

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE RESOLUTION

No. 586 Session of
2000

INTRODUCED BY O'BRIEN AND OLIVER, OCTOBER 3, 2000

AS REPORTED FROM COMMITTEE ON RULES, HOUSE OF REPRESENTATIVES,
AS AMENDED, OCTOBER 11, 2000

A RESOLUTION

1 Directing the Legislative Budget and Finance Committee to
2 conduct an economic/actuarial study of the medical assistance
3 program administered by the Department of Public Welfare in
4 order to evaluate the adequacy of rates for inpatient and
5 outpatient services provided by acute, psychiatric and
6 rehabilitation hospitals AND CONTRIBUTIONS OF ADDITIONAL
7 COMMONWEALTH PAYMENTS TO HOSPITALS. <—

8 WHEREAS, The medical assistance program insures access to
9 comprehensive health care services for low-income individuals
10 and families or those with medical expenses exceeding available
11 income; and

12 WHEREAS, Over 1.4 million Pennsylvanians participate each
13 month in the medical assistance program; and

14 WHEREAS, The Department of Public Welfare contracts with
15 acute, psychiatric and rehabilitation hospitals to provide
16 health care services to eligible persons; and

17 WHEREAS, Nearly five out of six Pennsylvania hospitals were
18 unable to cover operating expenses with patient revenues in
19 fiscal year 1999; and

1 WHEREAS, Medical ~~assistance~~ ASSISTANCE hospital fee-for- <—
2 service inpatient base rates are only 1.5% above their 1995
3 level; and

4 WHEREAS, A national study demonstrates that Pennsylvania
5 ~~medical-assistance~~ MEDICAL ASSISTANCE payments have contributed <—
6 to these losses by making payments to hospitals covering only
7 77¢ for every dollar of costs incurred in treating ~~medical~~ <—
8 ~~assistance~~ MEDICAL ASSISTANCE patients, ranking Pennsylvania <—
9 45th among states; and

10 WHEREAS, Pennsylvania hospitals' bond ratings continue to be
11 downgraded; and

12 WHEREAS, Pennsylvania has no public hospitals to care for the
13 medically indigent; therefore be it

14 RESOLVED, That the House of Representatives direct the
15 Legislative Budget and Finance Committee to conduct an
16 economic/actuarial study of the ~~medical-assistance~~ MEDICAL <—
17 ASSISTANCE program to ascertain the adequacy of rates for
18 inpatient and outpatient hospital care to insure the continued
19 availability and accessibility of hospital care in this
20 Commonwealth; and be it further

21 RESOLVED, That the Legislative Budget and Finance Committee's
22 report should include, but not necessarily be limited to, an
23 evaluation of the adequacy of hospital payment rates by
24 examining the following:

25 (1) Payment to cost comparisons for both ~~medical~~ <—
26 ~~assistance~~ MEDICAL ASSISTANCE fee-for-service and managed <—
27 care inpatient and outpatient services provided by hospitals.

28 (2) Contribution of ~~medical-assistance~~ MEDICAL <—
29 ASSISTANCE payments to hospital patient care margins.

30 (3) Comparison of Pennsylvania ~~Medicaid~~ MEDICAL <—

1 ASSISTANCE hospital payments to ~~Medicaid~~ MEDICAL ASSISTANCE <—
2 hospital payments made in other states.

3 (4) The degree to which Pennsylvania hospitals' costs
4 are greater or less than expected when compared to other
5 similar hospitals nationally.

6 (5) CONTRIBUTION OF ADDITIONAL COMMONWEALTH PAYMENTS TO <—
7 HOSPITALS;

8 and be it further

9 RESOLVED, That the Legislative Budget and Finance Committee
10 report its findings to the House of Representatives no later
11 than March 1, 2001.