

MEMORANDUM

Date: October 24, 2011

To: All House Members

From: Representative Tony DeLuca

Subject: Co-sponsorship of Legislation: **Hospital Reimbursement Rates for Tax-exempt Hospitals**

I will soon be introducing legislation to require hospitals that are exempt from the payment of taxes in Pennsylvania and operate their own health insurance plans to accept reasonable reimbursement payments from uninsured patients and patients that are subscribers to health plans with which the hospitals may not have a reimbursement contract.

The bill will amend Act 55 of 1997, the Institutions of Purely Public Charity Act, and is meant to address the impending expiration of reimbursement contracts between UPMC and Highmark, which will leave many Pennsylvanians in the lurch with respect to their continued health care coverage for services performed at UPMC facilities. It will require UPMC, and any other hospital like it that enjoys a huge tax advantage over its competitors at taxpayer expense, to accept as payment from an uninsured patient or health insurance plan that may not have reimbursement contracts with the hospital, an amount equal to the average the hospital would receive under its three lowest negotiated commercial rates or the payment the hospital would receive under the Federal Medicare program for the same service, whichever is lower.

It's time for the Legislature and the Governor of this Commonwealth to stand up for ordinary citizens and make sure hospitals that are reaping huge tax benefits step to the plate and help share the burden of the rising costs of health care.

The Pennsylvania General Assembly recognized in the original law, the special obligation these institutions have with receiving tax free status. Recent developments highlight the need to update this law.

If you would like to cosponsor this important legislation and protect our most vulnerable citizens, please contact Stacia Longenecker at slongene@pahouse.net or via phone 787-4437.