



THE HOSPITAL & HEALTHSYSTEM ASSOCIATION OF PENNSYLVANIA

Federal Advocacy Message

As part of the shared sacrifice to address growing health care costs and the federal deficit, hospitals are already taking \$155 billion in reductions—\$9 billion in Pennsylvania.

- These cuts do not include additional cuts imposed by regulation, such as coding offsets, under the Medicare inpatient prospective payment system (IPPS)—\$143 million in Pennsylvania (\$6.3 billion nationally), for fiscal year 2012; and \$140 million for fiscal year 2011.
- Pennsylvania’s fiscal year 2011–2012 state budget cut Medicaid payments to hospitals by 4 percent.
- We need to see the same level of shared sacrifice—examination and scrutiny—beyond the hospital and health care community, through alternative ways to achieve budget savings.
 - While hospitals support a permanent fix to Medicare physician payments, it cannot be achieved at the expense of our nation’s hospitals.
 - Maintain existing funding for graduate medical education, including that conducted in children’s hospitals.
 - Funding for rural programs, workforce, and nursing cannot be put at risk.

Federal programs already underpay hospitals.

- Hospitals have made great progress in controlling costs and improving quality, and many are investing significant resources in health information technology.
- But hospitals cannot continue to take these steps and absorb further cuts to federal programs, which already pay less than the costs of providing services.

Arbitrary triggers are not the answer.

- Formula-driven, arbitrary budget targets, which are among the proposals being discussed by Congress, would result in across-the-board cuts to health care.
- Hospitals oppose the use of a trigger that could impede patients’ access to care and further exacerbate the “cost-shift,” which would increase health care costs to employers and other purchasers of private coverage.

In difficult economic times it is critical to protect the health care safety net.

- Medicaid cuts, such as the ones proposed in the House budget plan, would threaten this program, which is a lifeline to so many Pennsylvanians.
- Hospitals oppose proposals to reduce provider assessments, which was critical to PA’s Medical Assistance (MA) modernization plan to provide a level of predictability and stability for hospital MA payments for the first time in 20 years.
- Curtailing this option will result in lower funding and even more pressure to reduce the Medicaid program, jeopardizing services to the poor and the disabled.

