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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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# SENATE RESOLUTION

No. 169 Session of  
1990

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INTRODUCED BY PETERSON, CORMAN, BRIGHTBILL, MADIGAN, LOEPER,  
PUNT, RHOADES, WILT, O'PAKE, HELFRICK, DAWIDA, STAPLETON,  
WENGER, JUBELIRER, ROCKS, BAKER, LEMMOND, HOPPER AND  
PORTERFIELD, JUNE 7, 1990

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REFERRED TO PUBLIC HEALTH AND WELFARE, JUNE 7, 1990

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## A RESOLUTION

1 Urging the Department of Public Welfare to reconsider the  
2 methodology adopted under the State's Medical Assistance Plan  
3 to more reasonably and adequately reimburse all hospitals of  
4 the Commonwealth in general, and rural hospitals in  
5 particular, to provide adequate service and reasonable access  
6 to low-income individuals as required by Federal law.

7 WHEREAS, The Department of Public Welfare has adopted a  
8 Medical Assistance Plan and methodology for reimbursing  
9 hospitals for providing services to medical assistance  
10 recipients; and

11 WHEREAS, The plan is required by Federal law to provide  
12 payments that are reasonable and adequate to meet the costs  
13 which must be incurred by efficiently and economically operated  
14 hospitals in order to provide care and services in conformity  
15 with applicable Federal and State laws and regulations and  
16 quality and safety standards; and

17 WHEREAS, The plan is required to assure that individuals  
18 eligible for medical assistance have reasonable access to  
19 inpatient hospital services of adequate quality; and

1       WHEREAS, The plan is required to take into account the  
2       situations of hospitals which serve a disproportionate number of  
3       low-income patients; and

4       WHEREAS, The plan is required to be based upon findings and  
5       certification that the reimbursement rates are reasonable and  
6       adequate to meet the necessary costs of efficiently and  
7       economically operated hospitals; and

8       WHEREAS, The plan is required to be based upon a finding and  
9       certification that the reimbursement rates assure medical  
10      assistance patients reasonable access to inpatient hospital  
11      care; and

12      WHEREAS, The methodology used by the Department of Public  
13      Welfare to determine the reimbursement to hospitals has resulted  
14      in unreasonable and inadequate funding to hospitals in general  
15      and rural hospitals in particular; and

16      WHEREAS, The application of certain variables to rank  
17      particular hospitals into and within particular groupings has  
18      resulted in unreasonable and inadequate funding; and

19      WHEREAS, The application of the chosen "budget neutrality  
20      factor" further reduces already inadequate and unreasonable  
21      funding; and

22      WHEREAS, The methodology adopted by the Department of Public  
23      Welfare does not provide reasonable and adequate reimbursement  
24      of costs to efficiently and economically operated hospitals; and

25      WHEREAS, The failure to provide reasonable and adequate  
26      reimbursement is depriving individuals eligible for medical  
27      assistance of reasonable access to inpatient hospital services  
28      of adequate quality; and

29      WHEREAS, The methodology does not take into account the  
30      situations of hospitals in general, and rural hospitals in

1 particular, which serve a disproportionate number of low-income  
2 patients; and

3 WHEREAS, The Department of Public Welfare has not based its  
4 plan on findings and certifications as required by Federal law;  
5 therefore be it

6 RESOLVED, That the Senate urge the Department of Public  
7 Welfare to reconsider the plan and methodology adopted to  
8 reimburse all hospitals of this Commonwealth in general, and  
9 rural hospitals in particular, in a reasonable and adequate  
10 fashion as required by Federal law; and be it further

11 RESOLVED, That the Senate of Pennsylvania urge the Department  
12 of Public Welfare to base its plan on actual findings; and be it  
13 further

14 RESOLVED, That the Senate urge the Department of Public  
15 Welfare to present its plan to the Senate and the House of  
16 Representatives no later than September 1, 1990.