

Facts About Supplemental Medicaid Payments To Pennsylvania Hospitals

Governor Tom Wolf's fiscal year 2021–2022 state budget calls for \$37.8 billion in General Fund spending, an increase of \$3.8 billion, or 11.1 percent, compared to last year. It also maintains funding levels for important Medical Assistance supplemental payments for critical access hospitals (CAH), obstetrics/neonatal units, burn care centers, and trauma centers.

What are Medicaid supplemental payments?

Medicaid supplemental payments are just one way the commonwealth acknowledges the important partnership with the hospital community absent from a public health system.

Pennsylvania's hospitals provide care to everyone who walks through their doors, regardless of their ability to pay for services.

Medicaid supplemental payments help to support the hospitals provide lifesaving and critical care for burns, trauma incidents, delivering babies, and serving communities in Pennsylvania's most rural areas.

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 58 hospital obstetrical units since 2000 and many neonatal intensive care units¹
- Medicaid (MA) funded about 40 percent of all 2019 births in Pennsylvania,² and is the most important source of financing for the cost of care provided to infants born prematurely and/or with medical problems. Medicaid funding has become critical, for example, in financing the care of neonatal abstinence syndrome (NAS), where newborns that were exposed to addictive drugs during pregnancy experience an array of withdrawal symptoms that develop soon after birth.³ During fiscal year 2018, Medicaid was the anticipated primary payor in 89 percent of NAS-related hospital stays.⁴
- MA funding must be maintained 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 approximately 60 Pennsylvania hospitals (both urban and rural) that ensure access to appropriate prenatal, obstetrics, and post-partum and neonatal services.

ANY reduction in state funding for ANY supplemental payment results in reductions in federal matching funds to the commonwealth and puts quality of care and access to care at risk for vulnerable Pennsylvanians.



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Critical Access Hospitals

As of February 2021, Pennsylvania had 16 federally designated CAHs.⁵ The MA rural Critical Access Hospital program helps ensure that vital health care services are available to MA patients 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 to MA enrollees in rural counties with high concentrations of MA recipients.

The financial situations of CAHs often are more tenuous than other hospitals. While the impact of 2020 is still unknown, during 2019, 38 percent of CAHs had negative operating margins.”⁶

Burn Centers

Pennsylvania's seven burn centers care for highly complex and vulnerable patients. 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 2019, hospitals with burn centers posted, on average, lower operating margins than other hospitals statewide.⁷



Trauma Centers

Pennsylvania's 42 trauma centers⁸ 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. Their patients suffer from life-threatening injuries, often as a result of motor vehicle crashes, burns, or gunshot wounds.

What Needs to Be Done:

- Maintain funding for health care for Pennsylvania's most vulnerable populations of people
- Maintain important supplemental funding for hospitals that serve large numbers of uninsured individuals, and hospitals that provide obstetrics and neonatal, critical access, burn, and trauma services, so that hospitals can continue to serve communities and patients

References

¹Based on HAP's February 2021 analysis of Pennsylvania Department of Health's Hospital Report dataset from 2000 and 2019.

²Based on HAP's February 2021 analysis of Pennsylvania Health Care Cost Containment Council (PHC4) 2019 Inpatient Discharge Data.

³[Hospitalizations for Newborns with Neonatal Abstinence Syndrome-2018](#). PHC4 Research Brief, June 2019. Last accessed: 2/9/2021.

⁴Ibid.

⁵[Critical Access Hospitals \(CAH\)](#). Rural Health Information Hub, Rural Assistance Center for Federal Office of Rural Health Policy; list updated by the Flex Monitoring Team on 08/1/2020. Last accessed 2/9/2021.

⁶Based on HAP's February 2021 analysis of hospital financial data from PHC4's Financial Reports for General and Non-General Acute Care Hospitals for Fiscal Year 2019. Last updated: 2/9/2021.

⁷During Fiscal Year 2019, hospitals with burn centers posted, on average, operating margins of 4.9 percent, based on HAP's February 2021 analysis of hospital financial data from PHC4's Financial Reports for General and Non-General Acute Care Hospitals for Fiscal Year 2019. Last updated: 2/9/2021.

⁸According to the [Pennsylvania Trauma Systems Foundation](#), Pennsylvania has 42 accredited trauma centers as of 12/14/2020. Last accessed: 2/9/2021.

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