

Facts on Maternity Care in Pennsylvania

Introduction. Moms and their babies in our state and across the nation are facing a problem—OB/GYN clinics are closing down, especially in rural areas and poor urban centers. Experts agree that the main issue is low Medicaid reimbursement rates. Thoughtful legislators have introduced legislation to fill the gaps caused by the exceptionally low reimbursements rates -- legislation PaAJ supports.

Rather than focusing on the real problems behind OB/GYN shortages and closures, the so-called “tort reformers” are exploiting the issue in an attempt to close courthouse doors to the most vulnerable people in our society. And their proposals would apply to all corporate wrongdoers, not just OB/GYNs, doctors and hospitals—that means giving immunity to polluters, corporate corruption and companies that put bad products on the market. Experts, including our Governor, dispute that Pennsylvania is in a full-tilt crisis mode in maternity care. Every parent and child deserves access to quality health care. We must address the real culprit preventing this: decreasing Medicaid reimbursement rates. (See also PaAJ’s recently issued State of Civil Justice in Pennsylvania.)

Top Statistics

1. **Pennsylvania ranks in “the bottom 10” in Medicaid reimbursement.**
2. **Medical assistance reimburses Pennsylvania hospitals only 80 percent of hospital stay costs and 54 percent of outpatient costs.**
3. **PaAJ members lobbied for bill providing \$33 million in state and federal funds through Medicaid to support obstetrics services.**
4. **Experts say you need 1000 or more deliveries per year to break even, ideally 2000. Most of the closed clinics were below the 1000threshold.**
5. **OB/GYNs get full, 100% subsidy for their M-Care payments.**

Key Points.

The #1 Issue Affecting Maternity Care is the Low Medicaid Reimbursement Rate to Pennsylvania Hospitals.

- Medical assistance pays for one in every three births in the state and 40 percent of all births in the Southeastern Pennsylvania.¹ But it reimburses hospitals only 80 percent of hospital stay costs and 54 percent of outpatient costs.
- At first glance, eighty percent might sound like a lot, but when you consider the number low birth weight infants or those born prematurely in less affluent areas, the numbers add up significantly. The average mother and her child stays in the hospital at most two days, while a troubled infant might have to stay fifteen days or more.
- Pennsylvania ranks in “the bottom 10” in Medicaid reimbursements.²
- In its recent study of OB/GYN care, the Delaware Valley Health Council cited Medicaid reimbursement as the number one issue leading to closings and shortages: “The disparity between reimbursements for obstetric services and the cost to provide them creates an ongoing challenge for hospitals.”³
- The Maternity Care Coalition also agrees that the raising the reimbursement rate is key. They include in their menu of cures: legislation to permit the state insurance commissioner to raise reimbursement rates for maternal and child health services; and making insurance reimbursement rates for prenatal care, labor and delivery available to the public.⁴

- This is a national epidemic. The American Hospital Association recognizes Medicaid funding as one of the most critical issues relating to OB/GYN care.⁵ According to the organization's web site: "It is imperative that any federal action to address the current Medicaid funding crisis and any change to the current structure of the program not put further financial pressure on the states or diminish the guarantee of coverage for our most vulnerable populations."

The Statistics Tell the Real Story.

- Between 2000 and 2005, the number of Board Certified OB-GYNs in Pennsylvania actually increased according to the AMA's own statistics. In addition, the number of live births per OB-GYN went down.⁶
- Also, according to the latest statistics from the AMA, the number of all physicians practicing in Pennsylvania has steadily risen over the last 10 years.⁷
- Findings from a Governor's Task Force studying closures in the Philadelphia determined that demand for maternity beds across the five-county region "does not exceed capacity," meaning there are more beds than moms.⁸
- The state-subsidized MCARE system provides an exception for OB-GYNs, giving them a 100 percent subsidy for their MCARE coverage.
- In addition, our Supreme Court's statistics confirm there has been a stable decline in med mal court filings and verdicts—particularly in Philadelphia where the decline has been over 50 percent.⁹
- Governor Rendell delivered a speech at the Philadelphia College of Physicians saying that the medical malpractice crisis "is a problem that has been resolved. He cited a number of statistics supporting his statement. "There's been no mass exodus [of doctors]," he said. "That was all perpetrated by people for political purposes."¹⁰
- According to the Medical Liability Monitor in 2006, the average med mal liability premium went down \$3,349 while the countrywide average rose \$7,098.¹¹

Myriad of Economic Factors Play a Role.

- Statewide, health system mergers and closures have had an impact on choices of all types of health services. "Managed care monopolies have plagued for-profit and nonprofit systems alike."¹²
- To break even, experts believe that an institution must have 1,000 to 1,200 deliveries a year, ideally over 2000. "Most OB programs that closed were running below 1,000 annual deliveries."¹³
- The rise in undocumented mothers is also a problem. "[P]oor funding for undocumented women, who often cannot afford care themselves, is rising in importance. The small but increasing number of pregnant, undocumented women in Philadelphia and in pockets of the suburbs is adding a financial stressor to the region's already strained maternity-care system, health leaders said."¹⁴
- Smaller community facilities have closed, but the hospitals that remain are filling the gaps. In Lackawanna County, for example, OB-GYNs at Scranton Mercy left to form a bigger unit at nearby Moses Taylor hospital. The obstetrics unit at Scranton Mercy eventually closed, but the number of OB-GYNs in Scranton has stayed the same.¹⁵
- Still other hospitals see the closures as a business opportunity and are planning on expansions and upgrades to their maternity wings to handle increased patients.¹⁶

The Focus Must Be On Increasing Low Reimbursement Rates.

Responsible leaders have focused on the genuine issues leading to OB/GYN shortages and closings.

- PaAJ supports and its members lobbied in support of the Access to Obstetrical and Neonatal Care Act. (currently referred to the Senate's Committee on Public Health and Welfare). It would provide \$33 million in state and federal funds through Medicaid to support obstetrics services.¹⁷ The bill was sponsored by Rep. Kathy Manderino (D-Phila) and Senator Jane Oriente (R-Allegheny).¹⁸
- We are also interested in attracting and keeping the best and brightest young doctors in our state. (A majority of Pennsylvania med students come from other states to attend some of the best medical schools in the world.) PaAJ lent its support to legislation that would forgive medical school loans for doctors who promise to practice here for 10 years. This bill was introduced by Rep. Josh Shapiro (D-Montco).¹⁹

Caps and Other Limits on Patients' Rights Don't Work.

- Texas, which enacted caps in 2003, still has a maternity care problem. Insurance companies who were pushing for the caps said they were needed because doctors were fleeing the state, but four years later, a study revealed that although more doctors flocked to Texas, they were all living in the state's richest suburbs leaving a huge gap in OB/GYN care for the state's 152 poor, rural counties.²⁰

Contacts:

Pennsylvania Association for Justice

Anthony Green
Executive Director
tony@pajjustice.org
215.546.6451 X 101
Fax 215.546.5430; mobile:

Craig Giangiulio
Director of Communications
craig@pajjustice.org
215.546.6451 X106; mobile: 856.630.5537

Michael Petitti
Communications Manager
Michael@pajjustice.org
215.546.6451 X 104

Endnotes

¹ See "Report: OB services in region near crisis point." *Bucks County Courier Times* (May 12, 2007); "Demise of maternity wards is inducing The Baby Scramble," *The Philadelphia Inquirer* (May 6, 2007).

² See "Unsettling Scores: A Ranking of State Medicaid Programs," Public Citizen Health Research Group (April 2007).

³ Recommendations and Action Plan for Improved Access to Obstetrics Services in Southeast Pennsylvania, Delaware Valley Healthcare Council, page 3; The DVHC also cited a medical malpractice has a cause as well. The Pennsylvania Association for Justice disputed the latter claim but offered to lobby for legislation to increase Medicaid reimbursement rates, and followed through on the offer.

⁴ Maternity Care Council, www.momobile.org; [news release](#)

⁵ See American Hospital Association web site: http://www.aha.org/aha_app/issues/Medicaid/index.jsp

⁶ See **“Bush Fear-Mongering on Ob-Gyn Access Belied by Facts,”** Public Citizen.

⁷ See “Number of Physicians in Pennsylvania,” Physician Characteristics and Distribution in the U.S., Various Editions, American Medical Association.

⁸ See “Rendell: No obstetrics 'crisis,' but problems,” *The Philadelphia Inquirer* (June 2007).

⁹ See “Latest Medical Malpractice data show stable decline in case filings,” AOPC News Release (April 2007).

¹⁰ **Philadelphia Inquirer, October 25, 2007; Press release, Office of the Governor**

¹¹ Medical Liability Monitor, October 2006 (by subscription)

¹² American College of Physicians-American Society of Internal Medicine, March 2002

¹³ Physicians News.com, “Obstetrician Scarcity in Pennsylvania, Christopher Guadagnino, Ph.D., University of Pennsylvania, 2004. He notes that ob overhead costs at the Hospital of the University of Pennsylvania increased four-fold—it has a high population of Medicaid and uninsured patients. Guadagnino discussed med mal insurance rates as a problem, but that was before the significant decline in case filings.

¹⁴ “Difficult delivery for the undocumented,” *Philadelphia Inquirer* (July 8, 2007)

¹⁵ See **“Local hospitals reject idea of shortage of obstetricians,”** *The Times-Tribune* (June 6, 2006); **“Pennsylvania Hospitals Under Siege,”** *The Times-Tribune* (Jan. 20, 2008).

¹⁶ See “Two area hospitals bucking the trend,” *The Intelligencer* (June 4, 2007).

¹⁷ See PaAJ President’s letter to Kenneth Braithwaite of DVHC **and “Pa. Legislature would bolster maternity wards that remain,”** *Pittsburgh Business Times* (June 6, 2007).

¹⁸ “The Pennsylvania Trial Lawyers Association, a group often at odds with hospitals on the malpractice insurance issue, offered its support to the Delaware Valley Healthcare Council’s efforts to improve access to obstetrics services statewide.”

Philadelphia Business Journal, June 1-7, 2007

¹⁹ **HB 1093**

²⁰ See **“Baby, I Lied,”** *Texas Observer* (Oct. 19, 2007).