

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

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State Budget Cuts Will Cause Hospital Layoffs and Reduced Access to Health Care, Safety-Net Hospital Executives Testify

(Harrisburg) Pennsylvania's 2003-2004 fiscal year Medical Assistance budget will result in layoffs of hospital employees, the elimination of vital hospital services, and reduced access to care for Medical Assistance recipients and privately insured patients, hospital executives testified today before the Pennsylvania House Appropriations Committee during a budget hearing in Nanticoke.

According to safety-net hospital officials who testified before the committee, the state's \$90.8 million reduction in Medical Assistance funding for hospitals will cost Pennsylvania another \$78 million in federal matching funds, making the total loss of payments more than \$168 million. The Medical Assistance spending eliminated in the budget includes funding for outpatient disproportionate share, medical education, and community access payments.

Susan Bernini, chief operating officer and interim chief executive officer of the Albert Einstein Healthcare Network, in Philadelphia, testified that her hospital will lose \$12.5 million under the new state budget. If these cuts are not restored, she said, Einstein will be forced to lay off 250 people, close several outpatient sites and one of its emergency rooms, and reduce, if not totally eliminate, its pediatric program and behavioral health crisis response program. Einstein also will consider discontinuing its provision of obstetrical services, HIV clinic services, and neonatal intensive care unit services. Ms. Bernini also suggested that the kinds of cuts that Einstein will make are being considered by every other Philadelphia safety-net hospital and that this will reduce access to care for many Philadelphians.

Anthony DeFail, president of the Meadville Medical Center in Crawford County, testified that his hospital, which is the largest employer in the county and the only hospital within 25 miles of Meadville, will lose \$1.95 million in Medical Assistance funding. In response to these cuts, he said, his hospital will lay off approximately 50 employees, end its wound care program, eliminate the county's only hospice program, and discontinue pharmacy benefits for more than 200 retired hospital employees. These cuts, he added, will have a major impact on patients, employees, their families, and Meadville's economy.

Also testifying was Charles DeBrunner, president of the Safety-Net Association of Pennsylvania, which represents hospitals that care for especially high proportions of low-income patients.

Of the total of \$168 million in reduced Medical Assistance hospital spending, 82 percent of that total, or \$133 million, will be lost to just 25 percent of the state's acute-care hospitals – so-called “safety-net hospitals” that care for the highest proportion of low-income Pennsylvanians, DeBrunner explained. Those 25 percent of Pennsylvania hospitals, he added, provide 55 percent of all inpatient hospital services to Medical Assistance recipients and also provide the majority of free care to uninsured Pennsylvanians.

“Due to their major commitment to serving the poor, these hospitals already are in a precarious financial position,” DeBrunner said. “There are safety-net hospitals in bankruptcy now, safety-net hospitals fresh out of bankruptcy, and safety-net hospitals currently contemplating bankruptcy. This budget cut is enormous, and it could very well push some hospitals over the edge.”

The cuts discussed by Meadville's DeFail and Einstein's Bernini are just the tip of the iceberg, according to DeBrunner.

“About 50 hospitals are taking a major hit from this budget, so the other 48 are talking about the same kinds of program and job cuts as Meadville and Einstein,” DeBrunner said. Unless this funding is restored, DeBrunner added, hospital CEOs have privately expressed plans to lay off employees and reduce or cease providing essential community services. Hospital program cuts do not distinguish between different kinds of patients, DeBrunner added. “If a hospital closes its obstetrics unit because of these cuts, for example,” DeBrunner explained, “that unit is closed for all patients, Medical Assistance and privately insured alike.

“Magnify these cuts throughout the state and what you get is people losing jobs, people losing access to care, and a state-wide health care system that's just not as good anymore. You can't expect to take \$168 million out of that system and not have it suffer,” DeBrunner said. “There should be no expectation that if these cuts aren't restored, it will be business as usual for hospitals and the communities they serve.”

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 25 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. Today, there are 48 safety-net hospitals in Pennsylvania out of 192 acute-care hospitals in the state overall.

For further information about the Safety-Net Association of Pennsylvania or the testimony of Charles DeBrunner, Anthony DeFail, or Susan Bernini before the House Appropriations Committee, please contact Michael Chirieleison at (717) 234-6970 or visit our web site at www.pasafetynet.org.

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