

### SNAP Pursues Ambitious Agenda in 2009

The Safety-Net Association of Pennsylvania is pursuing an ambitious, aggressive agenda in 2009. Leading the way are efforts on three primary issues: the state Medical Assistance budget, Medical Assistance payment reform, and hospital community benefit.

#### The State Budget

Amid talk of a state budget deficit that could climb beyond \$2 billion, safety-net hospitals were braced for the worst when Governor Rendell released his proposed FY 2010 budget in early February. On the whole, the news was not as bad as some people predicted – there had been predictions of massive reductions in Medical Assistance spending – but it was bad nonetheless.

Most disturbing for safety-net hospitals was the administration's proposal to reduce its spending on supplemental payments to hospitals by \$27.5 million – a reduction that, with a corresponding loss of federal matching funds, would cost hospitals nearly \$61 million.

Among the payments slated for cuts are inpatient and outpatient DSH and medical education, Community Access Fund, burn center, and OB/NICU payments.

The administration proposes these cuts at a time when the federal government will provide the state with an additional \$1.9 billion in stimulus money in the coming

fiscal year specifically to help protect the Medical Assistance program.

In other words, the administration could prevent these cuts by using the money the federal government has given Pennsylvania for this very purpose, but it has explicitly chosen not to do so.

SNAP has launched an aggressive advocacy campaign aimed at restoring these proposed cuts. The association has circulated position papers, issued press releases, and is directly lobbying key legislators and legislative staff. In addition, SNAP plans a “lobby day” in which members will visit Harrisburg to meet with their state senators and state representatives.

This direct advocacy is so important because safety-net hospitals will shoulder 86 percent of the proposed cuts in Medical Assistance spending on various supplemental payments in FY 2010. This means that most acute-care hospitals in Pennsylvania will feel little or no pain from the proposed budget, giving them little incentive to work hard to oppose the proposed cuts.

The administration has, in effect, singled out safety-net hospitals for budget pain and isolated them from the rest of the hospital industry by exempting much of the industry from cuts. Now, it is crucial that safety-net hospitals work together to ensure that public officials understand the implications of cutting Medical Assistance payments in this manner and to persuade them to find other ways to save money if the state continues to be confronted with a funding shortfall.

For further information about SNAP's budget-related advocacy, please visit our website at [www.pasafetynet.org](http://www.pasafetynet.org).

#### Medical Assistance Payment Reform

Since its founding in 2002, SNAP has aggressively advocated reform of the manner in which Pennsylvania pays hospitals for the care they provide to Medical

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#### 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.*

Assistance patients. Underlying SNAP's approach has been a basic philosophy that with limited resources, the state should do more to target those resources where they are needed most: to safety-net hospitals.

The current slumping economy magnifies the importance of pursuing Medical Assistance payment reform. Now, at a time when nearly two million Pennsylvanians are enrolled in Medical Assistance, more than one million are uninsured, and the waiting list for the state's Adult Basic program is soaring past the quarter million mark, the state proposes – incredibly – cutting payments to the very hospitals that will carry the largest share of the responsibility of caring for all of these people.

Unless the state intends to open a string of new public hospitals to care for all of these people, it needs private safety-net hospitals and needs to treat them better – because these are the hospitals to which the overwhelming majority of publicly insured and uninsured Pennsylvanians will turn for care in these troubled times.

SNAP intends to continue pointing this out to state officials and continue to advocate a more appropriate, intelligent approach to how Pennsylvania pays safety-net hospitals for the services they provide to the Medical Assistance population.

### Community Benefit

One of the qualities that distinguishes safety-net hospitals from their peers is the manner and degree to which they benefit their communities. While the concept of “community benefit” has traditionally been defined as the uncompensated or charity care that a hospital provides, SNAP believes community benefit goes beyond uncompensated care – and has launched a new initiative to identify the many other ways that safety-net hospitals benefit their communities.

At one time, the concept of community benefit seemed relevant only in the context of whether non-profit hospitals were performing in a manner that justified their tax-exempt status. Now, lawmakers at the state and federal levels are looking beyond tax status as they seek to impose new requirements on hospitals of all types.

With this in mind, SNAP has created an internal task force to identify the ways in which the community benefits offered by safety-net hospitals go above and beyond those offered by other hospitals. Such instances can be as simple as an urban safety-net hospital taking extra steps to employ a multi-lingual nursing staff to

ensure its ability to serve its diverse community or as costly as a rural safety-net hospital offering clinical services that cannot be supported by patient volume for the simple reason that residents of the large geographic area they serve have no other place to obtain such care.

When the SNAP community benefit task force completes its work, SNAP will begin a new advocacy campaign to educate Pennsylvania policy-makers about the special qualities that distinguish safety-net hospitals from the typical community hospital. ■

### A Closer Look at the PA Budget

**SNAP has prepared a comprehensive summary of the Rendell administration's proposed FY2010 health care budget. You can read this summary by visiting the SNAP web site at [pasafetynet.org](http://pasafetynet.org) and clicking the “Proposed PA FY2010 Budget” subsection.**

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