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## **HOUSE AGAIN OFFERS REFORMS TO PRESERVE HOSPITALS CALLS ON ROMNEY TO JOIN IN REFORM**

In Fiscal Year 2004, the House embarked upon a mission of *reform* for the Uncompensated Care Pool by changing the structure of the program and directing a cooperative effort between the Legislature and the Governor to fix the problems of treating the uninsured. The Committee is disappointed in the lack of progress which the Romney administration has shown in resolving this crisis. Once again, the Committee recommends a budget that provides another chance for the Governor to work cooperatively with the Legislature in reforming the problems of treating the uninsured. The HWM FY05 budget reflects the belief that Governor Romney's budget goes too far in destabilizing the health care industry in Massachusetts—therefore threatening the immediate prospects of one of the jewels of our economy which has continued to grow despite the recent recession.

House Ways and Means Chairman John Rogers said, "Last year we felt we had begun down the road to responsible reform in funding for Medicaid and hospitals. Our reforms called for the administration to implement administrative changes that they chose to ignore. With this year's reforms we are once again calling on the Governor to join us in this responsible reform."

Chairman John Rogers, Assistant Vice Chairman Peter Larkin and other House leaders support a balanced package of financing using additional federal matching funds secured from Congress last year for Medicaid and health care in FY05. The HWM budget increases one-time state assistance to the Uncompensated Care Pool and rejects the Governor's planned cuts to providers:

### **REJECTION OF GOVERNOR'S HOSPITAL MEDICAID RATE CUTS**

HWM rejects over \$70M in proposed Medicaid hospital rate cuts, including changes to Graduate Medical Education payments, inpatient efficiency exemptions for public and specialty hospitals, specialty hospital outpatient standards, the inpatient average length-of-stay buffer provision, and the use of outpatient departments at hospitals as sites of primary care.

- HWM continues funding for Medicaid rate payments to hospitals which see a disproportionately high number of patients with public insurance or no insurance,

keeping intact the House's commitment to funding these vital safety net institutions.

- HWM maintains payments to important children's safety net hospitals, such as Franciscan Children's Hospital and Children's Hospital, and other specialty providers such as the Dana Farber and Mass Eye and Ear institutions.
- Rejects the Governor's proposal to assess the health insurance industry for the cost of providing vaccines to children and the elderly, thereby maintaining Massachusetts as a universal immunization state.

Massachusetts Hospital Association President Ron Hollander supports these proposals. "Today the House is once again demonstrating its commitment to our hospitals, which are all so essential for patients, communities and the economic future of Massachusetts," said President Ron Hollander. "These are tough fiscal times for the state, hospitals and many others in Massachusetts. Under real constraints, the House is taking a major step forward in addressing the near-term challenges hospitals face in treating both Medicaid enrollees and increasing numbers of patients who have no health insurance at all."

"There is more work ahead of us, however," Hollander added. "We welcome the commitment expressed consistently by House leaders to work with health care providers to come up with long-term fixes for our state's health care safety net."

### **COMMITMENT TO MAINTAIN BETTER HEALTH OUTCOMES**

The House Ways and Means budget continues to focus on routine and preventative care, despite the scarce revenues to support as many programs as the state had in the past:

- Includes an assumed 4% increase in Medicaid caseload.
- Fully funds the MassHealth Breast and Cervical Cancer insurance coverage program and the MassHealth HIV program.
- Continues funding for the MassHealth Essential program at \$110M at FY04 levels.
- Directs EOHHS to pursue a pilot project to encourage disabled MassHealth members to use Community Health Centers and other community providers for primary care services rather than expensive teaching hospitals, similar to the project originally proposed by HWM in FY04.
- Funds the Healthy Start program at over \$8.6M which will serve over 5200 women in FY05 and avoid the implementation of a waiting list.
- Funds the Children's Medical Security program at \$13.9M to ease the current waiting list while EOHHS implements a HWM initiative to seek a federal Health Insurance Flexibility and Accountability (HIFA) waiver to expand MassHealth coverage for children and collect new federal dollars in the form of federal financial participation on some of those children currently being served by the CMSP program
- Offers a "carrot" for MassHealth eligible individuals who sign up at a Community Health Center for their primary care services: a one-time \$5 payment
- Funds \$500K in matching grants to the Mass Technology Collaborative in order to implement inpatient hospital based computerized physician order entry systems in eligible hospitals in Massachusetts for the purposes of improving patient safety and hospital efficiency and reducing medical errors.

## **FUNDING FOR THE UNCOMPENSATED CARE POOL**

This budget maintains the House's dedication to reforming this free care safety net mechanism by underscoring the reforms recommended in FY2004 and by continuing one-time funding for the free care pool to help ease the burden of the uninsured on the Commonwealth's institutions.

HWM recommends \$645M in Pool funds for PFY05, \$54M more than Governor's request.

- Directs \$495M of Pool dollars to hospitals, up from \$430M in FY04.
- Includes \$35M for an innovative Psychiatric and Substance Abuse Services free care reimbursement system within the Uncompensated Care Pool to help hospitals which serve a disproportionate share of those uninsured patients receiving detox and mental health services in hospitals and are overloading hospital ER's.
- Includes \$30M for the Essential Community Provider Fund in FY05
- Includes \$30M for Community Health Center free care payments, maintaining this funding source within the CHC financing structure.

In addition, the HWM budget continues the Reforms begun in FY2004 which require more accountability of the use of Pool dollars at hospitals. This year, the Committee has included new initiatives which we hope will find better ways to manage the care of the uninsured:

- Creates a Pool Audit Unit funded at \$5M to serve as a watchdog over Pool charges and payments and provide the Commonwealth more accountability and data on what is driving the costs of free care.
- Includes \$5M for a disease management program within the Uncompensated Care Pool in order to control costs of persons with chronic diseases who are frequent users of Pool services and a main driver behind the increase in Pool costs.
- Requires that hospitals check DOR records to ensure that all Pool users are income eligible to receive free care.

**SUBSTANCE ABUSE AND MENTAL HEALTH:** HWM recognizes that cuts in one area of the health care budget substantially affect other health care institutions. For this reason, the HWM FY05 budget will include the necessary funding for the Bureau of Substance Abuse at the Department of Public Health in order to secure \$40M in federal substance abuse monies.