

STATE AND FEDERAL UPDATE

HFMA - Central Pennsylvania Chapter

January 24, 2025



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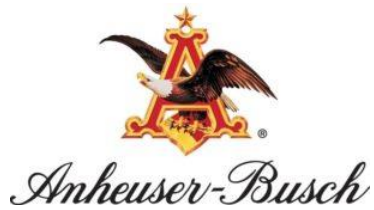
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PENNSYLVANIA





Agenda

State and Federal Update



State and Federal
Election Recap



The Impact on
Healthcare



Commonwealth
State Budget



Pennsylvania
Legislative, Policy
& Regulatory
Agenda



What's ahead for
PA?

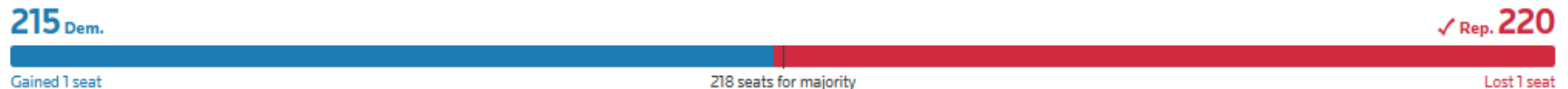
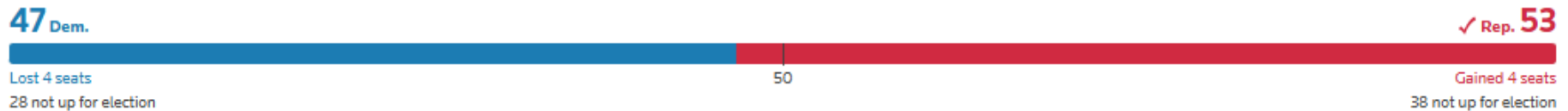
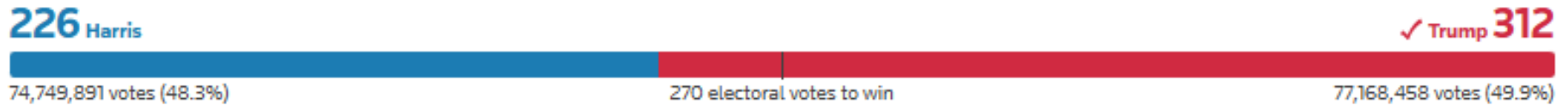


Q&A / Open
Discussion



Federal Update

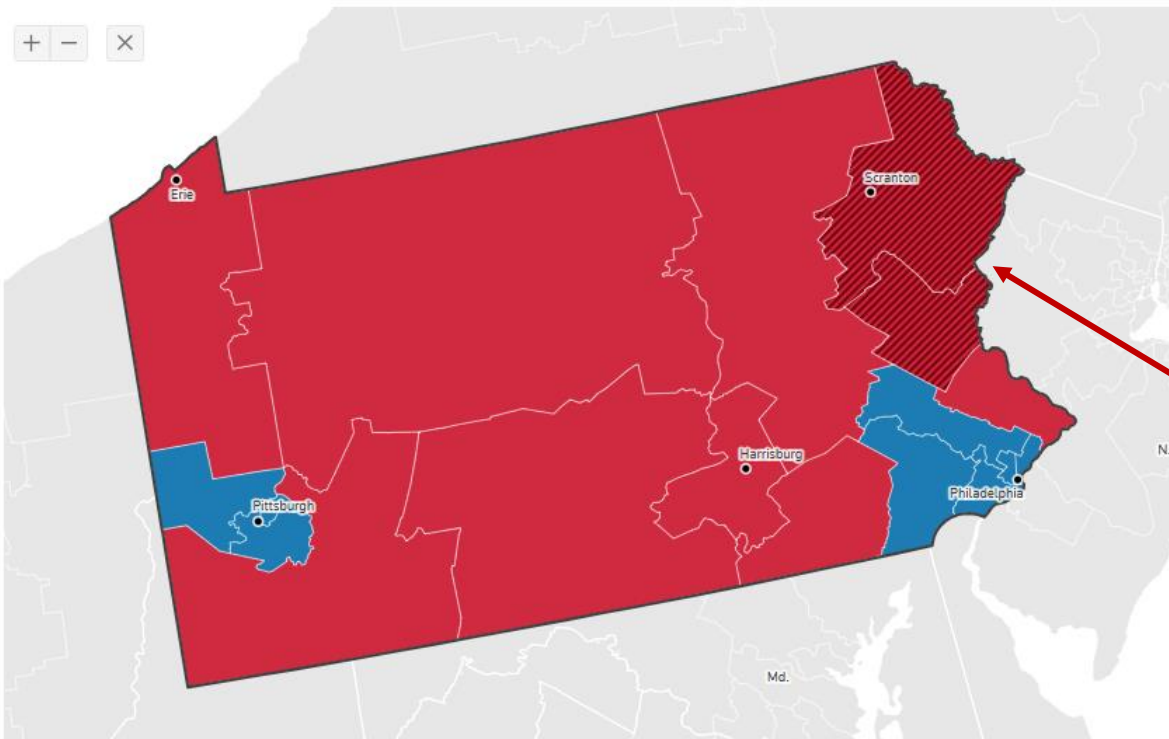
Election Recap – Red Wave





Federal Update

PA Congressional House



Ten **R**s
Seven **D**s

Two seats
flipped to **R**s



Federal Update Election Recap



Senate and House Leadership

U.S. Senate



Majority Leader
John Thune (R-SD)



Minority Leader
Chuck Schumer (D-NY)*



Majority Whip
John Barrasso (R-WY)



Minority Whip
Dick Durbin (D-IL)*

U.S. House of Representatives



Speaker
Mike Johnson (R-LA)*



Majority Leader
Steve Scalise (R-LA)*



Minority Leader
Hakeem Jeffries (D-NY)*



Majority Whip
Tom Emmer (R-MN)*



Minority Whip
Katherine Clark (D-MA)*



Federal Update Current Task At Hand...



...filling around 4,000 government positions with political appointees, people who are specifically tapped for their jobs by Trump's team...



Federal Update

Tracking the Cabinet Picks...



JD Vance
Vice president



Marco Rubio
State



Scott Bessent
Treasury



Pete Hegseth
Defense



Pam Bondi
Attorney general



Doug Burgum
Interior



Brooke Rollins
Agriculture



Howard Lutnick
Commerce



**Lori Chavez-
DeRemer**
Labor



**Robert F. Kennedy
Jr.**
HHS



Federal Update

Tracking the Cabinet Picks...



Scott Turner
Housing



Sean Duffy
Transportation



Chris Wright
Energy



Linda McMahon
Education



Doug Collins
Veterans affairs



Kristi Noem
Homeland security



Susie Wiles
Chief of staff



Lee Zeldin
EPA



Tulsi Gabbard
National
intelligence



Jamieson Greer
U.S. Trade



Health and Human Services Federal Policy & Regulatory Oversight



Health and Human Services Department

- Agency for Healthcare Research and Quality
- Agency for Toxic Substances and Disease Registry
- Aging Administration
- Centers for Disease Control and Prevention
- Centers for Medicare & Medicaid Services
- Child Support Enforcement Office
- Children and Families Administration
- Community Living Administration
- Food and Drug Administration
- Health Care Finance Administration
- Health Resources and Services Administration
- Indian Health Service
- National Institutes of Health
- National Library of Medicine
- Program Support Center
- Public Health Service
- Refugee Resettlement Office
- Strategic Preparedness and Response Administration
- Substance Abuse and Mental Health Services Administration





CMS Federal Policy & Regulatory Oversight



Trump wants Dr. Oz as CMS Administrator



The impact to healthcare...



CMS Administrator Federal Policy & Regulatory Oversight *(hospitals)*



- ✓ Inpatient and Long-Term Care Hospital Rule
- ✓ Outpatient Rule
- ✓ Physician Fee Schedule Rule
- ✓ Inpatient Rehabilitation Facility
- ✓ Inpatient Psychiatric Facility
- ✓ Home Health Rule
- ✓ Other rules and regs:
 - ✓ Managed Care; ACA provisions; Other payment / policy & regulatory rules/clarification.



Federal Policy & Regulatory Issues

Industry-Focus...Four Key Areas

- ✓ **Financial Services** →
 - o Consumer transparency
 - o Collection practices/debt rescue
 - o New payment technologies
 - o Data privacy/security
- ✓ **Energy & Environment** →
 - o Regulatory Approval & Oversight
 - o Environmental Impact
 - o Energy Sources – “Traditional” vs. “Green”
- ✓ **Technology** →
 - o Data Privacy
 - o Consumer Protection
 - o Antitrust
- ✓ Healthcare



Healthcare-Focus



- ✓ Consolidation
- ✓ Role of private equity and venture capital
- ✓ Data privacy/security and health information
- ✓ Cost of care
- ✓ Medicaid fraud
- ✓ Access to Care
- ✓ AI (\$500B for AI infrastructure)
- ✓ Reproductive Health



Healthcare-Focus

Executive Branch



-
- ✓ ACA – Obamacare / Marketplace (close to 1M signed up in open enrollment) – Replace with a system “much better, stronger, and far less expensive”...
 - ✓ Reduced Fed Share to states?
 - ✓ Reproductive Health / Abortion / IVF / Maternal Health etc..
 - ✓ Medicaid - \$800B in cost serving 90 million (3M in PA)
 - ✓ RX Drugs - \$405B
 - ✓ Mental Health
 - ✓ Artificial Intelligence (AI)
 - ✓ Waivers (current and future 1915 and 1115 structure)
 - ✓ Eligibility



How much does “Healthcare” cost?

Historical National Health Expenditures (NHE), 2023:

- ✓ NHE grew 7.5% to \$4.9 trillion in 2023, or \$14,570 per person, and accounted for 17.6% of Gross Domestic Product (GDP).
- ✓ Medicare spending grew 8.1% to \$1,029.8 billion in 2023, or 21 percent of total NHE.
- ✓ Medicaid spending grew 7.9% to \$871.7 billion in 2023, or 18 percent of total NHE.
- ✓ Private health insurance spending grew 11.5% to \$1,464.6 billion in 2023, or 30 percent of total NHE.
- ✓ Out of pocket spending grew 7.2% to \$505.7 billion in 2023, or 10 percent of total NHE.
- ✓ Other Third-Party Payers and Programs and Public Health Activity spending declined 3.1% in 2023 to \$563.4 billion, or 12 percent of total NHE.



How much does “Healthcare” cost?

Historical NHE, 2023:

- ✓ Hospital expenditures grew 10.4% to \$1,519.7 billion in 2023, faster than the 3.2% growth in 2022.
- ✓ Physician and clinical services expenditures grew 7.4% to \$978.0 billion in 2023, faster growth than the 4.6% in 2022.
- ✓ Prescription drug spending increased 11.4% to \$449.7 billion in 2023, faster than the 7.8% growth in 2022.
- ✓ The largest shares of total health spending were sponsored by the federal government (32 percent) and the households (27 percent). The private business share of health spending accounted for 18 percent of total health care spending, state and local governments accounted for 16 percent, and other private revenues accounted for 7 percent.



Pennsylvania State Elections





A National **RED** Wave, but not so much on the State Level



Republicans did sweep the “Row Offices”

- Attorney General, Auditor General and State Treasurer.

PA House remains at 102-101 – D*

PA Senate remains at 28-22 - R

Josh Shapiro remains Governor - D

**Currently 101-101*



Pennsylvania House and Senate Leadership





PA HOUSE

Leadership



PA HOUSE

Speaker of the House: Rep. Joanna McClinton (D-Philadelphia)

Republican Leadership:

- Leader: Jesse Topper (R-Bedford)
- Whip: Tim O'Neal (R-Washington)
- Appropriations Chairman: Jim Struzzi (R-Indiana)
- Caucus Chair: Martina White (R-Philadelphia)
- Caucus Secretary: Clint Owlett (R-Tioga)
- Caucus Administrator: Sheryl Delozier (R-Cumberland)
- Policy Chair: David Rowe (R-Union)



PA HOUSE

Leadership



PA HOUSE

Democrat Leadership:

- Leader: Matt Bradford (D-Montgomery)
- Whip: Mike Schlossberg (D-Lehigh)
- Appropriations Chair: Jordan Harris (D- Philadelphia)
- Caucus Chair: Rob Matzie (D-Beaver)
- Secretary: Tina Davis (D-Bucks)
- Administrator: Leanne Krueger (D-Delaware)
- Policy Chair: Ryan Bizzarro (D- Erie)



PA SENATE

Leadership



PA SENATE

President Pro Tempore: Kim Ward (R-Westmoreland)

Senate Republican Leadership:

- Leader: Joe Pittman (R-Indiana)
- Whip: Ryan Aument (R-Lancaster)
- Approps Chair: Scott Martin (R-Lancaster)
- Caucus Chair: Kristin Phillips-Hill (R-York)
- Caucus Sec: Camera Bartolotta (R-Washington)
- Caucus Administrator: Lisa Baker (R-Luzerne)
- Policy Chair: Dan Laughlin (R-Erie)



PA SENATE

Leadership



PA SENATE

Senate Democratic Leadership:

- Leader: Jay Costa (D-Allegheny)
- Whip: Tina Tartaglione (D-Philadelphia)
- Approps Chair: Vincent Hughes (D-Philadelphia)
- Caucus Chair: Maria Collett (D-Montgomery)
- Caucus Secretary: Steve Santarsiero (D-Bucks)
- Caucus Administrator: Judy Schwank (D-Berks)
- Policy Chair: Nick Miller (D-Lehigh)



Divided Government



The impact to healthcare...



HEALTHCARE IN PA



HEALTHCARE **LANDSCAPE**

The Medicaid program

Medicaid redeterminations

Managed Care

Outdated Fee Schedules

Provider Taxes

Consolidation

Physician Issues

Workforce challenges / Labor Market

Patient Access

Mental Health / Behavioral Health

Artificial Intelligence, AI



2023-2024 Pennsylvania Legislative Session

4,000



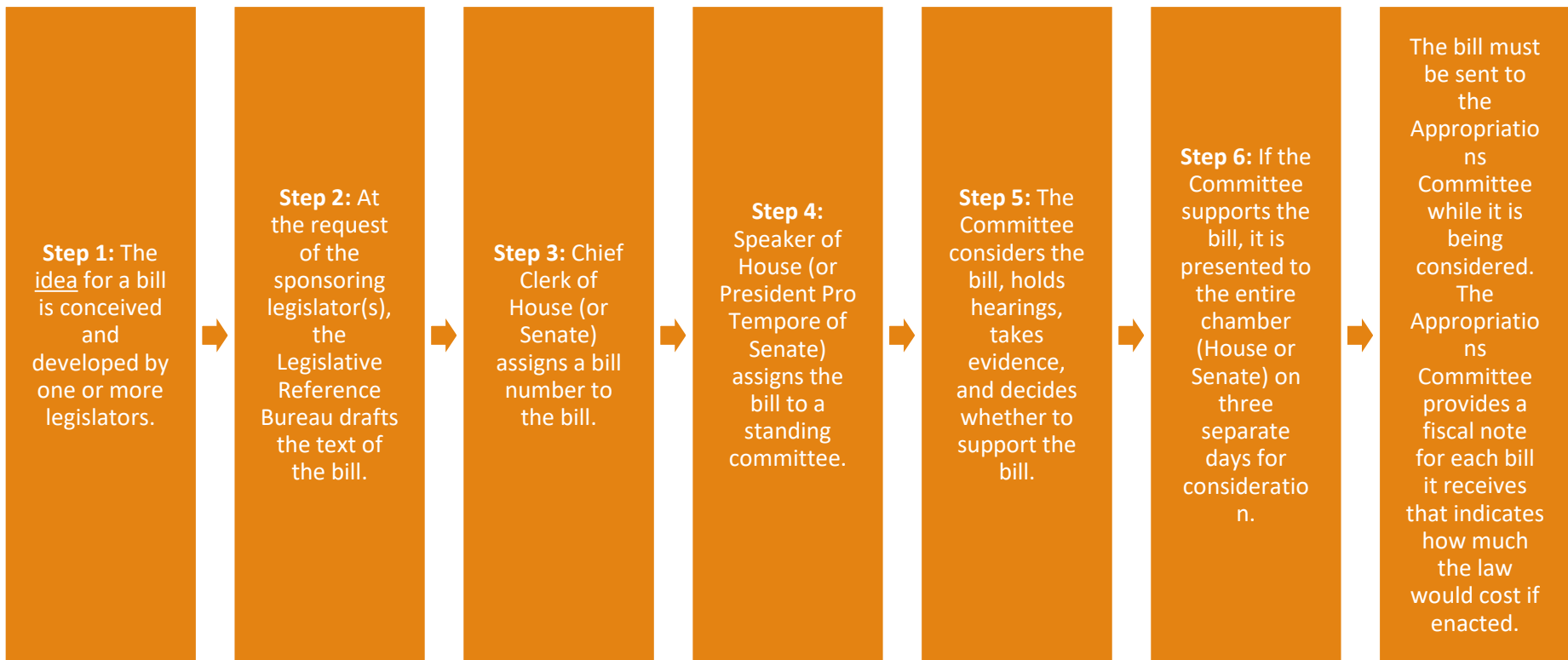
2025-2026 Pennsylvania Legislative Session

How does a bill become a law?





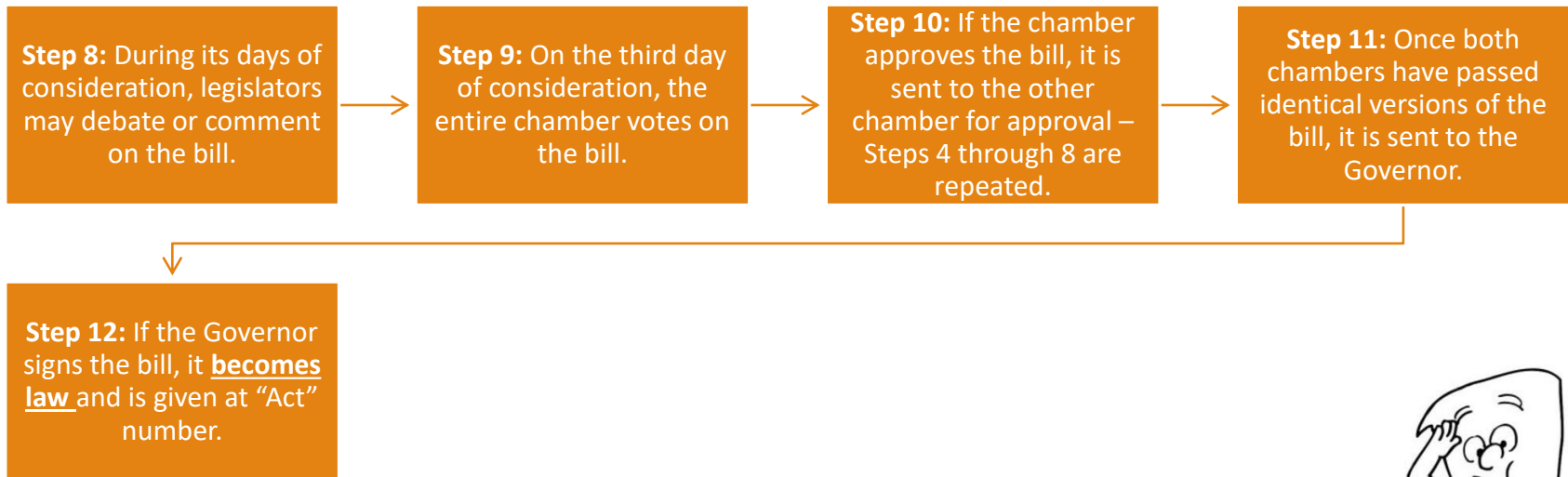
How does a bill become a law?





How does a bill become a law?

Process Steps, Cont'd





2023-2024 Laws Enacted – Select Healthcare



Selected healthcare legislation enacted in 2023:

- Enhanced insurance coverage for BRCA testing and Breast Cancer screenings (SB8 – Now [Act 1](#))
- Maternal mortality (SB262 – Now [Act 5](#))
- Military transition – medic to civilian EMT/paramedic (HB404 – Now [Act 13](#))
- Human Services Code of 2023 – increased ambulance reimbursements, reauthorized QCA, continued Rural Health Redesign Center (HB1351 – Now [Act 15](#))
- Informed consent (HB507 – Now [Act 31](#))
- MA coverage for donor human milk (HB500 – Now [Act 32](#))
- Urine drug screening and xylazine awareness (SB683 – Now [Act 43](#))
- Removing duplicative health centers (HB1131 – Now [Act 50](#))
- Expanding access to Sexual Assault Nurse Examiners (SB414 – Now [Act 59](#))
- Staffing flexibility for licensed addiction treatment programs (SB941 – Now [Act 66](#))



2023-2024 Laws Enacted – Select Healthcare



Selected healthcare legislation enacted in 2024:

- Licensed associate marriage and family therapists (HB1564 – Now [Act 4](#))
- Enhancing the supply of plasma (HB1795 – Now [Act 6](#))
- Biomarkers (HB 1754 – Now [Act 39](#))
- Telemedicine (SB 739 – Now [Act 42](#))
- Virtual credit card (HB 1664 – Now [Act 58](#))
- Noncompete (HB1633 – Now [Act 74](#))
- Collaboration btw DOH & nursing homes (HB1853 – Now [Act 75](#))
- PBM transparency & pharmacy services (HB 1993 – Now [Act 77](#))
- Licensure compacts background checks (HB 2200 – Now [Act 79](#))
- Athletic trainers (SB559 | SB560 – Now [Act 83](#) & [Act 84](#))



2023-2024 Laws Enacted – Select Healthcare



Selected healthcare legislation enacted in 2024, cont'd:

- Increasing home care workforce (HB155 – Now [Act 96](#))
- Wholesale prescription drug distributors license (HB2084 – Now [Act 101](#))
- Perinatal and postpartum education (HB2127 – Now [Act 102](#))
- Speech therapy for stuttering (HB2268 – Now [Act 104](#))
- Certified medication aids (SB668 – Now [Act 109](#))
- Alzheimer's, dementia, and related disorders (SB840 – Now [Act 111](#))
- Counterterrorism planning and preparedness response (HB843 – Now [Act 113](#))
- Medicaid coverage for doulas (HB1608 – Now [Act 115](#))
- Sexual Assault Training and Evidence Collection Act (SB920 – Now [Act 122](#))
- Pronouncement of death by an LPN and fees for copies (SB1080 – Now [Act 137](#))



FY 2024-2025 State Budget Recap



\$47.6 Billion



FY 2024-2025 State Budget Recap



DHS
\$19.9 Billion



FY 2022-2025

State General Fund Budget Trending



State-only fund, five-year growth of > 20%



FY 2025-2026



Potential State Budget Investments

Tuesday
Feb 4,
2025

Education

Healthcare / Waivers (1115)

Economic Development

Transportation

Hospital Regs

Unknown Issues



It's all about the revenue...

2024-25 Enacted State General Fund Financial Statement

(dollars in thousands)

	2022-23 <u>Actual</u>	2023-24 <u>Actual</u>	2024-25 <u>Available</u>
(1) Beginning Balance	\$ 5,537,421	\$ 8,084,871	\$ 6,632,089
(2) Adjustments to Beginning Balance	9,000	75,000	74,000
(3) Revenue Actuals/Estimates	44,917,148	45,473,489	46,087,400
(4) Federal Stimulus	2,161,223	525,966	-
(5) Refunds	<u>(1,489,400)</u>	<u>(1,986,600)</u>	<u>(1,758,000)</u>
(6) Total Balance and Revenues	51,135,392	52,172,726	51,035,489
(7) Prior-Year Lapses	<u>810,000</u>	<u>587,026</u>	<u>250,000</u>
(8) Funds Available	51,945,392	52,759,752	51,285,489
(9) Enacted Expenditures	40,800,979	45,022,342	47,672,974
(10) Estimated Supplemental Appropriations	-	(107,544)	-
(11) Federal Stimulus	2,161,223	525,966	-
(12) Total Expenditures	<u>42,962,202</u>	<u>45,440,764</u>	<u>47,672,974</u>
(13) Current-Year Lapses		(50,000)	
(14) Preliminary Balance	8,983,190	7,368,988	3,612,515
(15) Transfer to the Rainy Day Fund	<u>(898,319)</u>	<u>(736,899)</u>	<u>(361,252)</u>
(16) Ending Balance	\$ 8,084,871	\$ 6,632,089	\$ 3,251,263



It's all about the revenue...

All ARPA SLFRF Funding Appropriated, Most Already Spent

- Funding must be obligated by December 31, 2024 and spent by December 31, 2026
- **As of December 13, 2024:**
 - Total Appropriated: \$7.291 Billion (100% of total funds)
 - Obligated Funds: \$7.204 Billion (99% of total funds)
 - Expenditures: \$6.837 Billion (94% of total funds)
- **Key Uses Include:**
 - Supporting the state budget in 2021-22
 - Local Law Enforcement Grants
 - Highway and Safety Capital Projects
 - Long-Term Living Programs
 - Property Tax Rent Rebate



The IFO Take...



General Fund Financial Statement

Fiscal Year	24-25	25-26	26-27	27-28	28-29	29-30
Fiscal Year Revenues	\$45,894	\$46,676	\$47,685	\$48,561	\$49,779	\$51,046
Less Refunds	<u>-1,900</u>	<u>-1,560</u>	<u>-1,540</u>	<u>-1,570</u>	<u>-1,600</u>	<u>-1,640</u>
Net Revenues	43,994	45,116	46,145	46,991	48,179	49,406
State Expenditures	-47,669	-49,783	-51,585	-53,160	-54,665	-56,261
Adjustment for Lapses ¹	<u>250</u>	<u>200</u>	<u>200</u>	<u>200</u>	<u>200</u>	<u>200</u>
Fiscal Year Deficit	-3,425	-4,467	-5,240	-5,969	-6,286	-6,655
Policy Impacts After Base Year	<u>0</u>	<u>-331</u>	<u>-693</u>	<u>-1,088</u>	<u>-1,509</u>	<u>-1,958</u>
CNIT Rate Reduction/NOL Cap	0	-269	-586	-963	-1,368	-1,814
New/Expanded Transfers	0	-7	-17	-27	-27	-27
New/Expanded Tax Credits	0	-55	-89	-97	-114	-116
General Fund Ending Balance ²	2,950	0	0	0	0	0
Rainy Day Fund Ending Balance	7,191	6,149	932	0	0	0



The WRAP UP...

Q&A