# THE POLITICAL, POLICY & PAYMENT ISSUES IN PA

***ALL YOU NEED (AND CARE) TO KNOW…***

**Central PA HFMA – January 18th**

**Michael Lane – Wojdak Government Relations**

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# WHO WE ARE...

**Wojdak Government Relations** is one of Pennsylvania's leading lobbying firms, having achieved an unprecedented record of success for 40 years. We provide experienced lobbying services in the state Capitol and Philadelphia City Hall, as well as strategic communications services in conjunction with our affiliated public relations firm, Bellevue Communications.

**See WGR's clients here**
**See WGR's team here**

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# HEALTH CARE
# A CLIENT SAMPLE…







# A CLIENT SAMPLE…

Anheuser-Busch

iHIGH

Microsoft

SJU

76ers

Pennsylvania State Troopers Association

Excellent Schools PA

Motion Picture Association of America

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# AGENDA

## 01. Politics

**Election, Session and Leadership**

.

## 02. Policy

**PHE, Enrollment, Workforce, Hospital Assessment, Revalidation etc.**

## 03. Payment

**Managed Care, The budget, FFS and DSH Payments, DSH reviews**

## 04. What's next

**Looking into the future of health care**.

## 05. Closing

**Q&A**

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# STARTING POINT

The pandemic, while presenting its own unique clinical challenges has underscored the fractured nature of the health care delivery system within the Commonwealth.

Pressures related to a persistent PHE, the increased enrollment and drastic underfunding within the Medicaid and Medicare payment systems, as well as an aging and sometimes non-existent workforce has put significant pressure on the health care delivery system.

# POLITICS

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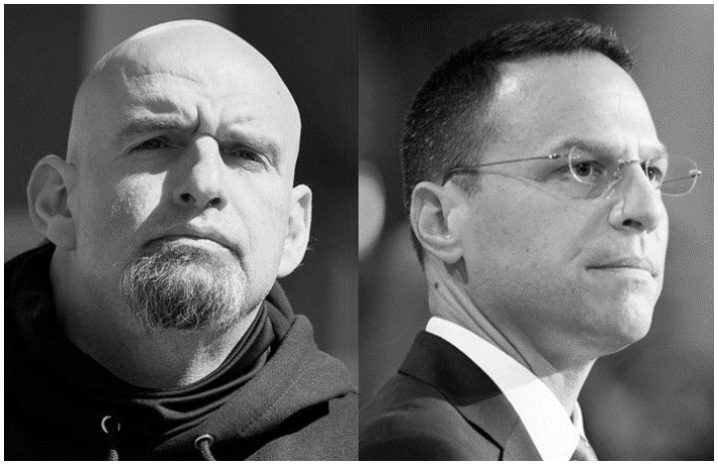
# ELECTION 2022– WINNERS OF KEY RACES IN PA



Fetterman
U.S. Senate

Shapiro
Now Governor

Fetterman sworn in January 3rd
Shapiro sworn in January 17th

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# TRANSITION ACTIVITIES

www.shapirodavis.org

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# CABINET POSITIONS

Secretary of the Department of Aging – Jason Kavulich, served as the Lackawanna County Director of Agency on Aging. He previously served as a county caseworker, supervisor, and administrator for the Lackawanna County Office of Youth and Family Services.

Secretary of the Department of Drug and Alcohol Programs – Dr. Latika Davis-Jones, served as the Senior Director of Behavioral Health at Highmark Wholecare. She previously served as the Administrator for the Bureau of Drug and Alcohol Services at the Allegheny County Department of Human Services.

Secretary of the Department of Health – Dr. Debra L. Bogen, served as the Director of the Allegheny County Health Department. She previously served as Professor of Pediatrics at the University of Pittsburgh and as Vice Chair of Education for the Department of Pediatrics at UPMC Children's Hospital of Pittsburgh.

Secretary of the Department of Human Services – Dr. Val Arkoosh, served as a Montgomery County Commissioner. She previously served as president of the National Physicians Alliance and as a professor at the University of Pennsylvania's Perelman School of Medicine.

Commissioner of the Insurance Department – Mike Humphreys, served as the Acting Insurance Commissioner in Governor Tom Wolf's Administration. He previously served in senior positions in the Insurance Department.

# ELECTION 2022–
# KEY RACES IN PA


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# ELECTION 2022–
# KEY RACES IN PA


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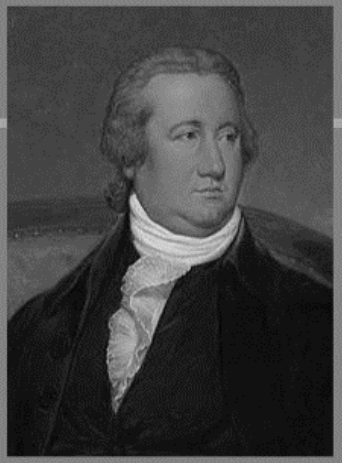
# IS THERE A SPEAKER IN THE HOUSE?

## The Speaker of the House

- Article I, section 2, of the U.S. Constitution creates the office of Speaker
- The Speaker is the House's presiding officer and is elected on the 1st day of a new Congress
- A nominee for the Speakership needs a simple majority of Representatives present and voting
- Though not a constitutional requirement, the Speaker has almost always been a member of the House's majority party and serves as its leader
- House Rule I lists formal powers and responsibilities of the Speaker, but there are many others (like serving as a majority party spokesperson)



**Frederick Muhlenberg**
**First & Third House Speaker**
**1789-1791, 1793-1795**

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# PA HOUSE AND SENATE – MOVING AHEAD

After consulting with leadership and rank-and-file members of both caucuses, the following esteemed members of the House have been selected for the Speaker's Workgroup to Move Pennsylvania Forward:

- Rep. Paul Schemel, R-Franklin
- Rep. Morgan Cephas, D-Phila.
- Rep. Jason Ortitay, R-Allegheny/Washington
- Rep. Peter Schweyer, D-Lehigh
- Rep. Valorie Gaydos, R-Allegheny
- Rep. Tim Briggs, D-Montgomery

The workgroup will organize on Tuesday, January 17th, and will meet regularly until a path forward is reached.

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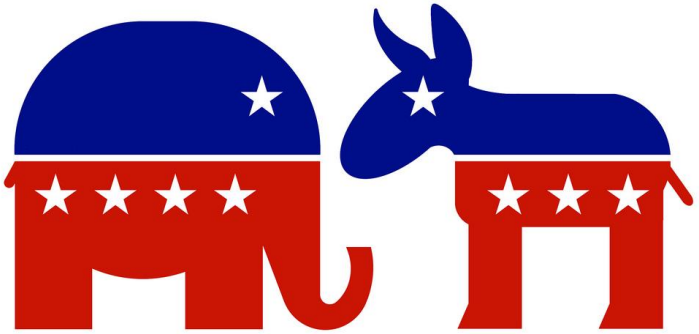
# OUTCOME – WHAT DOES IT MEAN?



## DIVIDED GOVERNMENT

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# PA SENATE LEADERS

- **Interim President Pro Tempore:** Senator Kim Ward (Westmoreland)
- **Majority Leader:** Senator Joe Pittman (Indiana)
- **Majority Whip:** Senator Ryan Aument (Lancaster)
- **Majority Caucus Chair:** Senator Kristin Phillips-Hill (York)
- **Majority Secretary:** Senator Camera Bartolotta (Washington)
- **Majority Appropriations Chair:** Senator Scott Martin (Lancaster)

- **Minority Leader:** Senator Jay Costa (Allegheny)
- **Minority Whip:** Senator Christine Tartaglione (Philadelphia)
- **Minority Caucus Chair:** Senator Wayne Fontana (Allegheny)
- **Minority Secretary:** Senator Maria Collett (Montgomery)
- **Minority Appropriations Chair:** Senator Vincent Hughes (Philadelphia)
- **Minority Appropriations Vice Chair:** Senator Tim Kearney (Delaware)
- **Minority Administrator:** Senator Judy Schwank (Berks)

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# PA HOUSE LEADERS

- **Republican Leader:** Bryan Cutler (Lancaster)
- **Republican Whip:** Tim O'Neal (Washington)
- **Republican Appropriations Chair:** Seth Grove (York)
- **Republican Caucus Chair:** George Dunbar (Westmoreland)
- **Republican Caucus Secretary:** Martina White (Philadelphia)
- **Republican Caucus Administrator:** Sheryl Delozier (Cumberland)
- **Republican Policy Chair:** Josh Kail (Beaver)

- **Democratic Leader:** Representative Joanna McClinton (Philadelphia)
- **Democratic Whip:** Representative Jordan Harris (Philadelphia)
- **Democratic Caucus Chair:** Representative Dan Miller (Allegheny)
- **Democratic Secretary:** Representative Tina Davis (Bucks)
- **Democratic Appropriations Chair:** Representative Matt Bradford (Montgomery)
- **Democratic Administrator:** Representative Mike Schlossberg (Lehigh)
- **Democratic Policy Chair:** Representative Ryan Bizzarro (Erie)

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# WHAT'S NEXT?




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# 2021-2022 LEGISLATIVE SESSION WRAP UP

…all bills and resolutions that were pending before the General Assembly in effect die /cease to exist and must be reintroduced for consideration in the next session. Bills for the 2023-2024 session began being introduced December 1…

| Bill Type | 2021 | +/- | 2019 | 2017 | 2015 | 2013 | 2011 |
|---|---|---|---|---|---|---|---|
| House Bills | 2818 | -50 | 2868 | 2690 | 2385 | 2518 | 2707 |
| Senate Bills | 1279 | -51 | 1330 | 1254 | 1374 | 1479 | 1580 |
| Totals | 4097 | -101 | 4198 | 3944 | 3759 | 3997 | 4287 |

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# LEGISLATIVE & BUDGET TIMELINE

**November 30, 2022**
2021-2022 Legislative Session Ends

**December 1, 2022**
A new two-year legislative session begins.

**January 2023**
Swearing in of new members, and January 17 Gubernatorial inauguration

**March 7, 2023**
Governor Shapiro introduces FY 23-24 state budget proposal

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# OTHER KEY DATES

February 7, 2023
Special Election for 3 open House seats

March/April 2023
House and Senate Appropriations hearings with Cabinet Officials

March 7, 2023
Governor Shapiro introduces FY 23-24 state budget proposal

June 30, 2023
FY 23-24 due to be passed/enacted for July 1, 2023

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# POLICY

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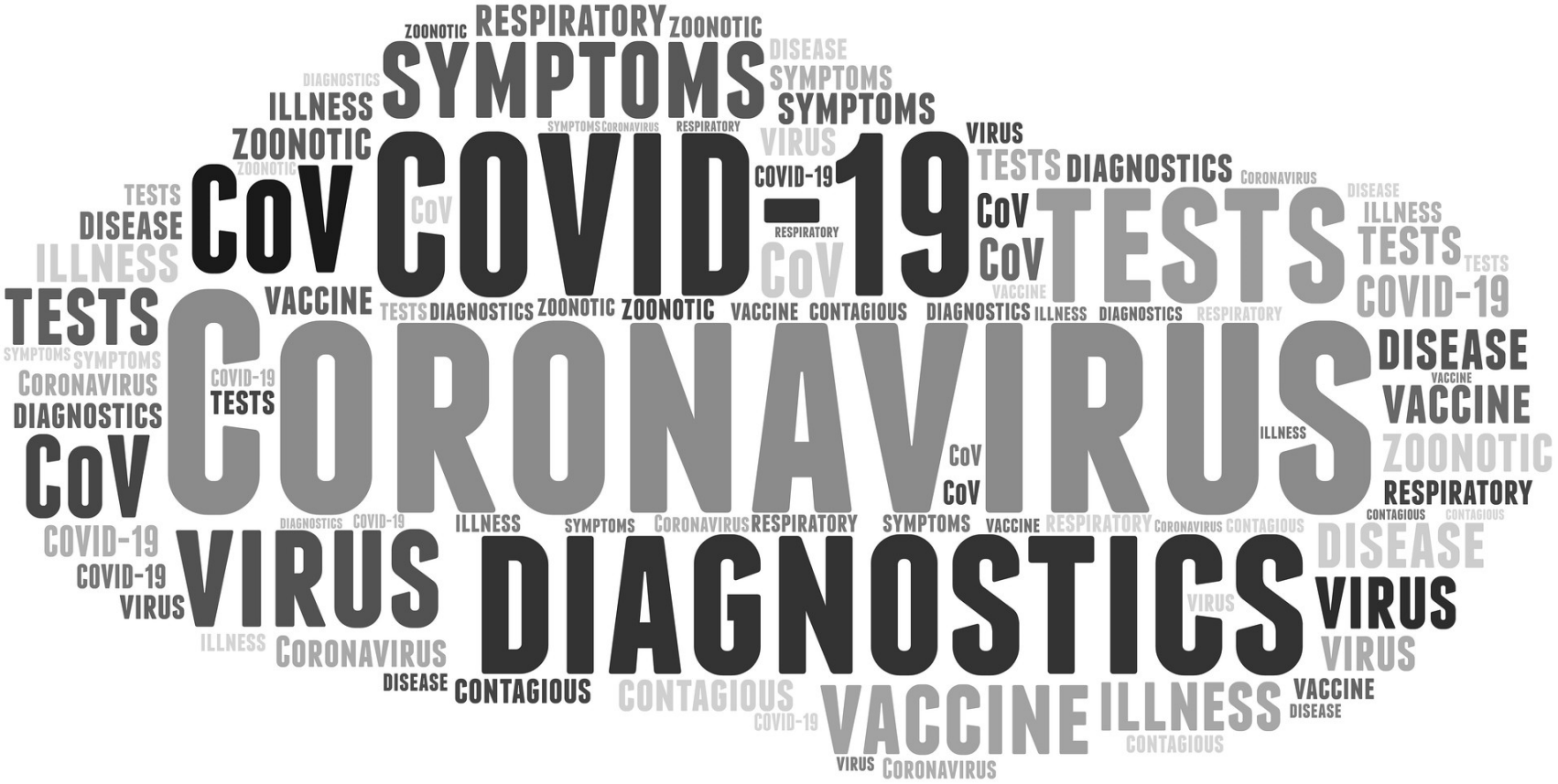


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# COVID BY THE NUMBERS

***(JAN 10 SNAPSHOT)***

## Worldwide

- Cases – 664,469,636
- Deaths – 6,6708,636
- Vaccines Doses – 13.1 billion
- Fully Vaccinated – 5 billion
- % of Pop Fully Vax – 65.1%

## Nationwide

- Cases – 101,056,721
- Deaths – 1,103,732
- Vaccines Doses – 665,076,272
- Fully Vaccinated – 229,254,623
- % of Pop Fully Vax – 69.3%

## Pennsylvania

- Cases – 3,433,278
- Deaths – 49,119
- Vaccines Doses – 26,986,055
- Fully Vaccinated – 9,347,130
- % of Pop Fully Vax – 72.1%

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# PHE EFFECTS

## Broader Effects

- First PHE was declared Jan 2020
- Has been extended 12 times
- Extended at least one more time through April 2023
- Has led to numerous COVID waiver and flexibilities through:
  - DHS; DOH; Dept. of State
- Many state related COVID waivers were not extended past October 31 (SB 1019 expiration)

## "Practical" Effects

- Healthcare turned on its head
- Healthcare delivery turned on its head
- An exacerbation of a mental health crisis
- Business turned on its head
- Education turned on its head
- Workforce turned on its head

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# WHAT HAPPENS WHEN THE PHE IS OVER?… LET'S UNWIND!

As mentioned, COVID-19 PHE began on January 27, 2020 & Congress passed two main laws in rapid succession

- Families First Coronavirus Response Act (FFCRA)
- Coronavirus Aid, Relief and Economic Security Act (CARES Act)

The Acts allow for continuous coverage for Medicaid - existing and newly eligible – and as the PHE ends, the state will review/redetermine Medicaid cases as it "unwinds" this key provision and resume normal operations.

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# WHAT HAPPENS WHEN THE PHE IS OVER?... LET'S UNWIND! *CONT'D*


Multiple DHS Offices and other Commonwealth Agencies are working together on 12-month unwinding process.
**dhs.pa.gov/PHE**

Right now: As the PHE unwinding nears, DHS and other Commonwealth agencies will increase communications to recipients, business partners, and stakeholders to ensure the information is available when it is needed.

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# PHE UNWINDING –TEN THINGS TO KNOW!

1. Medicaid enrollment has increased since the start of the pandemic, primarily due to the continuous enrollment requirement.
2. KFF estimates that between 5 million and 14 million people will lose Medicaid coverage once the PHE ends.
3. The Medicaid continuous enrollment requirement has stopped “churn” among Medicaid enrollees.
4. States are required to develop plans for how they will resume routine operations once the PHE ends (in process in PA).
5. States are required to develop plans for how they will resume routine operations once the PHE ends.

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# PHE UNWINDING –TEN THINGS TO KNOW!

6. States can obtain temporary waivers to pursue strategies to support their unwinding plans.

7. People who have moved since the start of the pandemic, those with limited English proficiency (LEP) and people with disabilities, may be at greater risk for losing Medicaid coverage when the PHE ends.

8. States can partner with MCOs, community health centers, and other trusted partners to conduct outreach.

9. Timely data on dis-enrollments and other metrics will be useful for monitoring how the unwinding is proceeding.

10. The number of people without health insurance could increase if people who lose Medicaid coverage are unable to transition to other coverage.

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# THE RECENT OMNIBUS

The President signed the $1.7T Omnibus Appropriations Bill

WHAT IMPORTANT HEALTH CARE PROVISIONS ARE INCLUDED?

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# THE RECENT OMNIBUS

**KEY HIGHLIGHTS**

The omnibus appropriations bill would:

- Prevent the Statutory Pay-As-You-Go (PAYGO) Medicare 4% sequester for two years;
- Extend for two years critical rural Medicare programs, telehealth flexibilities and the Acute Hospital Care at Home program;
- Allow states to begin processing Medicaid redeterminations April 1, 2023, while phasing down the COVID-19 public health emergency (PHE)-related enhanced Federal Medical Assistance Percentage (FMAP);
- Require state Medicaid programs to provide 12 months of continuous coverage for children and permanently allow states to offer 12 months of coverage for postpartum women;
- Reduce the physician fee schedule cut from 4.5% to 2% for 2023 and around 3% for 2024;
- Provide 200 additional Graduate Medical Education (GME) slots, at least half of which would be dedicated to psychiatry and psychiatry subspecialty residencies, among other workforce provisions;
- Take several steps to improve access to behavioral health services;
- Make improvements to the government's ability to prepare for future emergencies; and
- Delay by one year reductions in payment for clinical laboratory tests and data reporting requirements under the Clinical Laboratory Fee Schedule.

# PAYMENT

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# 2022/23 Budget Highlight

The 2022/23 July budget package includes:

- General Appropriations (Act 1A/SB 1100)
- "Housekeeping" Appropriations
  - (Acts 4A-12A/HBs 2653-2659; 2661, 2662)
- Non-Preferred Appropriations
  - (Acts 2A and 3A/SBs 1105 and 1284)
- Fiscal Code
  - (Act 54/HB 1421)
- Tax Code
  - (Act 53/HB 1342)
- School Code
  - (Act 55/HB 1642)

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# 2022/23 Budget Highlight

# $42.766 BILLION

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# 2022/23 Budget Highlight

# $100 BILLION

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# 2022/23 Budget Highlight

## Did you know???

Human Services and Medicaid is now the highest percentage of the state budget...

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# 2022/23 Budget Highlight

Act 54 of 2022 established the Behavioral Health Commission for Adult Mental Health. The 24-member Commission was charged with providing recommendations to the General Assembly on the allocation of **one-time $100 million funding to address adult behavioral health needs.**

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# 2022/23 Budget Highlight

**$37 Million - Workforce**

**$23.5 Million – Criminal Justice**

**$39 Million – Service Delivery**

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# CURRENT HOSPITAL FINANCING

Tax Exempt Status – Always on regulator's minds….

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# CURRENT HOSPITAL FINANCING

State Budget

Grant Process

Alternative Arrangement

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# CURRENT HOSPITAL FINANCING

## Alternative Arrangement

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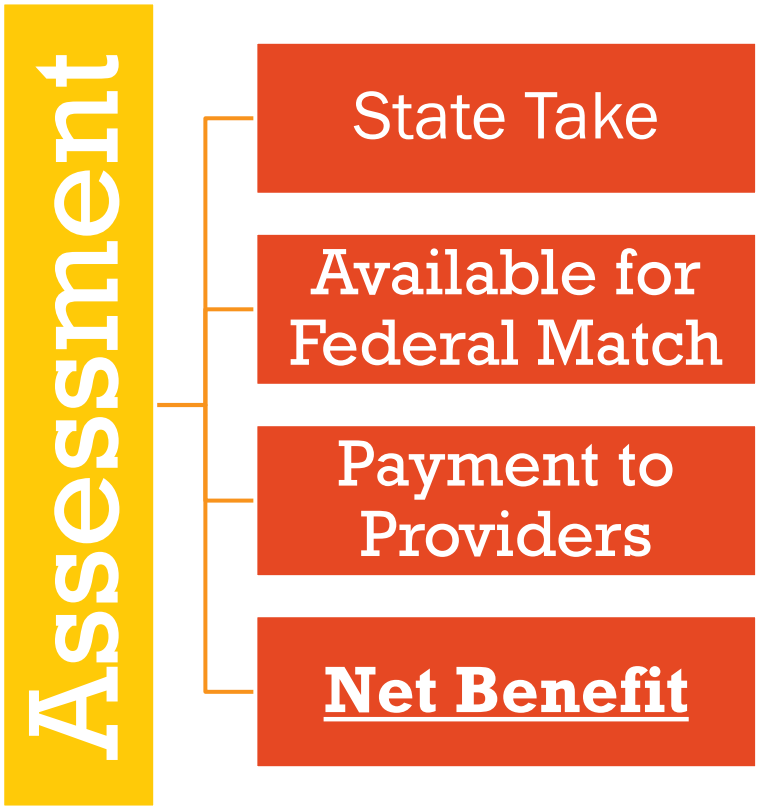
# CURRENT HOSPITAL FINANCING CASE EXAMPLE… THE QCA

- **Hospitals Agree to tax themselves**
- The state takes a portion off the top for itself
- **The remaining amount is federally matched**
- It is paid back to hospitals in the form of a variety of Medicaid payments

# CURRENT HOSPITAL FINANCING CASE EXAMPLE… THE QCA

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# CURRENT HOSPITAL FINANCING CASE EXAMPLE… QCA

## WHY IS IT DONE?

- **Improves Medicaid reimbursement**
- A mechanism to generate federal dollars
- **Sometimes used to stave off Medicaid cuts**
- But…CMS has many tests/rules that must be met for approval

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# CURRENT HOSPITAL FINANCING CASE EXAMPLE… QCA

## State Reliance on Provider Assessments

- Providers and states have become **reliant** on assessments
- 49 states have some type of assessment
- 42 states have a hospital assessment
- The federal government allows it, but is **always** looking to close perceived loopholes

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# CURRENT HOSPITAL FINANCING CASE EXAMPLE… QCA

## State Reliance on Provider Assessments

In Pennsylvania there are **five** main assessments that generate significant money to the state.

- Statewide hospital assessment (QCA)
- Nursing homes
- ICF/DD
- Regional hospital assessment – Philadelphia
- Managed Care Organization

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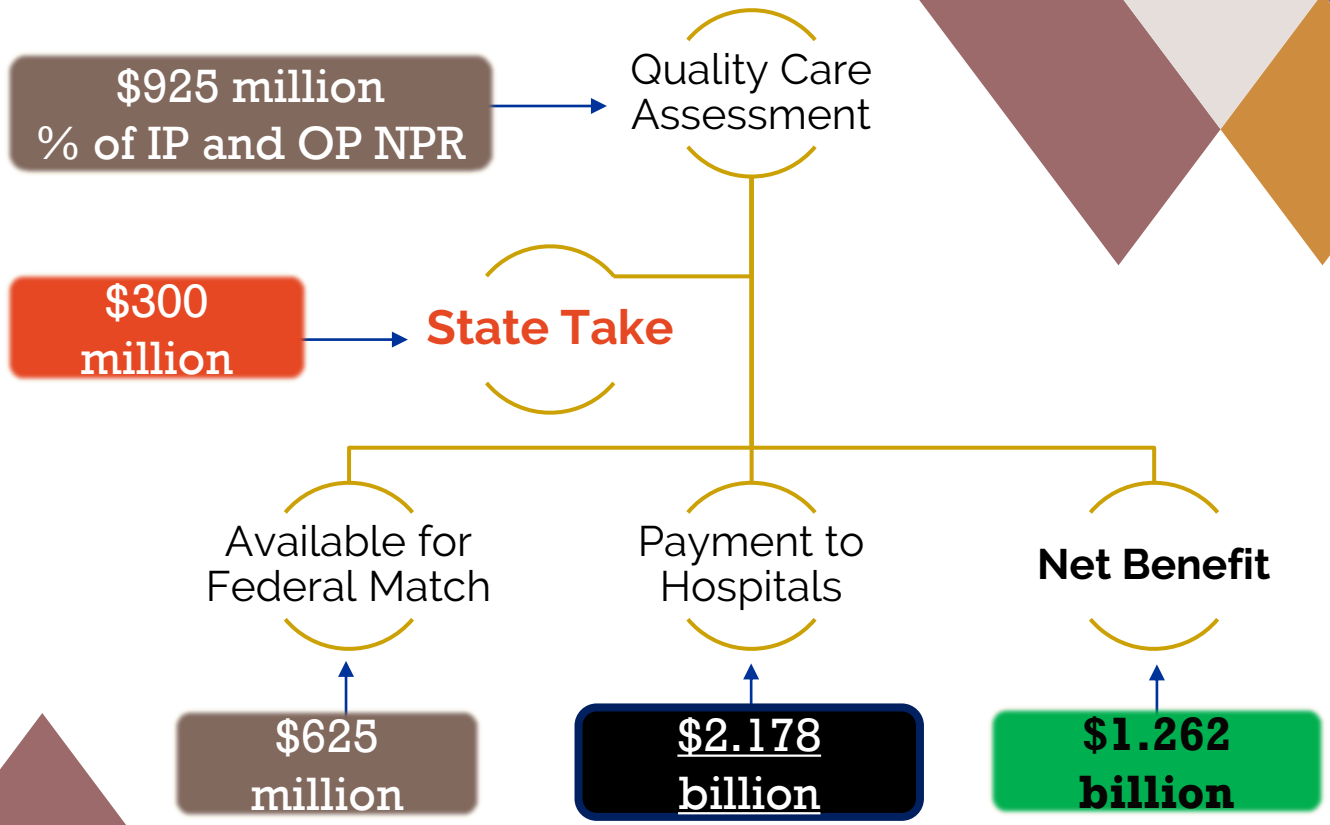
# CURRENT HOSPITAL FINANCING CASE EXAMPLE… QCA FY23

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# CURRENT HOSPITAL FINANCING CASE EXAMPLE… QCA

## What is the benefit of it all?

| Fiscal Year | Total Payments to Hospitals | Total Assessment | Net Benefit to Hospital Community | Contribution to State |
|---|---|---|---|---|
| 2011 | $1,049 | $542 | $507 | $121 |
| 2012 | $1,050 | $593 | $457 | $109 |
| 2013 | $1,059 | $593 | $466 | $109 |
| 2014 | $1,113 | $666 | $447 | $150 |
| 2015 | $1,075 | $667 | $408 | $150 |
| 2016 | $1,339 | $764 | $575 | $220 |
| 2017 | $1,425 | $757 | $668 | $220 |
| 2018 | $1,419 | $757 | $662 | $220 |
| 2019 | $1,656 | $915 | $741 | $295 |
| 2020 | $1,871 | $1,009 | $862 | $295 |
| 2021 | $2,187 | $925 | $1,262 | $295 |
| 2022 | $2,187 | $925 | $1,262 | $300 |
| 2023 | $2,187 | $925 | $1,262 | $300 |
| *in millions* | | | | |

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# CURRENT HOSPITAL FINANCING CASE EXAMPLE… QCA

**How are the payments broken down?**


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# CURRENT HOSPITAL FINANCING CASE EXAMPLE… QCA

**<u>The QCA is up for reauthorization – July 1, 2023… but the work has begun</u>**

**This single issue captures the <u>Politics, Policy and Payment</u> concerns of hospitals and it is vital that a successful reauthorization is achieved…**

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# THANK YOU!
# QUESTIONS?

We look forward to working with your organization!

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