

# Safety-Net Association of Pennsylvania

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## **Governor's Proposed Budget Hits Safety-Net Hospitals Especially Hard, Hospital Group Says**

(Harrisburg) Governor Rendell's proposed budget for FY 2010 would have an especially damaging impact on the very hospitals that do the most to care for low-income, uninsured, and underinsured Pennsylvanians, according to the Safety-Net Association of Pennsylvania (SNAP).

The cuts called for in the budget, which was released today, would fall especially hard on these hospitals at the very time that the expectations of them will be greater than ever.

Especially noteworthy among the proposed cuts is a reduction of nearly \$41.7 million (combined state and federal funds) in supplemental Medical Assistance (Medicaid) payments made specifically to acute-care hospitals that care for especially large numbers of low-income patients – money intended to help those hospitals with this special financial challenge.

The governor's spending plan is especially troubling in light of current economic conditions, according to SNAP president Michael Chirieleison.

“A few weeks ago, the state told us that the increase in Medical Assistance enrollment during the first six months of the current fiscal year had already exceeded projections for the entire year,” Chirieleison said. “Last week, we saw the results of a survey that showed that more than one million Pennsylvanians are now uninsured. And now, the budget projects another 62,000 people will become eligible for Medical Assistance during the upcoming fiscal year. Yet somehow, the state expects hospitals to do more for all of these people with fewer resources. The math just doesn't work.”

And more resources should be available to help, Chirieleison noted.

“The economic recovery bill currently under consideration in Congress would send an additional \$4 billion in federal Medicaid matching funds to Pennsylvania, but under the proposed budget, it appears the governor plans to spend relatively little of that money on Medicaid services. In fact, he proposes spending less state money on Medical Assistance next year than the state is spending this year even though Medical Assistance enrollment is expected to increase. That just doesn't seem right.

“Safety-net hospitals view ourselves as working in partnership with the state in caring for low-income Pennsylvanians. Our hospitals are doing their part, especially in these difficult financial times. We need the state to step up and do its part, too.”

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

“There are no public hospitals in Pennsylvania,” Chirieleison explained. “Safety-net hospitals fulfill that role here, caring for large numbers of Medical Assistance patients, but they also care for significant numbers of 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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