



## Pennsylvania Issues

### Advocacy

- **State Budget**: On March 3, 2015, Governor Tom Wolf (D-PA) delivered his first budget address to the Pennsylvania General Assembly. Governor Wolf's \$29.9 billion plan includes a 2.7% spending increase compared to the current budget and would make significant investments in education and job creation programs, while reducing property taxes and corporate net income taxes. However, the plan relies on the adoption of a new natural gas extraction tax, increases to the state personal income and sales taxes and extending the state sales tax to additional goods and services. With regard to health care expenditures, the plan would reduce funding to critical care hospitals, for obstetrical and neonatal care and to burn centers. Following the budget address, the Hospital & Healthsystem Association of Pennsylvania (HAP) issued a statement expressing its disappointment with those proposed budget cuts. The legislature will conduct budget hearings over the next few months, and the proposal will be debated and modified. The state constitution requires budget approval by June 30<sup>th</sup> of each year.
- **Exemptions for Immunizations**: Pennsylvania is one of the top five worst states based on the number of unvaccinated children for measles, mumps and rubella and one of only twenty states permitting an exemption to vaccinations for school age children as a result of a parent's philosophical objection. On February 11, 2015, State Representative Mike Schlossberg (D-Lehigh) announced plans to introduce legislation to eliminate the philosophical exemption while leaving religious and medical exemptions intact. HAP plans to support the bill.

### Legislation

- **S.B. 180**: The Donate Life Pennsylvania Act. On January 15, 2015, Senator Stewart Greenleaf (R-Montgomery) reintroduced legislation intended to increase organ and tissue donations in Pennsylvania. The bill would create public education programs designed to encourage more organ donations and increase voluntary monetary contributions to the Governor Robert P. Casey Memorial Organ and Tissue Donation Awareness Trust Fund. The bill would also update Pennsylvania's current law to reflect the best clinical practices supporting anatomical donations for transplants. HAP supports the bill since it would enhance current state law and assist Pennsylvania patients awaiting organ and tissue transplants. The Pennsylvania State Coroners Association opposes the legislation and argues that the bill would negatively impact the ability of coroners to investigate deaths appropriately. The bill was passed by the State Senate during the previous legislative session, but it did not receive consideration by the House before the session concluded. Senators Lisa Boscola (D-Lehigh, Northampton), Patrick Browne (R-Lehigh) and David Argall (R-Berks, Schuylkill) serve as co-sponsors of the bill, which has been assigned to the Senate Judiciary Committee.
- **S.R. 28**: Purely Public Charities. On February 23, 2015, Senator Mario Scavello (R-Monroe, Northampton) introduced Senate Resolution 28, which would establish a Joint Select Committee on Institutions of Purely Public Charity. Under the Senator's Resolution, the Joint Select Committee would conduct statewide hearings to determine whether additional legislation is needed relating to the treatment of Purely Public Charities in Pennsylvania. The Committee would have one year from its creation to report its findings. On March 3, 2015, the Senate unanimously passed the Resolution, and it has been sent to the House for consideration. Senators David Argall (R-Berks, Schuylkill) and Lisa Boscola (D-Lehigh, Northampton) serve as co-sponsors of the Resolution. HAP is neutral on the resolution.

## New Jersey Issues

### Advocacy

- **State Budget:** On February 24, 2015, Governor Chris Christie (R-NJ) proposed a \$33.8 billion budget for the upcoming fiscal year. The budget plan proposes 3.1%, or about \$1 billion, in additional spending compared to the current budget. The plan does not include a tax increase, but it relies on projected revenue growth of 3.8% to fund the spending increase. Funding for schools, municipalities and higher education would remain unchanged. New Jersey hospitals would experience a \$148 million reduction to the New Jersey charity care program. The Governor defended the charity care spending reduction by stating that the number of uninsured patients has decreased since the introduction of the Patient Protection and Affordable Care Act (PPACA). The proposal also includes increases for graduate medical education and improved Medicaid reimbursements for physicians. The Medical Society of New Jersey praised this effort and noted that payment increases may encourage more physicians to treat Medicaid patients. Following the budget address, the New Jersey Hospital Association (NJHA) expressed concerns regarding the proposed decreased funding to the charity care program. During the coming months, the NJHA will discuss the plan with the Administration and the legislature. The legislature must adopt a budget by the beginning of the state fiscal year on July 1<sup>st</sup>.

## Federal Issues

### Advocacy

- **Senate Subcommittees:** Senator Patrick Toomey (R-PA) has been appointed to serve as Chairman of the Senate Finance Health Care Subcommittee. The subcommittee is one of six subcommittees within the Senate Finance Committee and oversees federal policies pertaining to Medicare and the Children's Health Insurance Program. As chairman of the health care subcommittee, Senator Toomey plans to oversee portions of PPACA. The Senator says he favors repealing PPACA, which he believes places unfair and costly burdens on individuals, employers and families. Senator Robert Casey (D-PA) has been named as the Minority Chairman of the Senate Finance Taxation and IRS Oversight Subcommittee. In this role, he will assist with efforts to reform the nation's tax code.

### Legislation

- **H.R. 1343:** Establishing Beneficiary Equity in the Hospital Readmission Program Act of 2015. On March 10, 2015, Congressmen Jim Renacci (R-16-OH) and Eliot Engel (D-16-NY) reintroduced legislation to reform Medicare's Hospital Readmissions Reduction Program (HRRP). The HRRP was implemented as part of PPACA and is intended to reduce acute care hospital readmissions by empowering the Centers for Medicaid and Medicare Services to penalize hospitals based on readmission data for the past three years compared to the national average. The program has been criticized, because it does not account for socio-economic factors that impact readmission rates. As a result, hospitals in certain areas that treat more disadvantaged populations are often overly penalized. According to Premier, failure to adjust for these factors undermines pay-for-performance programs since non-clinical influences can impact patient outcomes. The proposed legislation would mandate that the Secretary of the Department of Health and Human Services make changes to the readmission penalty based on a hospital's number of dual eligible patients, disadvantaged senior citizens, or disabled patients that receive both Medicare and Medicaid. The previous bill was co-sponsored by Congressmen Mike Fitzpatrick (R-8-PA), Matt Cartwright (D-17-PA) and Leonard Lance (R-7-NJ). The legislation is strongly supported by the American Hospital Association (AHA), the Association of American Medical Colleges (AAMC), NJHA, Premier and HAP and has been assigned to the House Ways and Means Committee for consideration. Similar legislation has been introduced in the Senate.