



The Hospital + Healthsystem
Association of Pennsylvania

June 29, 2026

Members of the Pennsylvania General Assembly,

On behalf of The Hospital and Healthsystem Association of Pennsylvania (HAP), representing more than 235 member hospitals and health systems statewide, I am writing to reinforce the urgent and critical need for state budget investments that sustain hospital care in communities across the commonwealth.

Statewide, **26 Pennsylvania hospitals have closed** over the past decade. Of those remaining, **more than 40 percent are operating at a loss** or with below-sustainable margins. National consulting firm Oliver Wyman projects that, without intervention, **as many as 12–14 more Pennsylvania hospitals could close by 2030** and even more communities will be left with reduced access to essential services, such as emergency care or labor and delivery. Multiple expert analyses point to the same root cause: *Hospitals are reimbursed less than it costs them to deliver care.*

The Independent Fiscal Office this month reported that Medicaid coverage losses resulting from federal changes have already started, and that the cost of caring for Pennsylvanians who lose coverage will shift from the state General Fund to hospitals. It is critical that some of the \$220 million to \$300 million projected savings to the commonwealth be invested in securing the future of at-risk hospitals and services. HAP has put forward the following targeted, practical solutions to stabilize hospitals:

- 1. Maximize funding through Medicaid fee-for-service rates—\$32.5 million, which will draw down a federal match**
- 2. Increase support for distressed hospitals by reducing the state's take of hospital-generated dollars—\$50 million**

Pennsylvania hospitals are top employers and provide necessary infrastructure for communities to thrive. But even before imminent federal cuts, they are reimbursed well below their peers in other states, putting our communities' health and economies at risk.

We cannot have healthy, vibrant, and economically competitive communities without financially stable hospitals. HAP and Pennsylvania's hospital community stand ready to partner with you to protect access to the care our communities depend on.

Sincerely,

Nicole Stallings
President and CEO