

Safety-Net Association of Pennsylvania

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Medical Assistance Cuts Could Jeopardize Access to and Quality of Care, Hospital Group Charges

(Harrisburg) Cuts in Medical Assistance payments to hospitals could jeopardize access to health care and the quality of care for everyone, according to the Safety-Net Association of Pennsylvania (SNAP).

The problem would be especially great in communities served by safety-net hospitals: the 25 percent of private, acute-care hospitals in Pennsylvania that care for the highest proportion of low-income patients.

This is the view of SNAP, which today shared a paper on this issue with the 253 members of Pennsylvania's General Assembly. A copy of that paper accompanies this news release.

The Rendell administration has proposed cutting supplemental Medical Assistance payments to hospitals by \$78 million. The state Senate has passed a budget that would more than triple that level of cuts, to \$280 million. Safety-net hospitals would suffer 86 percent of the proposed cuts.

Among the Medical Assistance supplemental payments facing cuts are payments to hospitals that care for high proportions of low-income and uninsured patients; payments to hospital burn units and trauma centers; and payments for hospital maternity and neonatal intensive care units (NICUs). The Senate budget would eliminate all supplemental burn center, maternity/NICU, and trauma center payments.

"If implemented, these cuts could jeopardize access to health care and the quality of care in Pennsylvania," said Michael Chirieleison, SNAP's president. "If hospitals lose significant revenue, they'll have no choice but to seek off-setting cuts in spending," he noted, adding that most hospital cost-cutting options have serious implications.

"Hospitals can cut staff, which could cause delays in care, long waits in ERs, even ERs closed at times. Plus there are the implications of lay-offs at a time when unemployment is on the rise. Or they could reduce community outreach services or cut clinic hours. Entire communities would be hurt by such cuts, not just Medical Assistance patients."

Perhaps the biggest threat, Chirieleison noted, is to hospital services that traditionally lose money.

"Many safety-net hospitals offer services that they know will lose money – services like burn and trauma care, maternity and NICU, and psychiatric and substance abuse services. Safety-net hospitals offer these money-losing services because they know their communities need them. But if the state places such little value on these services and if hospitals have no choice, they may have to consider eliminating some of them so they can protect the financial health of the hospital as a whole. Think about it: how many Pennsylvania hospitals have stopped delivering babies in the past decade? Already this year, two more hospitals have announced their intention to stop delivering babies. Where does it end?"

With Pennsylvania scheduled to receive \$1.9 billion in extra Medicaid money from the federal government in the coming fiscal year, Chirieleison concluded, the solution to this problem is clear.

"Despite the state's unquestionable financial problems, the money's there," Chirieleison said. "Congress made sure of that. Now all that's necessary is for the state to use it as Congress intended."

The Safety-Net Association of Pennsylvania represents the interests of private, acute-care hospitals that play the leading role in caring for poor, disadvantaged, and the uninsured Pennsylvanians. Safety-net hospitals are the 25 percent of hospitals in the state 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. These hospitals are located throughout the state – in the east, west, and central portions of Pennsylvania, in urban, suburban, and rural areas, and in 19 of the state's 67 counties. As a result of the patients they serve, safety-net hospitals face a significant, continuing, disproportionate challenge to their financial health.

Additional information about the Safety-Net Association of Pennsylvania can be found on the group's web site at www.pasafetynet.org.

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