



Rendell Budget Again Targets Safety-Net Hospitals for Cuts

Governor Rendell's proposed FY 2011 budget calls for cutting vital Medical Assistance payments to Pennsylvania hospitals by \$20.6 million (state and federal funds).

This comes on top of the \$51 million in Medical Assistance cuts that hospitals are suffering in the state's current (2010) fiscal year.

And for the second consecutive year, the budget calls for no cost-of-living increase in hospital rates.

Pennsylvania's safety-net hospitals, the primary providers of care to low-income, Medical Assistance-covered, and uninsured residents of the state, would bear close to 93 percent of the newly proposed cuts.

All of the proposed new cuts would come through reductions in core supplemental Medical Assistance payments – inpatient DSH, outpatient DSH, medical education, and Community Access Fund payments. These are core payments, in SNAP's view, because they are most directly tied to hospitals' service to low-income

Pennsylvanians and play the most important role in ensuring the ability of safety-net hospitals to serve their low-income patients.

SNAP is very concerned about this continued erosion of core supplemental payments at the same time that non-core supplemental payments have been targeted for modest increases. While these non-core supplemental payments help support important services provided primarily by safety-net hospitals, SNAP believes the reduction of Medical Assistance funding to support core supplemental payments reflects a failure by state officials to direct resources to where they are needed most.

SNAP Reacts

In a news release issued just hours after the governor presented his FY 2011, SNAP president Michael Chirieleison criticized the proposed state spending plan. "This budget just doesn't make sense," Chirieleison noted. "Medical Assistance enrollment is up, the number of uninsured Pennsylvanians is up, the waiting list to enroll in the state's Adult Basic program is up, but payments to the hospitals that care for most of those people are going down."

A Rerun of FY 2010?

SNAP's immediate concern is that the Rendell administration's proposed FY 2011 budget bears too great a resemblance to its current FY 2010 budget, which also targeted safety-net hospitals for the biggest share of cuts.

"Last year we were told that the state budget would be one of 'shared pain,'" Chirieleison explained. "But that pain turned out to be anything but shared." According to a SNAP analysis, Pennsylvania's 55 safety-net hospitals are absorbing 87% of this year's Medical Assistance cuts and would face 93% of the reductions in the proposed FY 2011 budget.

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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. These 55 hospitals provide disproportionate amounts of care to the state's two million Medical Assistance recipients and one million uninsured residents. As a result of the patients they serve, safety-net hospitals face a significant, continuing challenge to their financial health. While all of these safety-net hospitals share the common characteristic of their unusual level of service to low-income Pennsylvanians, they are diverse in other ways: they include community hospitals, teaching hospitals, children's hospitals, and academic medical centers; they are large, small, and medium-sized hospitals; they are located in urban, suburban, and rural areas as well as in the western, eastern, and central parts of the state; and they can be found in 31 of Pennsylvania's 67 counties.

SNAP's Budget Request

Prior to the introduction of Governor Rendell's budget, SNAP adopted the position that Pennsylvania's FY 2011 budget should begin with the full restoration – to FY 2009 levels – of all Medical Assistance supplemental and DSH payments to hospitals.

SNAP's formal budget request will be for the legislature to restore \$26 million in state funds to the Medical Assistance budget: \$10.3 million to eliminate the proposed FY 2011 cuts and nearly \$15 million to restore the cuts hospitals are suffering in the current 2010 fiscal year. The restoration of these state funds would draw down additional federal Medicaid matching funds, thereby restoring all supplemental and DSH payments to their FY 2009 levels. ■

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