

## Government Relations Update – April 22, 2025

### Pennsylvania Issues

#### Legislation

- **HB 157: Rural Healthcare Grant Program.** On February 5, 2025, Representative Kathy Rapp (R-Crawford) introduced legislation to distribute funds to certain healthcare entities located in designated medically underserved areas or rural counties to pay for educational debt incurred by their employed physicians, nurses, midwives, dentists, and dental hygienists. The legislation would cap grants at \$250,000 per entity per year and require practitioners work full time in the regions for a minimum of three years after receiving funds. On March 19, 2025, the bill was passed by the House. The bill now awaits consideration by the Senate Health & Human Services Committee. St. Luke's University Health Network and the Hospital & Healthsystem Association of Pennsylvania (HAP) support this legislation.

#### Miscellaneous

- **State Budget Proposal.** On February 4, 2025, Governor Josh Shapiro (D-PA) presented his proposed fiscal year 2025-26 budget for the Commonwealth. The proposal includes \$51.47 billion in spending, a 7.5 percent increase over the current fiscal year, offset by additional revenue generated from raising the minimum wage to \$15 per hour by January 1, 2026, as well as legalizing use of recreational cannabis. The proposal also includes new funding for health care workforce development, additional investments to stabilize hospitals, and continued expansion of behavioral health services.

In his budget address, Governor Shapiro called for legislation to enable nurse practitioners to practice without a collaborative agreement with a physician; emphasized the importance of supporting access to health care coverage through the Affordable Care Act; and expressed his support for expanded oversight by the Office of Attorney General of health care transactions involving private equity. Representatives from St. Luke's, including a second-year psychiatry resident, attended the address as guests of Dr. Val Arkoosh, Secretary of the Pennsylvania Department of Human Services, and discussed with the Governor the importance of funding rural healthcare and graduate medical education. The General Assembly's appropriations committees began budget hearings on February 18, 2025. Pennsylvania's budget deadline is June 30, 2025.

### Federal Issues

#### Legislation

- **H.R. 1968: Full-Year Continuing Appropriations and Extensions Act, 2025.** On March 11, 2025, the House of Representatives passed a continuing resolution by a slim margin (217-213) preventing a government shutdown that would have begun on March 14, 2025. While the resolution continues appropriations to federal agencies for the remainder of the federal fiscal year, it also proposes approximately \$4.5 trillion in tax cuts and \$2 trillion in federal spending reductions over the next decade and directs the House Energy and Commerce Committee to identify \$880 billion in savings. House Democrats unanimously opposed the resolution, voicing concerns that potential spending reductions will negatively impact safety-net programs, particularly Medicaid. On March 14, 2025, the Senate approved the bill, and it was signed into law by President Donald Trump (R) on March 15, 2025.
- **Budget Resolutions.** On April 5, 2025, the Senate passed a budget resolution as the first step toward a final bill to make permanent the tax relief implemented by President Trump in 2017, increase spending on border security, defense, and energy, and reduce federal spending by \$4 billion annually. On April 10, 2025, the House of Representatives passed its budget plan with similar directives but with over \$1.5 trillion in spending cuts. St. Luke's continues to advocate against cuts to Medicaid funding.

- **Medicare Graduate Medical Education (GME) Program.** On December 18, 2024, Senators Bill Cassidy, M.D. (R-LA), Catherine Cortez Masto (D-NV), John Cornyn (R-TX), and Michael Bennet (D-CO) introduced a bill to fund 5,000 new GME residency slots nationwide, targeting shortages in underserved areas and specialties, in response to a projected shortage of 139,940 physicians by 2036, including a shortage of 68,020 primary care doctors and 42,130 psychiatrists. The legislation would allocate at least 15% of the 5,000 new slots to psychiatry and 25% to primary care. The American Hospital Association and HAP support this legislation.
- **Rural Hospital Support Act.** On February 4, 2025, Senators Peter Welch (D-VT) and Chuck Grassley (R-IA) introduced a bill to prevent rural hospital closures by extending and modernizing the Medicare Dependent Hospital (MDH) program. Created in 1989, the MDH program ensures the 174 eligible hospitals in rural communities are fairly reimbursed. The MDH program will expire on October 1, 2025 unless extended. St. Luke's supports this legislation since St. Luke's Hospital – Warren Campus, St. Luke's Hospital – Easton Campus, and St. Luke's Hospital – Miners Campus in the aggregate receive \$7.2 million annually through the program.

### **Miscellaneous**

- **Opposition to Reimbursement Cuts.** On February 18, 2025, Nicole Stallings, President & CEO of HAP, sent a letter to members of the Pennsylvania Congressional delegation requesting they reject budget and reconciliation proposals threatening to reduce Medicaid funding, limit access to exchange-based plans, diminish benefits of the 340B drug pricing program, reduce the Federal Medical Assistance Percentage (FMAP), or adopt site-neutral payment policies. On March 3, 2025, St. Luke's cosigned a joint advocacy letter from HAP and associations and hospitals across the country to demand continued support of the Medicaid Directed Payment Program (DPP). The DPP allows states to leverage provider-funded assessments or state funds to generate federal matching dollars, which are then distributed directly to hospitals as supplemental payments for services provided to Medicaid patients. Without these supplemental payments, the inadequate reimbursement from Medicaid would force hospitals to reduce services or close locations, jeopardizing healthcare access for millions of patients. St. Luke's receives approximately \$38MM annually from the DPP.
- **Mass Layoffs at the Department of Health and Human Services (HHS).** On April 1, 2025, mass layoffs began at the Centers for Disease Control and Prevention and the Food and Drug Administration, the first steps in a plan to cut 10,000 jobs at HHS. HHS is responsible for protecting health, food and drug supplies for Americans and oversees Medicare and Medicaid. HHS is also closing its internal agencies focused on older adults and people with disabilities, as well as offices charged with addressing care for those with HIV and improving minority health. According to the Trump administration, these reductions are part of a broader restructuring plan aimed at reducing inefficiencies within HHS and other federal agencies.
- **Nursing Home Staffing Mandate.** On April 7, 2025, the United States District Court for Northern Texas overturned key elements of a nurse staffing ratio mandate implemented by President Joe Biden (D). The court ruled the regulations exceeded the authority of the Centers for Medicare and Medicaid Services. The Biden Administration adopted the mandate to address long-standing concerns about the effect of staffing shortages on the quality of care in nursing homes.

The mandate had been mired in controversy since it was issued. Nursing home operators argued the staffing requirements were unworkable particularly given the shortage of healthcare workers. St. Luke's has consistently opposed fixed nurse staffing requirements in acute and post-acute settings, since ratios remove the flexibility and professional judgment of healthcare professionals to determine staffing based on various factors.