

**News Release From the
Safety-Net Association of Pennsylvania**

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Hospital Group Calls on Legislature to Reject Governor's Proposed Health Care Cuts

(Harrisburg) The Safety-Net Association of Pennsylvania today called on the General Assembly to reject Governor Rendell's proposal to slash Medical Assistance payments to hospitals by hundreds of millions of dollars.

The proposed reductions, according to association president Charles DeBrunner, call for shifting some responsibility for paying for care for low-income Pennsylvanians from the state to its hospitals at a time when the Pennsylvania Health Care Cost Containment Council (HC4) reports that 40 percent of the state's acute-care hospitals lost money in 2003 – losses driven in part by the \$457 million in uncompensated care that those hospitals provided that same year.

The cuts would fall especially heavily on Pennsylvania's safety-net hospitals: the 25 percent of acute-care hospitals in the commonwealth that provide 56 percent of all Medical Assistance services.

According to DeBrunner, the association objects to three provisions in the governor's proposal: limiting the number of yearly inpatient hospitalizations, doctor visits, and prescriptions of many Medical Assistance recipients; requiring many Medical Assistance recipients to make new or increased co-payments for health services; and eliminating disproportionate share, outpatient medical education, and Community Access Fund payments to selected hospitals. Together, these cuts could jeopardize access to health care for many Pennsylvanians.

"This amounts to balancing the state's Medical Assistance budget on the backs of the very hospitals that do the most to care for the state's Medical Assistance recipients and on the backs of those recipients themselves," DeBrunner said.

"The provision limiting the number of times some Medical Assistance recipients can be hospitalized in a given year is tantamount to telling them 'It's okay to get sick, but not too sick,'" DeBrunner continued. "This amounts to a form of rationing, and it would primarily affect the poorest and the sickest Medical Assistance recipients, along with those with chronic medical conditions like asthma, diabetes, congestive heart failure, and sickle cell disease. The same is true of new limits on doctor visits and prescriptions."

Equally dire, DeBrunner said, are the financial implications for hospitals.

"People are still going to get sick, regardless of whether they've reached their state-declared quota for illness for the year, and when they do, they're going to come to hospitals and we're going to care for them, because that's what hospitals do. But with this policy, the state is saying to hospitals, 'The first two are on us, but after that, you're on your own. If you have to treat them, you have to pay for it yourself.' We're going to serve these patients to the best of our ability, but the more costs we have to shoulder ourselves, without any payments from the state, the more that ability will be jeopardized."

The association also objects to the proposal to impose new or increased co-payments on some Medical Assistance recipients for health care services.

“This makes no sense at all. The governor is asking for money from people who are eligible for Medical Assistance because they have no money. We’re being told this will help compensate for the other reductions being forced on us, but we know that very few Medical Assistance patients will pay their co-pays. So we already know that we’re going to be forced to write off whatever revenue the state is pretending to project from co-payments.”

DeBrunner also expressed concern for the welfare of Medical Assistance recipients facing these new requirements.

“It’s easy to envision some Medical Assistance recipients choosing not to go a doctor when they’re sick or not getting a prescription filled because they know they’ve already met their quota for being hospitalized in a year or can’t afford the co-payment,” he said. “Some will stay home and get sicker and some will end up hospitalized as a result and will cost the state, and the hospital, thousands upon thousands of dollars to treat a problem that could have been dealt with easily. It’s very easy for the governor to say that no one loses coverage under this proposal, but if people think they can’t get care when they need it, it amounts to lost coverage.”

The Safety-Net Association of Pennsylvania also objects to the governor’s proposal to eliminate medical education, outpatient disproportionate share, and Community Access Fund payments to some hospitals.

“These payments were created to help hospitals that serve large numbers of low-income patients,” DeBrunner said, “and they were created in an environment in which the state pays hospitals less than 80 cents on the dollar for the services we provide to our Medical Assistance patients. Any cuts in direct payments to the hospitals that do the most to care for Pennsylvania’s Medical Assistance population are going to hurt those hospitals and the people who depend on them.”

According to DeBrunner, the proposed changes would hurt more than Medical Assistance recipients.

“There are no hospitals in Pennsylvania that care only for Medical Assistance patients,” DeBrunner explained. “Safety-net hospitals that care for significant numbers of Medical Assistance patients also care for Medicare patients, insured patients, and uninsured patients. To make up the new losses they’ll incur from these Medical Assistance reductions, safety-net hospitals will be forced to make reductions of their own – probably lay-offs and service cuts.

“The effects of these cuts will be felt throughout the commonwealth – in the east and in the west, in rural, urban, and suburban areas, and among both the publicly insured and the privately insured. It won’t just be Medical Assistance patients who feel this pain.”

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. As a result of the patients they serve, safety-net hospitals face a significant, continuing, disproportionate challenge to their financial health.

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