



Fact Sheet

Supplemental Medical Assistance Funding

Pennsylvania has recognized the need to protect the care delivery infrastructure for particularly vulnerable and high-cost patient care through supplemental payments to hospitals providing OB/NICU, burn, or trauma care. However, this funding has not seen any meaningful increases for almost ten years.

In the fiscal year 2020–2021 budget, HAP seeks a 50 percent increase in state general funds (\$8.387 million) to increase these Medical Assistance supplemental payments, which **represents about a 4 percent annual inflation rate.**

Medical Assistance Supplemental Payment	2019–2020 Appropriation State General Fund (in millions)	Requested Increase in 2020–2021: 50% Increase in General Funds (in millions)	Requested 2020 Appropriation State General Fund (in millions)
OB/NICU	\$3.681	\$1.840	\$5.52
Burn	\$4.437	\$2.219	\$6.66
Trauma	\$8.656	\$4.328	\$12.98
Total	\$16.774	\$8.387	\$25.16

Medical Assistance Payments Do Not Adequately Cover the Costs of Providing Care

According to an analysis by Dobson DaVanzo & Associates, LLC,¹ Pennsylvania hospitals only receive 81 cents on the dollar for care delivered to Medical Assistance patients, resulting in a shortfall approaching \$1.2 billion annually.

Obstetric and Neonatal Services

The challenges that affect obstetrical services in the commonwealth demonstrate a growing trend of diminished access to obstetrical care for pregnant women, and signals the need for statewide solutions to address the problem. Ensuring access to appropriate prenatal, obstetrics, and postpartum services is an essential investment in Pennsylvania’s future.

- The mounting pressure on access to obstetrical services in many areas of Pennsylvania is due in part to the closing of 52 hospital obstetrical units since 2000 and many neonatal intensive care units.²



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Supplemental Medical Assistance Funding

Page 2

- Medical Assistance funded about 40 percent of all 2018 births in Pennsylvania³ and is the most important source of financing for the cost of care provided to infants born prematurely and/or with medical problems. Medical Assistance funding has become critical, for example, in financing the care of neonatal abstinence syndrome (NAS), which increased by more than 1,000 percent in the last 17 years.⁴ In fiscal year 2018, Medical Assistance was the anticipated primary payer in 89 percent of NAS-related hospital stays.⁵
- Medical Assistance funding should be increased to assure continued access to obstetric services for all Pennsylvania expectant mothers and neonatal intensive care services for babies.

The obstetrical and neonatal supplemental funding **impacts 64 Pennsylvania hospitals (both urban and rural) that ensure access to appropriate prenatal, obstetrics, and post-partum and neonatal services.**

Burn Centers

Pennsylvania's seven burn centers care for highly complex and vulnerable patients.⁶ Despite receiving additional payments from the Department of Human Services to assist with extremely high-cost cases, these facilities continue to face financial challenges. During 2018, burn centers posted, as a group, operating margins of only 0.3 percent, barely breaking even.⁷

Trauma Centers

Pennsylvania's 41 trauma centers offer 24-hour availability of specially trained health care provider teams (e.g., trauma surgeons, neurosurgeons, orthopedic surgeons, cardiac surgeons, radiologists, and nurses) with expertise in caring for severely injured patients.⁸ Their patients suffer from life-threatening injuries, often as a result of motor vehicle crashes, burns, or gunshot wounds.

Critical Access Hospitals

As of February 2020, Pennsylvania had 15 federally designated Critical Access Hospitals (CAH).⁹ Note: one additional hospital is expected to be designated as a CAH during the 2020–2021 fiscal year, requiring additional funding. The state's rural CAH program helps ensure that vital health care services are available to Medical Assistance and other low-income persons in the state's most rural areas. It establishes a disproportionate share hospital payment for qualifying general acute care hospitals that provide inpatient services in rural counties with high concentrations of Medical Assistance recipients.

The financial situation of CAHs often is more tenuous than that of other hospitals. During 2018, the aggregated operating margin for Pennsylvania's CAHs was 3.3 percent, compared with 4.7 percent at hospitals across the state.¹⁰

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For citations, visit: <https://www.haponline.org/Resource-Center?resourceid=333>