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PA Hospitals: Medicaid Funds in Federal Stimulus Must be Used by State to Preserve Patient Access, Economic Vitality of Communities

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As more than \$4 billion in Medicaid funds flow to Pennsylvania through 2010 (\$680 million of it distributed late last week) as part of the federal stimulus package, The Hospital & Healthsystem Association of Pennsylvania (HAP) today urged Governor Ed Rendell and the General Assembly to dedicate these funds to preserving patient access to care and supporting critical hospital services.

“Pennsylvania’s hospitals are \$84 billion a year contributors to the state’s now-fragile economy, and they generate more than 600,000 jobs—from the state’s largest cities to its smallest townships and boroughs,” said HAP President and CEO Carolyn F. Scanlan. “With the current economic crisis imperiling hospitals—and the patients who depend on them—it is essential that the federal stimulus funds intended for health care be spent on health care.”

“President Obama specifically told the nation’s governors that the stimulus plan ‘will ensure that [states] don’t need to make cuts to essential services that Americans rely on now more than ever,’” Scanlan said. “On behalf of the patients we serve, Pennsylvania’s hospitals will press the Governor and the legislature to restore the hospital Medicaid funding that was cut in the Governor’s budget proposal; we will seek to utilize these funds to assure that hospital Medicaid payment rates are adequate and fair, and to assure access to health care services for the elderly and disabled—our most vulnerable Pennsylvanians.”

“Clearly, these stimulus funds—prescribed for Medicaid in the legislation and reaffirmed as such by President Obama in remarks to the nation’s governors and mayors—are more than enough to restore and enhance state hospital Medicaid funds, and they will go a long way to assure that the health care needs of Pennsylvanians are met,” Scanlan said. “As the President said, this money will help ‘vulnerable Americans...keep their health care coverage. Children with asthma will be able to breathe easier, seniors won’t need to fear losing their doctors, and pregnant women with limited means won’t have to worry about the health of their babies.’”

The federal stimulus law also contains vital provisions that assure health care coverage for the unemployed and uninsured, make critical investments in health information technology, and provide training for more health care professionals.



“This stimulus package represents a significant federal investment in the health care system, and it acknowledges that health care delivery and hospitals are vital to the nation’s economic recovery,” Scanlan said. “It will be important for Pennsylvania to continue this strategy as it implements the plan’s health care provisions.

“Pennsylvania’s hospitals will work with the administration and the General Assembly to assure that funds dedicated to health care—including Medicaid, health IT, and expanded coverage—are used as the President and Congress intended.”

Recently, HAP issued the results of a survey showing that the **current economic crisis is significantly affecting the financial stability** of Pennsylvania’s general acute-care hospitals and limiting their access to financing for infrastructure modernization; forcing the postponement or cancellation of such spending; affecting patients who are canceling elective but necessary procedures; increasing the numbers of ED visits; and increasing people’s behavioral health care needs.

“As more people lose jobs and/or their health insurance, the financial burden on hospitals is increasing,” Scanlan said. “From a human perspective, however, the implications are worse. More patients will postpone preventive and routine health care, and they will be put at risk for more serious illnesses and complications before they seek care.”