in caring for Pennsylvania's most vulnerable residents. Now, they have initiated a process to redesign the policy foundation of the MA hospital payment system.

**Underlying Philosophy**

The basic philosophy that SNAP takes into MA reform talks is that in an environment of limited

resources, the MA program must do more to direct adequate resources to the providers that care for most of the state's MA recipients: Pennsylvania's safety-net hospitals. At times, this may mean making decisions that make the best policy sense rather than the best political sense. Based on recent talks, SNAP representatives believe that DPW and state officials share this view and believe that one of the keys to ensuring the continued success of the state's MA program is to ensure the continued financial viability of safety-net hospitals.

**Issues on the Table**

These reform discussions are taking a comprehensive look at MA reimbursement policy in Pennsylvania. The entire MA hospital inpatient payment system is on the table: inpatient base rates, supplemental payments – DSH, tobacco, and medical education – capital payments, outliers, health care quality, and more.

**Data: Key Tool in Reform Talks**

SNAP has a strong understanding of MA policy and will use its data analysis and development tools to craft its own reform proposals and determine how others' proposals might affect safety-net hospitals.

"Ultimately, the numbers tell the real story," explains SNAP president Charlie DeBrunner. "We approach these reform talks as we do any other policy initiative: with an emphasis on developing a complete understanding of the implications of what's being discussed and ensuring that proposed policies have the desired impact on safety-net hospitals – and without any unintended, unexpected consequences."

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But SNAP does not limit its use of data analysis to defensive purposes.

“The same tools that we use to analyze the implications of others’ proposals also enable us to develop our own. When we do, we seek measures that meet the needs of safety-net hospitals and also address the state’s need to pursue an economically feasible course. There’s no point to asking for money that we know the state doesn’t have, so our current focus is on working to ensure a more appropriate distribution of available resources.”

SNAP can take this approach because it serves only one master.

“We only have one constituency to serve in these talks: safety-net hospitals,” explains SNAP executive director Michael Chirieleison. “We won’t have to make painful compromises – or become paralyzed or even obstructionist – because of competing agendas. All we’ll have to do is what’s best for safety-net hospitals.”

### **Big Picture, Little Picture**

SNAP also believes that pursuing comprehensive MA reform is the ideal approach.

“When you negotiate one policy at a time, too many people focus on the little picture and declare ‘This doesn’t help me, so I oppose it,’” Chirieleison explains. “That makes it impossible for almost any large group to support any proposed change – because some of its members won’t like it.

“But by looking at MA comprehensively, we can keep our eye on the big picture. Every safety-net hospital may not benefit from every single change that’s discussed, but as long as the result is to get more resources for the hospitals that care for most of Pennsylvania’s low-income residents, we know that in the end, all safety-net hospitals will benefit.”

### **Negotiating for Safety-Net Hospitals**

SNAP already has positions on a number of MA reform-related issues; they can be found in the paper “Pennsylvania’s Medical Assistance Program: Recommendations for Hospital Policy Reform” and other position papers on the SNAP web site, at [www.pasafetynet.org](http://www.pasafetynet.org).

But other positions, DeBrunner explains, will be developed as the process continues, in response to emerging proposals and issues.

“We can’t predict with total certainty what issues will be raised and what proposals will be offered during these reform talks,” he said. “So when new proposals emerge, we’ll crunch the numbers so we can understand their implications, set up conference calls with SNAP members, present the proposals, and let our members decide. We’ll focus on what’s best for safety-net hospitals, but the exact form that will take will be determined by our members. Whoever’s on those calls will play a major role in shaping SNAP positions on key reform issues.” ■

### **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.*