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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 1514 Session of  
2007

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INTRODUCED BY MANDERINO, BELFANTI, BISHOP, BLACKWELL,  
CALTAGIRONE, CARROLL, COHEN, CURRY, DePASQUALE, DIGIROLAMO,  
FABRIZIO, FREEMAN, GALLOWAY, GEORGE, GIBBONS, GOODMAN,  
GRUCELA, HARHART, HARKINS, HENNESSEY, JAMES, KILLION, KING,  
KORTZ, JOSEPHS, KULA, LEACH, LENTZ, MANN, McILHATTAN, MELIO,  
MICOZZIE, MOYER, MUNDY, MYERS, M. O'BRIEN, OLIVER, PAYTON,  
REED, RUBLEY, SABATINA, SAINATO, SAYLOR, SHAPIRO, SOLOBAY,  
SURRA, J. TAYLOR, THOMAS, WALKO, WHEATLEY, YOUNGBLOOD,  
BUXTON, MAHONEY, DALEY AND D. O'BRIEN, JUNE 7, 2007

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REFERRED TO COMMITTEE ON HEALTH AND HUMAN SERVICES, JUNE 7, 2007

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AN ACT

1 Providing for the availability of and access to obstetrical and  
2 neonatal care; establishing a funding formula; requiring  
3 funded hospitals to provide notification upon closure;  
4 imposing powers and duties upon the Department of Health, the  
5 Insurance Commissioner and the Department of Public Welfare;  
6 and making an appropriation.

7 The General Assembly of the Commonwealth of Pennsylvania  
8 hereby enacts as follows:

9 Section 1. Short title.

10 This act shall be known and may be cited as the Access to  
11 Obstetrical and Neonatal Care Act.

12 Section 2. Declaration of policy.

13 The General Assembly finds and declares as follows:

14 (1) It is the purpose of this act to ensure that  
15 obstetrical and neonatal care services are available in this  
16 Commonwealth.

1           (2) Access to a full spectrum of obstetrical and  
2       neonatal care health services must be available across this  
3       Commonwealth.

4           (3) Approximately one of every three births in this  
5       Commonwealth is covered by medical assistance.

6           (4) To maintain this system, the Commonwealth shall  
7       provide financial assistance.

8       Section 3. Definitions.

9       The following words and phrases when used in this act shall  
10      have the meanings given to them in this section unless the  
11      context clearly indicates otherwise:

12      "Department." The Department of Public Welfare of the  
13      Commonwealth.

14      "Hospital." An entity located in this Commonwealth that is  
15      licensed as a hospital under the act of July 19, 1979 (P.L.130,  
16      No.48), known as the Health Care Facilities Act.

17      "Medical assistance." The program under Article IV(f) of the  
18      act of June 13, 1967 (P.L.31, No.21), known as the Public  
19      Welfare Code.

20      "Neonatal intensive care services." Neonatal intensive care  
21      services provided by a hospital.

22      "Obstetrical services." Obstetrical services provided by a  
23      hospital.

24      "Rural." Located in a county outside a Metropolitan  
25      Statistical Area established by the United States Office of  
26      Management and Budget.

27      "Secretary." The Secretary of Public Welfare of the  
28      Commonwealth.

29      Section 4. Qualifications of hospitals.

30      (a) Eligibility.--The following are qualified under this

1 act:

2 (1) A rural hospital in this Commonwealth which meets  
3 one of the following:

4 (i) Ranks in the top one-third of rural hospitals in  
5 terms of volume of obstetrical cases covered by medical  
6 assistance during the most recent fiscal year with  
7 available data.

8 (ii) Has a percentage of its obstetrical cases  
9 covered by medical assistance which is greater than 50%  
10 of all obstetrical cases during the most recent fiscal  
11 year with available data.

12 (iii) Is licensed by the Department of Health to  
13 provide neonatal intensive care services.

14 (2) A nonrural hospital in this Commonwealth which meets  
15 one of the following:

16 (i) Is in the top one-third of nonrural hospitals in  
17 terms of volume of obstetrical cases covered by medical  
18 assistance during the most recent fiscal year with  
19 available data.

20 (ii) Has a percentage of obstetrical cases covered  
21 by medical assistance which is greater than 50% of all  
22 obstetrical cases during the most recent fiscal year with  
23 available data.

24 (iii) Is in the top one-third of nonrural hospitals  
25 in terms of volume of neonatal intensive care cases  
26 covered by medical assistance during the most recent  
27 fiscal year with available data.

28 (iv) Has a percentage of neonatal intensive care  
29 cases covered by medical assistance which is greater than  
30 50% of all neonatal intensive care cases during the most

1 recent fiscal year with available data.

2 (b) Initial submission of qualifications.--The Department of  
3 Health shall notify the department of those hospitals which are  
4 determined to be eligible no later than 30 days after the  
5 effective date of this section.

6 Section 5. Funding.

7 (a) Distribution.--

8 (1) For fiscal years beginning after June 30, 2007, upon  
9 Federal approval of an amendment to the medical assistance  
10 State plan, the department shall distribute annually from  
11 funds appropriated for this purpose disproportionate share  
12 payments to hospitals qualified under section 4 to provide  
13 financial assistance to assure readily available and  
14 coordinated obstetrical and neonatal intensive care of the  
15 highest quality to the citizens of this Commonwealth.

16 (2) On July 1, the secretary may evaluate the funds  
17 available and may make appropriate adjustments based on the  
18 number of qualified hospitals and changes in the additional  
19 costs required to provide obstetrical and neonatal intensive  
20 care services.

21 (b) Funding.--The department shall seek to maximize Federal  
22 funds, including funds obtained pursuant to Title XIX of the  
23 Social Security Act (49 Stat. 620, 42 U.S.C. § 1396 et seq.),  
24 available for maternal and infant care.

25 (c) Payment calculation.--Payment to qualified hospitals  
26 shall be allocated according to the following:

27 (1) Fifteen percent of the total amount available shall  
28 be allocated to qualified rural hospitals as follows:

29 (i) Under this subparagraph, 52.5% of the allocation  
30 under this paragraph is the amount available for

1 distribution to qualified rural hospitals obstetrical  
2 cases covered by medical assistance. The distribution  
3 shall be made under the following formula:

4 (A) For each hospital, determine the ratio of:

5 (I) the hospital's medical assistance  
6 obstetrical cases; to  
7 (II) all obstetrical cases for the hospital.

8 (B) For each hospital, multiply:

9 (I) the ratio under clause (A); by  
10 (II) the number of the hospital's medical  
11 assistance obstetrical cases.

12 (C) Add the products under clause (B) for all  
13 hospitals.

14 (D) Divide:

15 (I) the amount available for distribution  
16 under this subparagraph; by  
17 (II) the sum under clause (C).

18 (E) Multiply:

19 (I) the quotient under clause (D); by  
20 (II) the product under clause (B).

21 (ii) Under this subparagraph, 32.5% of the  
22 allocation under this paragraph is the amount available  
23 for distribution to qualified rural hospitals with  
24 neonatal intensive-care cases covered by medical  
25 assistance. The distribution shall be made under the  
26 following formula:

27 (A) For each hospital, determine the ratio of:

28 (I) the hospital's medical assistance  
29 neonatal intensive-care cases; to  
30 (II) all neonatal intensive-care cases for

1                   the hospital.

2                   (B) for each hospital, multiply:

3                         (I) the ratio under clause (A); by

4                         (II) the number of the hospital's medical

5                   assistance neonatal intensive-care cases.

6                   (C) Add the products under clause (B) for all

7           hospitals.

8                   (D) Divide:

9                         (I) the amount available for distribution

10                   under this subparagraph; by

11                         (II) the sum under clause (C).

12                   (E) Multiply:

13                         (I) the quotient under clause (D); by

14                         (II) the product under clause (B).

15                   (iii) Fifteen percent of the allocation under this

16           paragraph shall be distributed equally among qualified

17           rural hospitals with obstetrical cases.

18                   (iv) For calculations under this paragraph, each

19           hospital shall use both in-State and out-of-State cases.

20                   (2) Eighty-five percent of the total amount available

21           shall be allocated to qualified nonrural hospitals as

22           follows:

23                   (i) Under this subparagraph, 52.5% of the allocation

24                   under this paragraph is the amount available for

25                   distribution to qualified nonrural hospitals obstetrical

26                   cases covered by medical assistance. The distribution

27                   shall be made under the following formula:

28                         (A) For each hospital, determine the ratio of:

29                                 (I) the hospital's medical assistance

30                                 obstetrical cases; to

1 (II) all obstetrical cases for the hospital.

2 (B) For each hospital, multiply:

3 (I) the ratio under clause (A); by

4 (II) the number of the hospital's medical

5 assistance obstetrical cases.

6 (C) Add the products under clause (B) for all

7 hospitals.

8 (D) Divide:

9 (I) the amount available for distribution

10 under this subparagraph; by

11 (II) the sum under clause (C).

12 (E) Multiply:

13 (I) the quotient under clause (D); by

14 (II) the product under clause (B).

15 (ii) Under this subparagraph, 32.5% of the

16 allocation under this paragraph is the amount available

17 for distribution to qualified nonrural hospitals with

18 neonatal intensive-care cases covered by medical

19 assistance. The distribution shall be made under the

20 following formula:

21 (A) For each hospital, determine the ratio of:

22 (I) the hospital's medical assistance

23 neonatal intensive-care cases; to

24 (II) all neonatal intensive-care cases for

25 the hospital.

26 (B) For each hospital, multiply:

27 (I) the ratio under clause (A); by

28 (II) the number of the hospital's medical

29 assistance neonatal intensive-care cases.

30 (C) Add the products under clause (B) for all

1 hospitals.

2 (D) Divide:

3 (I) the amount available for distribution  
4 under this subparagraph; by

5 (II) the sum under clause (C).

6 (E) Multiply:

7 (I) the quotient under clause (D); by

8 (II) the product under clause (B).

9 (iii) Fifteen percent of the allocation under this  
10 paragraph shall be distributed equally among qualified  
11 nonrural hospitals with obstetrical cases.

12 (iv) For calculations under this paragraph, each  
13 hospital shall use both in-State and out-of-State cases.

14 (3) A qualified hospital which has reached its  
15 disproportionate share limit under Title XIX of the Social  
16 Security Act shall receive its share of the State funds  
17 available under this act.

18 Section 6. Reporting.

19 (a) Requirement.--By March 1, the department shall make an  
20 annual report to the Public Health and Welfare Committee of the  
21 Senate and the Health and Human Services Committee of the House  
22 of Representatives on the hospitals funded under this act.

23 (b) Contents.--The report shall contain all of the  
24 following:

25 (1) For each hospital receiving funds:

26 (i) identity;

27 (ii) amount received; and

28 (iii) number of obstetrical and neonatal intensive-  
29 care cases.

30 (2) Recommendations for improvement under this act to



1 further promote the availability of obstetrical and neonatal  
2 care to the citizens of this Commonwealth.

3 Section 7. Notification of closure.

4 A hospital which receives funds under this act shall notify  
5 the department and the Department of Health of its intent to  
6 cease operation of its obstetrical or neonatal intensive-care  
7 services no later than 60 days prior to closure.

8 Section 8. Physician and nurse midwife services.

9 (a) Secretary of Health.--

10 (1) The Secretary of Health shall study the availability  
11 of obstetricians and nurse midwives to assure readily  
12 available and coordinated obstetrical care of the highest  
13 quality to the citizens of this Commonwealth.

14 (2) The Secretary of Health shall make recommendations  
15 on improving the availability of obstetrical services.

16 (b) Report.--

17 (1) By December 1, 2007, the Secretary of Health, in  
18 cooperation with the secretary and Insurance Commissioner,  
19 shall make a report to all of the following:

20 (i) Banking and Insurance Committee of the Senate.

21 (ii) Public Health and Welfare Committee of the  
22 Senate.

23 (iii) Health and Human Services Committee of the  
24 House of Representatives.

25 (iv) The Insurance Committee of the House of  
26 Representatives.

27 (2) The report shall contain all of the following:

28 (i) Number of physicians and certified nurse  
29 midwives providing obstetrical services by county for the  
30 last five years.

(ii) Number of births by county for the last five years.

(iii) Fees paid for physician and nurse midwife services by the department.

(iv) Fees paid for physician and nurse midwife services by other health care insurers or payors.

Section 28. Appropriation.

(a) General fund.--The sum of \$15,000,000, or as much thereof as may be necessary, is hereby appropriated to the Department of Public Welfare for the fiscal year July 1, 2007, to June 30, 2008, to provide for medical assistance payments to qualifying hospitals covered under this act.

(b) Supplement.--The sum of \$18,000,000 from Federal medical assistance amounts are appropriated to supplement the sum appropriated under subsection (a).

Section 29. Applicability.

If section 5(a)(2) takes effect after July 1, 2007, section 5(a)(2) shall apply retroactively to July 1, 2007.

Section 30. Effective date.

This act shall take effect as follows:

(1) This section shall take effect immediately.

(2) Section 6 shall take effect January 1, 2008.

(3) The remainder of this act shall take effect July 1, 2007, or immediately, whichever is later.