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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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**SENATE BILL**

**No. 966**      Session of  
2007

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INTRODUCED BY ORIE, RAFFERTY, BAKER, KITCHEN, O'PAKE,  
TARTAGLIONE, VANCE, C. WILLIAMS AND ERICKSON, JUNE 14, 2007

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REFERRED TO PUBLIC HEALTH AND WELFARE, JUNE 14, 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.

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

20 (3) Approximately one of every three births in this

1 Commonwealth is covered by medical assistance.

2 (4) To maintain this system, the Commonwealth shall  
3 provide financial assistance.

4 Section 3. Definitions.

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

8 "Department." The Department of Public Welfare of the  
9 Commonwealth.

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

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

16 "Neonatal intensive care services." Neonatal intensive care  
17 services provided by a hospital.

18 "Obstetrical services." Obstetrical services provided by a  
19 hospital.

20 "Rural." Located in a county outside a Metropolitan  
21 Statistical Area established by the United States Office of  
22 Management and Budget.

23 "Secretary." The Secretary of Public Welfare of the  
24 Commonwealth.

25 Section 4. Qualifications of hospitals.

26 (a) Eligibility.--The following are qualified under this  
27 act:

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

30 (i) Ranks in the top one-third of rural hospitals in

1 terms of volume of obstetrical cases covered by medical  
2 assistance during the most recent fiscal year with  
3 available data.

4 (ii) Has a percentage of its obstetrical cases  
5 covered by medical assistance which is greater than 50%  
6 of all obstetrical cases during the most recent fiscal  
7 year with available data.

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

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

12 (i) Is in the top one-third of nonrural hospitals in  
13 terms of volume of obstetrical cases covered by medical  
14 assistance during the most recent fiscal year with  
15 available data.

16 (ii) Has a percentage of obstetrical cases covered  
17 by medical assistance which is greater than 50% of all  
18 obstetrical cases during the most recent fiscal year with  
19 available data.

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

24 (iv) Has a percentage of neonatal intensive care  
25 cases covered by medical assistance which is greater than  
26 50% of all neonatal intensive care cases during the most  
27 recent fiscal year with available data.

28 (b) Initial submission of qualifications.--The Department of  
29 Health shall notify the department of those hospitals which are  
30 determined to be eligible no later than 30 days after the

1 effective date of this section.

2 Section 5. Funding.

3 (a) Distribution.--

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

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

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

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

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

25 (i) Under this subparagraph, 52.5% of the allocation  
26 under this paragraph is the amount available for  
27 distribution to qualified rural hospitals obstetrical  
28 cases covered by medical assistance. The distribution  
29 shall be made under the following formula:

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

1 (I) the hospital's medical assistance  
2 obstetrical cases; to  
3 (II) all obstetrical cases for the hospital.  
4 (B) For each hospital, multiply:  
5 (I) the ratio under clause (A); by  
6 (II) the number of the hospital's medical  
7 assistance obstetrical cases.  
8 (C) Add the products under clause (B) for all  
9 hospitals.  
10 (D) Divide:  
11 (I) the amount available for distribution  
12 under this subparagraph; by  
13 (II) the sum under clause (C).  
14 (E) Multiply:  
15 (I) the quotient under clause (D); by  
16 (II) the product under clause (B).  
17 (ii) Under this subparagraph, 32.5% of the  
18 allocation under this paragraph is the amount available  
19 for distribution to qualified rural hospitals with  
20 neonatal intensive-care cases covered by medical  
21 assistance. The distribution shall be made under the  
22 following formula:  
23 (A) For each hospital, determine the ratio of:  
24 (I) the hospital's medical assistance  
25 neonatal intensive-care cases; to  
26 (II) all neonatal intensive-care cases for  
27 the hospital.  
28 (B) for each hospital, multiply:  
29 (I) the ratio under clause (A); by  
30 (II) the number of the hospital's medical

1 assistance neonatal intensive-care cases.

2 (C) Add the products under clause (B) for all  
3 hospitals.

4 (D) Divide:

5 (I) the amount available for distribution  
6 under this subparagraph; by

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

8 (E) Multiply:

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

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

11 (iii) Fifteen percent of the allocation under this  
12 paragraph shall be distributed equally among qualified  
13 rural hospitals with obstetrical cases.

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

16 (2) Eighty-five percent of the total amount available  
17 shall be allocated to qualified nonrural hospitals as  
18 follows:

19 (i) Under this subparagraph, 52.5% of the allocation  
20 under this paragraph is the amount available for  
21 distribution to qualified nonrural hospitals obstetrical  
22 cases covered by medical assistance. The distribution  
23 shall be made under the following formula:

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

25 (I) the hospital's medical assistance  
26 obstetrical cases; to

27 (II) all obstetrical cases for the hospital.

28 (B) For each hospital, multiply:

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

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

1 assistance obstetrical cases.

2 (C) Add the products under clause (B) for all  
3 hospitals.

4 (D) Divide:

5 (I) the amount available for distribution  
6 under this subparagraph; by

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

8 (E) Multiply:

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

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

11 (ii) Under this subparagraph, 32.5% of the  
12 allocation under this paragraph is the amount available  
13 for distribution to qualified nonrural hospitals with  
14 neonatal intensive-care cases covered by medical  
15 assistance. The distribution shall be made under the  
16 following formula:

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

18 (I) the hospital's medical assistance  
19 neonatal intensive-care cases; to

20 (II) all neonatal intensive-care cases for  
21 the hospital.

22 (B) For each hospital, multiply:

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

24 (II) the number of the hospital's medical  
25 assistance neonatal intensive-care cases.

26 (C) Add the products under clause (B) for all  
27 hospitals.

28 (D) Divide:

29 (I) the amount available for distribution  
30 under this subparagraph; by

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

2 (E) Multiply:

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

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

5 (iii) Fifteen percent of the allocation under this  
6 paragraph shall be distributed equally among qualified  
7 nonrural hospitals with obstetrical cases.

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

10 (3) A qualified hospital which has reached its  
11 disproportionate share limit under Title XIX of the Social  
12 Security Act shall receive its share of the State funds  
13 available under this act.

14 Section 6. Reporting.

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

19 (b) Contents.--The report shall contain all of the  
20 following:

21 (1) For each hospital receiving funds:

22 (i) identity;

23 (ii) amount received; and

24 (iii) number of obstetrical and neonatal intensive-  
25 care cases.

26 (2) Recommendations for improvement under this act to  
27 further promote the availability of obstetrical and neonatal  
28 care to the citizens of this Commonwealth.

29 Section 7. Notification of closure.

30 A hospital which receives funds under this act shall notify



1 the department and the Department of Health of its intent to  
2 cease operation of its obstetrical or neonatal intensive-care  
3 services no later than 60 days prior to closure.

4 Section 8. Physician and nurse midwife services.

5 (a) Secretary of Health.--

6 (1) The Secretary of Health shall study the availability  
7 of obstetricians and nurse midwives to assure readily  
8 available and coordinated obstetrical care of the highest  
9 quality to the citizens of this Commonwealth.

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

12 (b) Report.--

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

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

17 (ii) Public Health and Welfare Committee of the  
18 Senate.

19 (iii) Health and Human Services Committee of the  
20 House of Representatives.

21 (iv) The Insurance Committee of the House of  
22 Representatives.

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

24 (i) Number of physicians and certified nurse  
25 midwives providing obstetrical services by county for the  
26 last five years.

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

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

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

3 Section 28. Appropriation.

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

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

12 Section 29. Applicability.

13       If section 5(a)(2) takes effect after July 1, 2007, section  
14 5(a)(2) shall apply retroactively to July 1, 2007.

15 Section 30. Effective date.

16       This act shall take effect as follows:

17           (1) This section shall take effect immediately.

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

19           (3) The remainder of this act shall take effect July 1,  
20 2007, or immediately, whichever is later.